Gas Transmission Operator
GAZ-SYSTEM S.A.

TRANSMISSION NETWORK CODE

(TNC)

Warsaw, July 2012

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Part I

General conditions for the use of the transmission system, operating and planning the development of the network

1 DEFINITIONS AND UNITS

1.1 Definitions

Allocation	*The allotment of a certain quantity or volume of gaseous fuel delivered for transmission at the entry point or off-taken from the exit point to individual Shippers.*
Physical balancing	*The activity of the TSO aimed at the balancing the quantities of gaseous fuel delivered to and off-taken from the transmission system.*
Commercial balancing	*The activity of the TSO that consist in the determination and settlement of the imbalance arising from the difference between the quantities of gaseous fuel delivered to and off-taken from the transmission system by the Shipper(s).*
System balancing	*The business activity carried out by the TSO as part of the transmission services provided, which consists in the balancing of the demand for gaseous fuels with the supplies of such fuels, including physical balancing and commercial balancing.*
Reference Gas Price (CRG)	*The weighted average purchase price of gaseous fuel by Gas Transmission Operator Gaz-System on the TSO's website and defined in accordance with the methodology specified in the TNC.*
Gross calorific value H_{SN}	*Gross calorific value H_{SN} [298.15 K, 101.325 kPa, V (273.15 K, 101.325kPa)] – the amount of heat that would be released as a result of the complete combustion in air of a certain volume of gaseous fuel, assuming that the reaction takes place under a constant pressure of 101.325 kPa, all the products of combustion, except for water, are in gaseous state, the water formed in the process of combustion process condenses and all the products of combustion (both those in the gaseous state and the water in the liquid state) are brought to the same temperature of 298.15 K as the substrates had.*
Pressure	*The pressure of gaseous fuel measured under static conditions as overpressure, which is the difference between the absolute static pressure of the gaseous fuel and atmospheric pressure.*
Business days	*The days from Monday to Friday, except statutory holidays.*
Gas day	*A period from 6am on the current day to 6am on the following day.*

Physical entry point	*The place of the delivery of gaseous fuel with specified physical location, listed in point 3.1.4, including interconnection physical entry points at the point of interconnection with a distribution area or a storage facility.*
Physical exit point	*The place of the off-take of gaseous fuel with specified physical location, listed in point 3.1.5, including interconnection physical exit points at the point of interconnection with a distribution area or a storage facility.*
Direct gas pipeline	*A gas pipeline that has been built to supply gaseous fuels directly to the Customer's installation, bypassing the gas system.*
Interconnector	*A gas transmission pipeline crossing the borders of European Union member states or member states of the European Free Trade Agreement (EFTA) - the parties to the agreement on the European Economic Zone, exclusively for the purpose of interconnecting the national transmission systems of these states.*
Gas exchange	*The operator of a commodity exchange within the meaning of the Commodity Exchanges Act of 26 October 2000 (Journal of Laws of 2010 No. 48, Item 284, as amended) where gaseous fuel is traded, or the operator of a regulated market in the territory of the Republic of Poland within the meaning of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws of 2010 No. 211, Item 1384, as amended) that organizes the trade in exchange commodities within the meaning of the Commodity Exchanges Act, including gaseous fuel.*
Commercial Transmission Report (HRP)	*A document prepared by the TSO containing a set of information on the provision of transmission services by the TSO to the Shipper in the billing period.*
Storage facility	*A facility used to store gaseous fuels including underground storage of gaseous fuels and the linepack capacity of gas pipelines owned by an energy company or operated by such company, including the part of the liquefaction of natural gas facility used for its storage, with the exception of that part of the facility which is used for the production activity, as well as the facilities serving exclusively the performance of the tasks of transmission system operators.*
Wobbe index	*The ratio of the gross caloric value of gaseous fuel to the square root of its relative density under the same reference conditions.*
Gas month	*A period from 6am of the first day of the current month until 6am of the first day of the following month.*

Interoperator Transmission Contract (ITC)	*Gas transmission contract executed by the TSO with a DSO that provides distribution services in a distribution area, and by the TSO and a SSO, which sets out additional detailed terms and methods of cooperation between the parties.*
Connection capacity	*Planned maximum hourly capability to supply or off-take gaseous fuel, used as the basis for the design of a connection, as defined in the agreement on connection to the network.*
Capacity (contracted capacity)	*The maximum hourly quantity of gaseous fuel, expressed in volume units (m^3) under normal conditions, as specified in the capacity allocation (PP), which may be delivered for transmission at a physical entry point or off-taken from the transmission system at a physical exit point.*
Imbalance	*The difference between the quantities of gaseous fuel delivered by the Shipper for transmission at the entry points and off-taken by the Shipper from the transmission system at the exit points, calculated on the basis of allocations made in accordance with the TNC.*
Nomination	*The Shipper's declaration passed to the TSO regarding the quantity of gaseous fuel that will be delivered by the Shipper to the transmission system at the entry points and off-taken at the exit points during a certain time period.*
Distribution area	*An area where a Distribution System Operator provides gas distribution services to at least 500 thousand customers, published on the TSO's website.*
Balancing Market Area	*A part of the gas system, as described in point 14.5, where the trade in gaseous fuel takes place, covered by the balancing activities carried out the TSO, which, among other things, consist in the balancing of the demand for gaseous fuel with the supplies of such fuel.*
Customer	*Any party that receives or off-takes gaseous fuels under an agreement with an energy company, including Shippers, DSOs and SSOs.*
Final Customer	*A Customer purchasing gaseous fuel for own use.*
Contractual congestion	*Restrictions on the gas transmission capabilities arising from capacity booking by the Network User in excess of the actually used capacity.*

Technical congestion	*Restrictions on the ability to transmit gaseous fuel arising from congestion in the technical facilities, installations or networks.*
Re-Gasification Facility Operator (RFO)	*An energy company engaged in the unloading, process storage and re-gasification of liquefied gas (LNG).*
Billing Point Operator (OPR)	*An entity that has the legal title to the measurement and settlement systems at the physical entry points or physical exit points from the transmission system, and performs the activities related to measurements at such points, including specifically the ISO and the Customer.*
Distribution System Operator (DSO)	*An energy company engaged in the distribution of gaseous fuels that is responsible for network operation in the gas distribution system, the duties of which are specified in the Energy Law, designated as an Operator by virtue of a decision of the President of ERO.*
Storage System Operator (SSO)	*An energy company engaged in the storage of gaseous fuels, which is responsible for the maintenance of the storage installation, the duties of which are specified by the Energy Law, designated as an Operator by virtue of a decision of the President of ERO.*
Transmission System Operator (TSO)	*Gas Transmission Operator GAZ-SYSTEM S.A. - an energy company engaged in the distribution of gaseous fuels that is responsible for network operation in the gas system, the duties of which are specified in the Energy Law, designated as an Operator by virtue of a decision of the President of ERO.*
Interoperating System Operator (ISO)	*The DSO, SSO and RFO or an operator of a transmission system interoperating with the TSO's transmission system, other than the TSO.*
Gaseous fuel	*high-methane natural gas or low-methane natural gas or biogas transported through the transmission system and conforming to the requirements set out in this TNC.*
Curtailment plan	*A plan for introduction of restrictions on the consumption of natural gas within the meaning of the Stockpiling Act.*
Linepack	*The gaseous fuel that is kept under pressure in gas pipelines.*
Technical capacity	*(Technical capability) The maximum firm capacity of the transmission*

	system available for the TSO to provide gas transmission services.
Reserved capacity	*(Contracted capability) A part of the technical capacity of the transmission system that is reserved under transmission contracts and connection agreements signed by the TSO, unless the deadline set out therein for the conclusion of an agreement to be the basis for the supply of gaseous fuels has lapsed.*
Transmission	*Transportation of gaseous fuel through the transmission network.*
Capacity allocation (PP)	*A part of the transmission contract that specifies the capacity (contracted capacity) the Network User is eligible to at the specified physical entry point or physical exit point.*
Transmission ability allocation (PZ)	*A part of the transmission contract that specifies the transmission ability the Shipper is eligible to at the specified entry point or exit point.*
Importation	*The importation of natural gas within the meaning of the Stockpiling Act into the territory of the Republic of Poland on the basis of intra-community acquisition or imports.*
Entry point	*A contractual point of the delivery of gaseous fuel to the transmission system listed in point 3.1.6.*
Virtual point	*A point in the group E high-methane natural gas transmission system of unspecified physical location where the trade in gaseous fuel takes place.*
Exit point	*A contractual point of the off-take of gaseous fuel from the transmission system listed in point 3.1.7.*
Re-nomination	*A change to the approved nomination.*
Gas year	*A period from 6am of 1 October of the current year until 6am of 1 October of the year following the current year.*
OTC Market	*Trade in gaseous fuels carried out at a virtual point outside the Gas Exchange.*
Distribution network	*A high, high-medium, medium and low pressure gas network excluding upstream and direct gas pipelines, the operation of which is the*

	responsibility of a DSO.
Transmission network *Transmission System*	*A high, medium and low pressure gas network excluding upstream and direct gas pipelines, for the operation of which the TSO is responsible.*
Force majeure	*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, or avoid or overcome.*
Distribution system	*The distribution network and the facilities and installations connected to and interoperating with such network, operated by the DSO.*
Interoperating system	*A distribution, storage, re-gasification or transmission system other than the TSO's transmission system that interoperates with the TSO's transmission system.*
Emergency situation	*A situation resulting in the loss of technical operability of the transmission network, or the interconnected networks, installations or devices, or a direct threat to human life, health, property, the environment, or a sudden need to take measures in order to prevent or avoid the emergence of such threats or to eliminate the consequences caused by their emergence, and resulting in a restriction in the supply, transmission or off-take of gaseous fuel.*
Tariff	*A set of prices and charges and the underlying conditions applicable to the settlements with the Network User.*
Gas week	*A period from 6am on Monday of the current week until 6am on Monday in the following week.*
Balancing Services Market Participant (URB)	*A Shipper who is a participant of the balancing services market under a separate agreement with the TSO specified in point 18.1.2.*
Transmission contract	*A gas transmission contract executed between the TSO and a System User, including a ITC, which provides for the access to the transmission system and the performance of transmission services to the System Users or entities using services provided by a System User.*

Reverse-flow transmission service	*The transmission service provided by the TSO on an interruptible basis in the direction opposite to the physical flow of gaseous fuel, at the points indicated on the TSO's website.*
Network User (NU)	*A natural or legal person, or an organizational unit without legal personality but with legal capacity, which acquired the right to the capacity of the transmission system under a transmission contract executed with the TSO and the capacity allocation (PP).*
System User	*An entity using the transmission system under a transmission system being either a Shipper or a Network User.*
Energy Law	*The Energy Law of 10 April 1997 - consolidated text (Journal of Laws of 2006, No. 89, item 625, as amended).*
Stockpiling Act	*The Act of 16 February 2007 on stocks of crude oil, petroleum products and natural gas, the principles of proceeding in circumstances of a threat to the fuel security of the State and disruption on the petroleum market (Journal of Laws of 2007, no. 52, item 343, as amended)*
Net calorific value	*Net calorific value Hi [298.15 K, 101.325 kPa, V (273.15 K, 101.325 kPa) – the amount of heat that would be released as a result of the complete combustion of a certain volume of gas, assuming that the reaction takes place under a constant pressure of 101.325 kPa, all the products of combustion are in the gaseous state and have been brought up to the same temperature of 298.15 K as the substrates had.*
Normal conditions	*The reference conditions for billing purposes, absolute pressure of 101.325 kPa and temperature of 273.15 K.*
Compulsory stocks	*The compulsory stocks of natural gas within the meaning of the Stockpiling Act.*
System congestion management	*Business activities conducted by the TSO within the framework of the transmission services provided in order to ensure the safe operation of the transmission system and to provide the required technical parameters of gaseous fuels in the event of the appearance of technical congestion in this system's capacity.*
Transmission ability	*The maximum hourly quantity of gaseous fuel specified in the transmission ability allocation (PZ), expressed in energy units (kWh/h), which may be delivered for transmission at an entry point or off-taken from the transmission system at an exit point.*

Shipper	*A natural or legal person, or an organizational unit without legal personality but with legal capacity, which uses the transmission or balancing services under a transmission contract executed with the TSO and the transmission ability allocation (PZ).*

1.2 Units

1.2.1 The units of measure used in this TNC are:

m^3 cubic metre (defined in the TNC under normal conditions),

^oC degree Celsius,

h hour,

K Kelvin,

km kilometre,

MJ megajoule,

mg miligramme,

µg microgramme,

MPa megapascal,

kPa kilopascal,

kWh kilowatt-hour

1.2.2 Any reference to a “quantity of gaseous fuel” in this TNC means a reference to such “quantity of gaseous fuel expressed in kWh”, unless specifically indicated otherwise. The “volume of gaseous fuel” is expressed in cubic metres (m^3) under normal conditions.

1.3 List of acronyms:

B_{NCW}	Discount for an off-spec gross calorific value at the exit point from the transmission system
B_{NCWgr}	Discount for an off-spec gross calorific value at a physical exit point from the transmission system
B_{NSJW}	Discount for the exceeding the given quality parameter at the exit point from the transmission system
B_{NSTW}	Discount for an off-spec water dew point parameter
CEIDG	Central Registration and Information on Business
CRG	Reference gas price
DIN	Daily imbalance quantity
DLN	Daily imbalance limit
E	High-methane natural gas
ERGEG	European Regulators Group for Electricity&Gas
FPWE	Physical entry points for which capacity allocation (PP) is executed
FPWY	Physical exit points for which capacity allocation (PP) is executed
$FPWE_{OSP}$	Physical entry points to the system at interconnections with transmission systems of neighbouring countries and the Transit Gas Pipeline System
$FPWY_{OSP}$	Physical exit points from the transmission system at interconnections with the transmission systems of neighbouring countries
$FPWY_{OK}$	Physical exit points from the transmission system at interconnections with the facilities of an end customer connected to the transmission system

$FPWE_{OIR}$	Physical entry points to the transmission system at interconnections with the LNG terminal
$FPWE_{ŹDO}$	Physical entry points to the transmission system at interconnections with domestic natural gas fields
$FPWE_{M}$	Physical entry points to the transmission system at interconnections with gas mixing facilities
$FPWY_{M}$	Physical exit points from the transmission system at interconnections with gas mixing facilities
$FPWE_{OA}$	Physical entry points to the transmission system at interconnections with nitrogen removal plants
$FPWY_{OA}$	Physical exit points from the transmission system at interconnections with nitrogen removal plants
$FPWE_{R}$	Physical entry points for which reverse-flow capacity is allocated, as posted on the TSO's website
$FPWY_{R}$	Physical exit points for which reverse-flow capacity is allocated, as posted on the TSO's website
$FPWE_{OSD}$	Physical entry points to the transmission system at interconnections with a distribution system
$FPWY_{OSD}$	Physical exit points from the transmission system at interconnections with a distribution system
HRP	Commercial Transmission Report
H_{SNmin}	Minimum gross calorific value referred to in point 3.3.1.
H_{ZW}	actual gross calorific value of the gaseous fuel delivered at the physical entry point [MJ/m^3],
I_G	Daily quantity of gaseous fuel off-taken by the Shipper

I_{GI}	Quantity of gaseous fuel with off-spec gross calorific value that is delivered at a physical entry point
IPT	daily quantity of gaseous fuel indicated in the transportation forecast for the point,
IZM	Daily quantity of gaseous fuel measured at the point
KRS	National Court Register
MCOSB	Maximum selling price for gaseous fuel offered for balancing purposes
$MFPWE_{OSM}$	Interconnection physical entry points to the transmission system at interconnections with storage facilities, referred to as interconnection physical entry points
$MFPWY_{OSM}$	Interconnection physical exit points to the transmission system at interconnections with storage facilities, referred to as interconnection physical exit points
$MFPWE_{OSD}$	Interconnection physical entry points to the transmission system at interconnections with a distribution area, referred to as interconnection physical entry points
$MFPWY_{OSD}$	Interconnection physical exit points to the transmission system at interconnections with a distribution area, referred to as interconnection physical exit points
MOD	Absolute value,
Mp	Capacity (contracted capacity) allocated through an auction at an entry point
N_z	Daily quantity of gaseous fuel specified in the approved nomination
O_{NCW}	Charge for an off-spec gross calorific value at a physical entry point
O_{NCWgr}	Charge for an off-spec gross calorific value at a physical entry point

O_{NMC}	Charge for an off-spec minimum pressure at a physical entry point [PLN]
ONOB	Fee for the part of the system services not rendered
ONP	Charge for inaccuracy of the transportation forecast
O_{NSJW}	Charge for an off-spec quality parameter
O_{NTSW}	Charge for an off-spec water dew point parameter
ONWW	Charge for inconsistency with the nomination at an exit point
OPM_D	Commodity charge for gaseous fuel delivered
OPM_P	Commodity charge for gaseous fuel off-taken
SSO	Storage System Operator
TSO	Transmission System Operator
ISO	Interoperating System Operator
OTC	Over-the-counter market
OZB	Charge for balancing in excess of daily imbalance limits
OZO	Fee for management of system congestion [PLN]
PGNiG S.A.	Polskie Górnictwo Naftowe i Gazownictwo S.A.
PNWW	Relative inconsistency with the nomination at the entry point
PP	Capacity allocation

PWE	Entry Points for which transmission ability allocation (PZ) is made
PWY	Exit Points for which transmission ability allocation (PZ) is made
PWE_{OSP}	Entry Points with a physical location at an interconnection with transmission systems of neighbouring countries and the Transit Gas Pipeline System
PWE_{OSM}	Entry Points with a physical location at an interconnection with storage facilities
PWE_{OIR}	Entry Points with a physical location at an interconnection with the LNG terminal
$PWE_{ŹDO}$	Entry Points with a physical location at an interconnection with domestic natural gas fields
PWE_{M}	Entry Points with a physical location at an interconnection with gas mixing facilities
PWE_{OA}	Entry Points with a physical location at an interconnection with nitrogen removal plants
PWE_{R}	Entry points for which reverse-flow capacity is allocated, as posted on the TSO's website
PWY_{OSP}	Exit Points with a physical location at an interconnection with transmission systems of neighbouring countries
PWY_{OSM}	Exit Points with a physical location at an interconnection with storage facilities
PWY_{OK}	Exit Points with a physical location at an interconnection with facilities of customers connected to the transmission network
PWY_{M}	Exit Points with a physical location at an interconnection with gas mixing facilities
PWY_{OA}	Exit Points with a physical location at an interconnection with nitrogen removal plants

PWY_R	Exit points for which reverse-flow capacity is allocated, as posted on the TSO's website
Q	Quantity of gaseous fuel for which the system service was not rendered
Q_{min}	The minimum quantity of gaseous fuel that must flow in the direction of the physical gas flow, as published on the TSO's website.
S_{OS}	Rate for contractual congestion management
Ssg	Fixed rate set out in the TSO's tariff as applicable on the auction date, for each hour of the billing period
IES	Information Exchange System
T	Number of hours in the billing period.
URB	Balancing Services Market Participant
ERO	Energy Regulatory Office
NU	Network User
$WPWE_{GG}$	Virtual Entry Point from the Gas Exchange – for transactions executed in the Gas Exchange
$WPWE_{OSP}$	Virtual Entry Point for transactions with the TSO executed in the balancing market
$WPWE_{OSD}$	Virtual Entry Point from a distribution area
$WPWE_{OTC}$	Virtual Entry Point from the OTC market
$WPWY_{GG}$	Virtual Exit Point to the Gas Exchange – for transactions executed in the Gas Exchange

$WPWY_{OSP}$	Virtual Exit Point for transactions with the TSO executed in the balancing market
$WPWY_{OSD}$	Virtual Exit Point to a distribution area
$WPWY_{OTC}$	Virtual Exit Point to the OTC market
WTP	Relative inconsistency of the transportation forecast at the point in question
X_{SJNmax}	The highest acceptable value of the given quality parameter as set out in point 22.12
X_{SJW}	The actual value of the quality parameter of the gaseous fuel delivered at the physical entry point
X_{STNmax}	The highest acceptable value of the water dew point [K]
X_{STW}	The actual value of the water dew point of the gaseous fuel delivered at the physical entry point [K]
ZUM	Storage customer
ZUD	A shipper contracting services in respect of the distribution of gaseous fuel from a source connected to the distribution network
ZUP	Shipper

1.4 Legal grounds for the application of the TNC.

1.4.1 The TNC, prepared by the TSO pursuant to the requirements of Article 9g of the Energy Law specifies the detailed conditions for using the transmission system by System Users and the conditions and methods of conducting the transmission, operations and planning the development of this system.

1.4.2 The TNC takes into consideration the requirements specified in the provisions of the Energy Law (Journal of Laws of 2006, No. 89, item 625 as amended), the Regulation of the Minister of Economy on detailed conditions of gas system operations (Journal of Laws of 2010, No. 133, item 891), Regulation of the Minister of Economy on detailed principles of tariff design and calculation, and settlements in the trade in gaseous fuels (Journal of Laws of 2008, No. 28, item 165), as well as the Directive of the European Parliament and Council

2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC, and the Regulation of the European Parliament and Council (EC) No. 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) 1775/2005.

1.4.3 The TNC has been prepared pursuant to the principles contained in the draft Network Code on capacity allocation mechanisms, published on 6 March 2012 by ENTSO for Gas.

1.4.4 The TNC takes into consideration contracts concluded by the TSO with the operators of other transmission systems.

2 GENERAL PROVISIONS

2.1 Introduction

2.1.1 Gas Transmission Operator GAZ-SYSTEM S.A., (the Transmission System Operator), provides the capacity of the transmission system and gas transmission and balancing services under a licence for transmission of gaseous fuels and a decision of the President of the Energy Regulatory Office ("ERO") concerning the designation of the transmission system operator.

2.1.2 The TSO shall provide Network Users with:

2.1.2.1 the access to the transmission system by offering capacity at physical entry points and physical exit points to the Network Users under a transmission contract, in accordance with the terms and conditions set forth in the Transmission Network Code ("TNC"),

2.1.2.2 the transmission of gaseous fuel for the purposes of its delivery to distribution areas and storage facilities.

2.1.3 The TSO provides the gas transmission and balancing services to Shippers under a transmission contract, in accordance with the terms and conditions set forth in the TNC.

2.1.4 The TNC constitutes a set of regulations established in accordance with Article 9 g of the Energy Law, which specifies, in particular, the following:

2.1.4.1 rights and obligations of the TSO and the System User,

2.1.4.2 conditions for the provision of the capacity of the transmission system,

2.1.4.3 conditions for the provision of the gas transmission services,

2.1.4.4 processes required for a safe and efficient provision of the gas transmission services,

2.1.4.5 scope of cooperation between the TSO and the ISO, OPR and the Customers.

2.1.5 The TNC consist of the following sections:

2.1.5.1 Part I – General conditions for the use of the transmission system, operating and planning the development of the network;

2.1.5.2 Part II – Balancing and congestion management.

2.1.6 The TNS shall be delivered upon the execution of the transmission contract and made available for review upon the execution of the transmission network connection agreement.

2.1.7 The System User with whom the TSO executed a transmission contract shall be required to adhere to all the provisions of the TNC.

2.1.8 The TNC shall be delivered to distribution system operators and storage system operators upon the execution of inter-operator transmission agreements (ITC). DSOs and SSOs shall be obliged to adhere to all the applicable provisions of the TNC pursuant to the ITC executed with the TSO.

2.1.9 Customers, RFO and OPR, whose facilities, installations or networks are connected to the transmission shall be obliged to adhere to the provisions of the TNC.

2.1.10 The TNC and the complementary documents shall be drafted in the Polish language. In addition, the TSO shall publish, solely for information purposes, the TNC and the accompanying documents in English language.

2.1.11 The current version of the TNC shall be posted on the TSO's website www.gaz-system.pl.

2.2 The rights and obligations of the TSO.

2.2.1 While applying objective and transparent rules assuring equal treatment of transmission System Users and taking into account the environmental requirements, the TSO shall be responsible for:

2.2.1.1 security of delivery of gaseous fuel by assuring security of functioning of the transmission system and implementation of the transmission contracts with the System Users,

2.2.1.2 management of network operation in a coordinated and efficient manner, while maintaining the required reliability of transmission and quality of gaseous fuel,

2.2.1.3 operation, maintenance and repairs of the network, installations and facilities of the transmission system, together with the interconnections with other gas systems in a manner that guarantees the reliability of the transmission system functioning,

2.2.1.4 assurance of the long-term capability of the transmission system to satisfy legitimate demand for transmission of gaseous fuels, as well as the expansion of the transmission system, and where applicable, expansion of interconnections with other gas systems,

2.2.1.5 cooperation with the interoperating system operators or other energy companies in order for the gas systems to ensure reliable and efficient operation of the respective gas systems and to coordinate their development,

2.2.1.6 management of the flows of gaseous fuel and the maintenance of the quality parameters of such fuel in the transmission system and at the connections with interoperating systems,

2.2.1.7 provision of the services required for proper operation of the transmission system,

2.2.1.8 balancing of the system and management of congestion in the transmission system, as well as handling settlements with the Shippers, which arise from their imbalance,

2.2.1.9 provision of information to the System Users and the ISOs on the terms and conditions for the provision of transmission services, including the interoperation with interconnected gas systems,

2.2.1.10 preparation of gas curtailment plans for the Shippers and Customers connected directly to the transmission network and being subject to gas curtailment measures pursuant to the Stockpiling Act, and the presentation of such plans to the President of the ERO for approval,

2.2.1.11 performance of duties connected with the implementation of gas curtailment measures introduced in accordance with the provisions of the Stockpiling Act,

2.2.1.12 holding periodic market screening exercises to assess the demand for new transmission infrastructure, with a view to using the results of such surveys in the definition of the capacity development or allocation plans,

2.2.1.13 delivering gaseous fuel at the physical exit point from the transmission system and ensuring that such gaseous fuel conforms to the quality parameters specified in point 3.3.1, point 3.3.5 and at the pressure specified in accordance with point 3.4.14.

2.2.2 The TSO provides transmission services within the limits of the technical capacity of the transmission network.

2.2.3 In the case of an unexpected increase in gaseous fuel consumption by Customers, the emergence of interference in the supply of gaseous fuel, an emergency situation, including in interoperating systems, resulting in the emergence of a threat to the security of operation of the transmission system, the TSO shall take the steps described in point 22.

2.2.4 In the event of an emergency situation, the TSO shall take the necessary steps to restore proper operation of the transmission system in accordance with the procedures specified in point 22.

2.2.5 The TSO shall publish the relevant information on its website in accordance with the applicable regulations.

2.3 The rights and obligations of the Network User.

2.3.1 The Network User shall use the capacity of the transmission system in accordance with the principles set out in the Energy Law, the TNC, as well as the transmission contract and the capacity allocation (PP). SSOs and DSOs that provide distribution services within a distribution area and are Network Users shall off-take the gaseous fuel transported by the TSO at interconnection physical exit points (MFPWY). The Network User shall be obliged to pay the charges specified in the tariff and in the TNC to the TSO.

2.3.2 As the user of the capacity of the transmission system, the Network User shall be required to adhere to the provisions of the TNC, and in particular to:

2.3.2.1 not to exceed the contracted capacities specified in the capacity allocation (PP),

2.3.2.2 ensure that the gaseous fuel delivered for transmission at the physical entry point to the transmission system conforms to the quality requirements set out in point 3.3.1, point 3.3.5 and the pressure levels set out in point 3.4.14,

2.3.2.3 make payments in accordance with the provisions of the transmission contract,

2.3.2.4 immediately notify the TSO of any change in the conditions required upon the execution of the contract and constituting the basis for the execution of the transmission contract, as specified in point 6.2.2,

2.3.2.5 provide for the possibility of 24-hour contact with the personnel of the Network User or its Customers who are connected directly to the transmission system in the event of the occurrence of any unexpected event that may affect the performance of transmission services,

2.3.2.6 in case of a threat to the safety or stability of the operation of the transmission system, immediately execute the instructions of the TSO dispatcher services and assure the execution of such instructions by the entities delivering gaseous fuel to or taking it from the transmission system on behalf of the Network User.

2.4 The rights and obligations of the Shipper

2.4.1 The Shipper shall the gas transmission services subject to the principles set out in the Energy Law, the TNC, as well as the transmission contract and the transmission ability allocation (PZ). The Shipper shall be obliged to pay the TSO the charges specified in the Tariff and the TNC.

2.4.2 As a user of the gas transmission and balancing services, the Shipper shall be required to observe the provisions of the TNC, and in particular to:

2.4.2.1 deliver gaseous fuel for transmission and off-take from the transmission system in accordance with the quantities specified in the approved nominations for the entry and exit points,

2.4.2.2 not to exceed the imbalance limit set forth in point 19.1.7,

2.4.2.3 make payments and perform the transmission contract,

2.4.2.4 take account of the restrictions specified the TNC in the submitted nominations,

2.4.2.5 immediately notify the TSO of any change in the conditions required upon the execution of the contract and constituting the basis for the execution of the transmission contract, as specified in point 6.2.2,

2.5 The rights and obligations of the Customer.

2.5.1 The Customer whose facilities or installations are connected to the transmission system shall adhere to the provisions of the TNC, and specifically:

2.5.1.1 provide for the access by the TSO to the measurement and billing facilities and enable the performance of measurements of the values set forth in point 3.4.2 and the transfer of measurement data to the TSO in case when the Consumer has the title to the measurement facilities installed at the physical entry or exit point.

2.5.1.2 provide the relevant information to the TSO so as to enable the TSO to take into account the final Consumer's demand in the projection of the national demand for gaseous fuel,

2.5.1.3 conform to the provisions enabling the change of supplier by the final Customer,

2.5.1.4 make allocations in respect of the points where gaseous fuel is transferred directly to the Customer and provides the TSO with the information on the allocated quantities in accordance with the TNC,

2.5.1.5 entities referred to in § 4 of Regulation of the Council of Ministers of 19 September 2007 concerning the method and procedure for the implantation of gas curtailment measures (Journal of Laws of 2007 No. 178 Item 1252) shall advise the TSO, by 31 July of each year, of the minimum quantity of gaseous fuel offtake that is required in order to avoid a threat to the safety of people or damage or destruction of process facilities, and corresponds to the 10^{th} degree of supply rationing.

2.5.1.6 conform to the restrictions in gaseous fuel consumption, involving the reduction of the maximum hourly and daily volume of gaseous fuel consumption in accordance with the announcements of the TSO published in the manner and under the principles specified in the Stockpiling Act,

2.5.1.7 ensure the possibility of 24-hour contact with the Customer in the event of the occurrence of any unexpected events that may affect the delivery of gaseous fuel to the Customer,

2.5.1.8 in case of a threat to the safety or stability of the operation of the transmission system, immediately execute the instructions of the TSO's dispatcher services.

2.5.2 The Customer being the owner of a measurement and billing system directly connected to the transmission system shall be obliged to:

2.5.2.1 maintain the gas station facilities in adequate technical condition,

2.5.2.2 conform to the provisions of PGNiG S.A.'s internal standards series ZN G 4001÷4010, or other standards and regulations that may replace them,

2.5.2.3 perform routine maintenance of measurement facilities at the point of gaseous fuel consumption,

2.5.2.4 advise the TSO on the scheduled dates of routine maintenance and provide for the possibility for its representatives to be present during the performance of the relevant works,

2.5.2.5 provide for the possibility of verifying the correctness of the measurement system operation, upon each request of the TSO

2.5.2.6 enable the representatives of the TSO to affix protective seals on the measurement system facilities,

2.5.2.7 enable remote reading by the TSO services of the measurement data in case when a telemetry system is in place at the gas station,

2.5.2.8 permit the TSO to install its own telemetry system, in case when not available at the gas station,

2.5.3 The Customer not being the owner of a measurement and billing system directly connected to the transmission system:

2.5.3.1 shall be advised on the scheduled dates of routine maintenance to be carried out by the TSO services and may be present during the performance of the relevant works,

2.5.3.2 may affix protective seals on the measurement system facilities,

2.5.3.3 may take remote readings of the measurement data in case when a telemetry system is in place at the gas station,

2.5.3.4 may install its own telemetry system, in case when not available at the gas station.

2.6 A Customer connected directly to the system has the right to request the TSO for a pressure adjustment at a physical exit point(s) where the Customer off-takes gaseous fuel. The TSO shall make such adjustment in accordance with the procedure set forth in point 3.4.16.

2.7 Complementary documents

2.7.1 Chart of the transmission system and the list of entry points and exit points.

2.7.2 Application forms for definition of the conditions for connection to the transmission network.

2.7.3 Application form for the provision of transmission service.

2.7.4 Specimen of the transmission contract.

2.7.5 Application form for the capacity allocation/transmission ability allocation (PP/PZ).

2.7.6 The Tariff.

2.7.7 The complementary documents are posted on the TSO's website www.gaz-system.pl.

2.8 Updating of the TNC

2.8.1 Any changes to the TNC shall be introduced by the TSO.

2.8.2 The TSO shall prepare a draft of the changes to the TNC, or a new TNC, specifying the content of the proposed changes and the expected effective date.

2.8.3 The TSO shall hold consultations with regard to the proposed changes to the TNC, or the new TNC. The TSO shall publish the proposed changes on the TSO's website and make them available for review at the TSO's registered office.

2.8.4 Any comments concerning the proposed changes may be submitted within a period of at least fifteen (15) days of the date of making the proposed changes to the TNC, or the new TNC, available on the TSO's website.

2.8.5 The TSO shall review the received comments and prepare the final wording of the changes to the TNC, or the new TNC.

2.8.6 The TSO shall present the changes to TNC, or the new TNC, to the President of ERO for approval, together with information on the comments submitted by the system users and how they were considered. The TSO shall post the relevant documents on its website.

2.8.7 The TNC approved by the President of ERO, or the changes to the TNC shall be published in the ERO Bulletin. The new TNC or the changes to the TNC

shall be published on the TSO’s website and made available for review at the TSO's registered office.

2.8.8 A system user or a potential system user may submit comments to the TSO concerning the TNC being in force, and such comments shall be reviewed by the TSO at the stage of the preparation of the subsequent version of the TNC.

2.8.9 The notification regarding the amendment or publication of new TNC shall be sent by the TSO to System Users, OPRs and the entities which whom the contract or agreement referred to in point 3.8, point 3.9 or point 3.10 has been executed.

2.8.10 The amended or new TNC shall become binding for the TSO, System Users, ISOs, OPRs and Customers whose facilities, installations or networks are connected to the transmission system, upon its approval by the President of ERO and promulgation in the ERO Bulletin, as of the date stated in the relevant decision of the President of ERO.

2.8.11 The TNC constitutes a part of the transmission contract. The amended or new provisions of the TNC shall become a part of the transmission contract starting from the date state in the relevant decision of the President of ERO concerning their approval.

2.8.12 In case when the System User does not accept the changes to the TNC, or the new TNC, the System User shall have the right to terminate the transmission contract in accordance with its provisions. During the termination notice period, the System User shall adhere to the new or amended TNC.

2.8.13 The TSO shall post the consolidated texts of the subsequent TNCs approved by the President of ERO on its website indicating the effective date of the introduced changes.

3 DESCRIPTION OF THE TRANSMISSION SYSTEM

3.1 Components of the transmission system

3.1.1 The transmission services are provided by the TSO in two transmission systems designed for:

3.1.1.1 group E high methane natural gas (GZ-50),

3.1.1.2 group L, sub-group Lw low-methane natural gas (GZ-41.5),

3.1.2 The following interoperate with the TSO's transmission system:

3.1.2.1 group L, sub-group Ln and Lm low-methane natural gas pipelines that transport gas to nitrogen removal and gas mixing facilities,

3.1.2.2 upstream gas pipelines transporting gas from the fields to the entry points into the transmission system,

3.1.2.3 systems, networks and facilities of other operators,

3.1.2.4 facilities of the Customers.

3.1.3 The transmission system comprises the following:

3.1.3.1 physical entry and exit points (FPWE and FPWY), and

3.1.3.2 entry points (PWE) and exit points (PWY).

3.1.4 The transmission system comprises the following physical entry points (FPWE) to the system:

3.1.4.1 at the interconnections with:

3.1.4.1.1 transmission systems of neighbouring countries and the Transit Gas Pipeline System ($FPWE_{OSP}$),

3.1.4.1.2 storage facilities referred to as interconnection physical entry points ($MFPWE_{OSM}$),

3.1.4.1.3 distribution areas referred to as interconnection physical entry points ($MFPWE_{OSD}$),

3.1.4.1.4 a distribution network which is not a distribution area ($FPWE_{OSD}$),

3.1.4.1.5 LNG terminal ($FPWE_{OIR}$),

3.1.4.1.6 domestic gas fields ($FPWE_{ŹDO}$),

3.1.4.1.7 gas mixing facilities ($FPWE_{M}$),

3.1.4.1.8 nitrogen removal plants ($FPWE_{OA}$),

3.1.4.2 points for which reverse-flow capacity is allocated, posted on the TSO's website ($FPWE_{R}$).

3.1.5 The transmission system comprises the following physical exit points (FPWY) from the system:

3.1.5.1 at the interconnections with:

3.1.5.1.1 transmission systems of neighbouring countries ($FPWY_{OSP}$),

3.1.5.1.2 storage facilities referred to as interconnection physical exit points ($MFPWY_{OSM}$),

3.1.5.1.3 distribution areas referred to as interconnection physical exit points ($MFPWY_{OSD}$),

3.1.5.1.4 a distribution network which is not a distribution area ($FPWY_{OSD}$),

3.1.5.1.5 installation of a customer connected to the transmission system ($FPWY_{OK}$),

3.1.5.1.6 gas mixing facilities ($FPWY_{M}$),

3.1.5.1.7 nitrogen removal plants ($FPWY_{OA}$).

3.1.5.2 points for which reverse-flow capacity is allocated, posted on the TSO's website ($FPWY_{R}$).

3.1.6 The transmission system comprises the following entry points (PWE):

3.1.6.1 entry points with physical location:

3.1.6.1.1 at the interconnection with:

3.1.6.1.1.1 transmission systems of neighbouring countries and the Transit Gas Pipeline System ($FPWE_{OSP}$),

3.1.6.1.1.2 a distribution network which is not a distribution area (PWE_{OSD}),

3.1.6.1.1.3 storage facilities (PWE_{OSM}),

3.1.6.1.1.4 LNG terminal (PWE_{OIR}),

3.1.6.1.1.5 domestic gas fields ($PWE_{ŹDO}$),

3.1.6.1.1.6 gas mixing facilities (PWE_{M}),

3.1.6.1.1.7 nitrogen removal plants (PWE_{OA}).

3.1.6.1.2 points for which reverse-flow capacity is allocated, posted on the TSO's website (PWE_{R}).

3.1.6.2 virtual entry points, i.e. entry points to the group E high-methane natural gas transmission system of unspecified physical location where the trade in gaseous fuel takes place:

3.1.6.2.1 entry point from the Gas Exchange – for transactions executed in the Gas Exchange ($WPWE_{GG}$),

3.1.6.2.2 entry point from the OTC market – for transactions executed in the OTC market ($WPWE_{OTC}$),

3.1.6.2.3 entry point for transactions executed with the TSO in the Balancing Market ($WPWE_{OSP}$).

3.1.6.3 entry points from a distribution area, i.e. entry points of unspecified physical location ($WPWE_{OSD}$).

3.1.7 The transmission system comprises the following exit points (PWY) from the system:

3.1.7.1 exit points with physical location:

3.1.7.1.1 at the interconnection with:

3.1.7.1.1.1 transmission systems of neighbouring countries (PWY_{OSP}),

3.1.7.1.1.2 a distribution network which is not a distribution area (PWY_{OSD}),

3.1.7.1.1.3 storage facilities (PWY_{OSM}),

3.1.7.1.1.4 installations of customers connected to the transmission network (PWY_{OK}),

3.1.7.1.1.5 gas mixing facilities (PWY_{M}),

3.1.7.1.1.6 nitrogen removal plants (PWY_{OA}),

3.1.7.1.2 points for which reverse-flow capacity is allocated, posted on the TSO's website (PWY_{R}).

3.1.7.2 virtual exit points, i.e. exit points from the group E high-methane natural gas transmission system of unspecified physical location where the trade in gaseous fuel takes place:

3.1.7.2.1 exit point to the Gas Exchange – for transactions executed in the Gas Exchange ($WPWY_{GG}$),

3.1.7.2.2 exit point to the OTC market – for transactions executed in the OTC market ($WPWY_{OTC}$),

3.1.7.2.3 exit point for transactions executed with the TSO in the Balancing Market ($WPWY_{OSP}$).

3.1.7.3 exit points to a distribution area, i.e. entry points of unspecified physical location ($WPWY_{OSD}$).

3.1.8 For each distribution area, separately for each of the group E high-methane natural gas system and the group Lw low-methane natural gas system, one (1) exit point to the distribution area ($WPWY_{OSD}$) shall be established to cover all the interconnection physical exit points to such area.

3.1.9 For each distribution area, separately for each of the group E high-methane natural gas system and the group Lw low-methane natural gas system, one (1) entry point from the distribution area ($WPWE_{OSD}$) shall be established, provided that:

3.1.9.1 sources of gaseous fuel connected to the distribution network exist in such distribution area,

3.1.9.2 interconnection physical entry point from the distribution area is located at the interconnection with such distribution area,

3.1.9.3 the distribution area is supplied by another distribution area.

3.1.10 The following information shall be posted by the TSO on the website www.gaz-system.pl

3.1.10.1 list of entry points referred to in point 3.1.6,

3.1.10.2 list of exit points referred to in point 3.1.7,

3.1.10.3 list of distribution areas as agreed with DSOs.

3.2 Transfer of risk

3.2.1 The risk related to the transported gaseous fuel shall pass on the TSO upon the delivery of the gaseous fuel to the transmission system at the physical entry points specified in point 3.1.4.

3.2.2 The risk related to the transported gaseous fuel shall pass on the System User upon the offtake of the gaseous fuel at the physical exit points from the transmission system specified in point 3.1.5.

3.3 Quality parameters of gaseous fuel

3.3.1 The following ranges of gross calorific value (H_{SN}) shall be applicable to gaseous fuel transported in the transmission system:

3.3.1.1 for the group E high methane natural gas system:

from H_{SNmin} = 38.0 to H_{SNmax} = 41.6 MJ/m^3,

3.3.1.2 for the Lw sub-group low-methane natural gas system:

from H_{SNmin} = 30.0 to H_{SNmax} = 33.5 MJ/m^3,

3.3.2 In the event that the gross caloric value of the gaseous fuel supplied to the group E high methane natural gas system is within the range of $34.0 \leq H_{SN} < 38.0$ MJ/m^3, the TSO may refuse to accept such fuel, and in the event that it is introduced into the system, an additional charge, as specified in the TNC shall be charged from the Network User.

3.3.3 The TSO may refuse to accept group E high-methane gaseous fuel with gross caloric value within the range of $34.0 \leq H_{SN} < 38.0$ MJ/m^3, or quality parameters that differ from those specified in point 3.3.5, if this could result in:

3.3.3.1 deterioration of the quality of gaseous fuel delivered to the exit point to below the parameters specified in the transmission contract concluded by the TSO,

3.3.3.2 a detrimental change in the extent of supply of gaseous fuels to Customers connected to the transmission system,

3.3.3.3 a breach of rights or interests of Customers connected to the transmission system.

3.3.4 Gaseous fuel with a gross caloric value below of the following limits must not be introduced into the transmission system:

3.3.4.1 $H_{SNmingr}$ = 34 MJ/m^3 for the group E high methane gas system,

3.3.4.2 $H_{SNmingr}$ = 30 MJ/m^3 for the Lw subgroup low-methane gas system,

3.3.5 Requirements applicable to other quality parameters of the gaseous fuel transported by the transmission system:

Gaseous fuel quality characteristics	Unit of measure	Maximum allowed value / range
Hydrogen sulphide content*	mg/m^3	7,0
Oxygen content*	% (mol/mol)	0,2
Carbon dioxide content*	% (mol/mol)	3,0
Mercury fumes content*	µg/m^3	30,0
Mercapthane sulphur content*	mg/m^3	16,0
Total sulphur content*	mg/m^3	40,0
Water dew point temperature for the pressure of 5.5 MPa from 1 April to 30 September	^{o}C	+3,7
Water dew point temperature for 5.5 MPa from 1 October to 31 March	^{o}C	-5,0
Hydrocarbon dew-point temperature	^{o}C	0
Dust content of a particle diameter of greater than 5 µm*	mg/m^3	1,0

Gaseous fuel quality characteristics	Unit of measure	Maximum allowed value / range
Range of the Wobbe index variability for group E gaseous fuel	MJ/m^3	45.0-56.9
Range of the Wobbe index variability for Lw sub-group gaseous fuel	MJ/m^3	37.5-45.0
Range of the temperature variability of gaseous fuels introduced to the transmission system	^0C	0-50

* Except for the water dew point temperatures, all values in the table refer to normal conditions.

3.4 Measurements of pressure, quantities and quality parameters of gaseous fuel in the transmission system

3.4.1 Measurement of the pressure, quantity, volume and quality parameters of the transported gaseous fuel are taken for the purpose of billing for the transmission services.

3.4.2 The following values are specified, respectively, at the physical entry points and exit points:

3.4.2.1 hourly quantity of gaseous fuel, expressed in volume and energy units,

3.4.2.2 daily quantity of gaseous fuel,

3.4.2.3 monthly quantity of gaseous fuel, expressed in volume and energy units,

3.4.2.4 maximum hourly quantity of gaseous fuel, expressed in volume units, for the gas day or gas month, determined as the integral part of the value recorded in a given hour, disregarding the fractional part,

3.4.2.5 minimum pressure in the gas day,

3.4.2.6 gross calorific value.

3.4.3 Depending on the value of the connection capacity and contracted capacity, appropriate configurations of the measurement systems are used at the physical entry points and physical exit points.

3.4.4 The description of the measurement systems at the physical entry points and physical exit points, as well as the calculation methodology (when different than described in point 3.6) are set out in technical annexes to the relevant ITCs or agreements executed with the Customers connected to the transmission network, OPRs or ISOs.

3.4.5 The measurements of the quality parameters of the transported gaseous fuel are taken by the TSO at the designated points of the transmission system. The

places and frequency of measurement taking and their results are posted on the TSO's website www.gaz-system.pl

3.4.6 The gross calorific value of gaseous fuel, which serves as the basis for determining the quantities of gaseous fuel and settlements in respect of balancing, as well as for determining the quality of the gaseous fuel:

3.4.6.1 for physical entry points which are provided with chromatographs – for each hour as the arithmetic average of the measurements taken at such point,

3.4.6.2 for physical entry points which are not provided with a system for continuous measurement of the gaseous fuel composition (no chromatographs installed) – based on the most recent measurement provided to the TSO by the OPR of the entry point in question, and posted on the TSO's website www.gaz-system.pl,

3.4.6.3 for all physical exit points, the gross calorific value is determined for each hour as the arithmetic average resulting from the measurements taken at points relevant for the billing areas, as designated in accordance with point 3.4.7. If the analyses of the gaseous fuel composition at a given point are made less frequently than once an hour, the hourly gross calorific value shall be deemed to correspond to the value of the last correct measurement taken.

3.4.7 The TSO shall define billing areas in such a manner as to ensure that the average gross calorific value for any area does not differ by more than +/-3% from the gross calorific value of the gaseous fuel as determined at any physical point of such billing area. The assignment of physical exit points to a specific area (point of measurement) is published on www.gaz-system.pl.

3.4.8 The gross calorific value for billing purposes shall be determined in accordance with point 3.4.6, taking the provisions of point 3.4.9.

3.4.9 In case when a measurement instrument has been installed and such instrument enables the determination of the gross caloric value of gaseous fuel at a physical entry point or at a physical exit point, the gross caloric value shall be determined on the basis of the readings from such instrument, in accordance with point 3.4.6.1. The instrument shall be regularly checked by an accredited laboratory.

3.4.10 Upon a written request of the Network User, the TSO shall procure that the accuracy of the measurement instrument be checked by an independent laboratory that has been accredited as a certification body in accordance with separate regulations. The measurement facility should undergo verification within twenty-one (21) days of the communication of such request by the Network User.

3.4.11 Upon a written request of the TSO, the OPR shall procure that the accuracy of the measurement instrument used for the determination of the gross calorific value be checked by an independent laboratory that has been accredited as a certification body in accordance with separate regulations. The measurement instrument should be checked within twenty-one (21) days of the communication of such request by the TSO.

3.4.12 Any disputes between the Network User and the TSO concerning the accuracy of the measurements taken by the TSO as the basis for billing purposes shall be resolved in an amicable manner. In case when the parties fail to reach an agreement, the disputes shall be resolved by a competent common court.

3.4.13 In the event that a complaint concerning a paid invoice is admitted in full, the TSO shall issue an adjustment invoice within seven (7) days of the date of admitting the complaint and shall send it to the Network User forthwith.

3.4.14 The pressures at which gaseous fuel should delivered for transmission at physical entry points or off-taken at physical exit points shall be posted on the TSO's website www.gaz-system.pl.

3.4.15 The minimum pressure in a given month shall be deemed to correspond to the minimum average hourly pressure recorded in a given gas month.

3.4.16 Upon a request from a Customer connected directly to the transmission system, as submitted directly to the TSO, the TSO shall adjust, twice a year, the pressure at the physical exit point where such final Customer off-takes gaseous fuel, to the extent that technical capabilities for pressure adjustment exist at such point. The procedure of pressure adjustment at the physical exit points shall be specified in the technical annexes to the relevant contracts or agreements executed with the ISOs or Customers.

3.4.17 In the case of a physical entry point or physical exit point where the TSO has a legal title to the measurement facility, the TSO shall be responsible for the performance of measurements at such point.

3.4.18 In case of an overload or damage of a gas meter at a physical exit point, caused by increased consumption of gaseous fuel in excess of the upper limit of the range of volumetric flow measurement, the gas meter should undergo repeated verification. Any costs related to such repeated verification, including but not limited to the costs of transport, verification and repair (if any) shall be borne, as appropriate by the Shipper or the Customer whose facilities are connected to the transmission network, subject to the presentation by the TSO of documents evidencing the incurred costs.

3.4.19 If the TSO does not have a legal title to the measurement facilities installed at a physical entry or exit point, the OPR having the legal title to the facilities installed at such point shall provide the TSO with access to the measurement and billing facilities, the possibility to take the measurements of the values set out in point 3.4.2 and the communication of measurement data to the TSO. The frequency of measurements and the dates and format of data exchange shall be specified in a technical annex constituting an integral part of the inter-operator transmission contract (ITC) or the agreements executed with the OPR or the ISO.

3.4.20 The quantities of gaseous fuel expressed in energy units shall be determined in the following manner:

3.4.20.1 The hourly quantity of gaseous fuel, expressed in energy units, delivered for transmission at a physical entry point and off-taken at a physical exit point, shall be determined as the product of the volume of the gaseous fuel measured at the relevant physical entry point or exit point and the

gross calorific value established for such physical entry or exit point, in accordance with the provisions of point 3.4.5 and point 3.4.6 for the same hour.

3.4.20.2 The daily quantity of gaseous fuel expressed in energy units shall be determined as the sum of the hourly quantities of gaseous fuel, as determined in accordance with point 3.4.20.1.

3.4.20.3 The monthly quantity of gaseous fuel expressed in energy units shall be determined as the sum of the daily quantities of gaseous fuel, as determined in accordance with point 3.4.20.2.

3.5 Telemetry system

3.5.1 In the event that the TSO has the legal title to a given physical entry or exit point, upon launching a telemetry system at such point, upon the Network User's request, the TSO shall agree on the scope and conditions of telemetry data sharing with the Network User.

3.5.2 In the event that the TSO does not have the legal title to a given physical entry or exit point, the OPR undertakes to make it possible for the TSO to:

3.5.2.1 install telemetry facilities at such point, for the purpose of transmitting transmit measurement data to the TSO, provided that the ownership right to the installed telemetry facilities shall remain with the TSO, or

3.5.2.2 collect the measurement data from the indicated information system.

3.5.3 The TSO and the Network User cover their own costs related to the transmission of telemetry data to their respective services.

3.5.4 The transmission of telemetry data from a given point to the TSO should be effected using one or two independent transmission routes, depending on the importance of the point in the transmission system.

3.5.5 In the event of a failure of the telemetry system, the duty to notify the parties using the telemetry data of the failure that has taken place lies with the entity that operates the telemetry facilities. When the TSO is not the entity that operates the telemetry facilities, the OPR shall inform the TSO of the failure that has occurred. In case of a failure, the OPR shall take the necessary measures in order to restore the telemetric data transmission without undue delay.

3.5.6 In the event that a given physical entry or exit point is not connected to the telemetry system or a failure occurred within the telemetry system, the necessary data shall be communicated by the OPR in the manner set out in a technical annex to the relevant inter-operator transmission contract (ITC) or the agreements referred to in point 3.8 and point 3.10.

3.6 Technical requirements

3.6.1 Measurement facilities.

3.6.1.1 The requirements applicable to measurement stations, turbine, differential and rotary gas meters, installation kits for those gas meters that are used

in metering for billing purposes, as well as the billing principles are contained in the following standards:

3.6.1.1.1 ZN-G-4002:2001: Billing principles and metering techniques,

3.6.1.1.2 ZN-G-4003:2001: Measurement stations. Requirements and control

3.6.1.1.3 PN-EN 12261:2005 Gas meters - Turbine gas meters, PN-EN 12261:2005/A1:2008 Gas meters - Turbine gas meters,

3.6.1.1.4 ZN-G-4005:2001: Turbine gas meters. Requirements, tests and installation.

3.6.1.1.5 ZN-G-4008:2001: Turbine gas meters. Design of installation kits.

3.6.1.1.6 ZN-G-4006:2001 Orifice gas meters – Requirements, tests and installation,

3.6.1.1.7 ZN-G-4009:2001: Orifice gas meters. Design of installation kits.

3.6.1.1.8 PN-EN 12480:2005 Gas meters - Rotary gas meters, PN-EN 12480:2005/A1:2008 Gas meters - Rotary gas meters,

3.6.1.1.9 ZN-G-4010:2001: Rotary gas meters. Requirements, tests and installation.

3.6.1.1.10 PN-EN ISO 5167-1 to 4:2005 Measurement of fluid flow by means of pressure differential devices inserted in circular cross-section conduits running full

3.6.1.2 The use of gas meters which do not conform to the requirements of the standards specified in point 3.6.1.1 in metering for billing purposes is subject to arrangements set out the connection agreement, ITC, the transmission contract or in an agreement with an ISO or an OPR.

3.6.1.3 In flow computers, volume conversion of PTZ or GNG type applies in accordance with the standard ZN-G-4003:2001. Measurement stations. Requirements and verification

3.6.1.4 The requirements applicable to flow computers, pressure converters and pressure differential values, temperature converters and sensors, aerometers, chromatographs, hygrometers, impulse conveyors and registers are specified in the standard ZN-G-4007:2001. Electronic devices. Requirements and tests and, as appropriate, ST-IGG-0205:2011 Quality assessment for natural gases Part 1: Process gas chromatographs for testing natural gas composition.

3.6.1.5 The uncertainty of the measurements taken with the use of the above-mentioned measurement devices is estimated in accordance with the standard ZN-G-4002:2001: Billing principles and metering techniques.

3.6.1.6 Flow computers used for measuring the volume of transported gaseous fuel operate based on the standard winter time (UTC+1) throughout the gas year. The TSO shall bill the System User in accordance with the official time.

3.6.2 Gas pipelines.

3.6.2.1 The basic requirements applicable to newly-built transmission pipelines are specified in Regulation of the Minister of Economy of 30 July 2001 concerning technical conditions to be met by gas networks (Journal of Laws No. 97, item 1055) and the standard PN EN 1594:2011 Gas supply systems - Pipelines for maximum operating pressure over 16 bar - Functional requirements.

3.6.2.2 The regulations that apply to existing gas pipelines are those that applied at the time they were built.

3.6.3 Transmission system components.

3.6.3.1 The basic requirements applicable to newly-built compressor stations in the transmission system are specified in Regulation of the Minister of Economy of 30 July 2001 concerning technical conditions to be met by gas networks (Journal of Laws of 2001, No. 97, item 1055) and the standard PN-EN 12583:2005 Gas supply systems – Compressor stations. Functional Requirements.

3.6.3.2 The basic requirements applicable to newly-built gas stations are specified in Regulation of the Minister of Economy of 30 July 2001 concerning technical conditions to be met by gas networks (Journal of Laws No. 97, item 1055) and in the following standards: PN-EN 12186:2004 Gas supply systems – Gas pressure regulating stations for transmission and distribution – Functional requirements, PN-EN 12279:2004 Gas Supply Systems – Gas pressure reduction installations on service lines – Functional requirements, ST-IGG-0501:2009 Gas stations in transmission and distribution for entry pressures up to 10 MPa - Requirements for design, construction and commissioning, ST-IGG-0502:2010 Gas pressure reduction and/or measurement installations on service lines - Requirements for design, construction and commissioning, ST-IGG-0503:2011 Gas stations in transmission and distribution for entry pressures up to 10 MPa and gas pressure reduction and/or measurement installations on service lines - Service requirements.

3.6.4 The rights to the ZN-G internal standards mentioned in point 3.6 are vested in Polskie Górnictwo Naftowe i Gazownictwo S.A. (PGNiG S.A.), a company having its registered office in Warsaw.

3.6.5 The legal regulations, as well as the provisions of the TNC and agreements executed with ISOs shall prevail over the provisions of the above-mentioned standards.

3.6.6 Orders for internal standards of PGNiG S.A. should be placed with the Chamber of Natural Gas Industry, 01-224 Warszawa, ul. Kasprzaka 25, phone: +4822 631 08 37; +4822 631 08 46, fax: +4822 631 08 47, e-mail: office.kst@igg.pl.

3.6.7 Detailed technical requirements applicable to physical entry points to the transmission system and physical exit points from the transmission system shall be set out in technical annexes to ITCs or to the agreements with ISOs or OPRs.

3.7 Criteria of the safety of the transmission system operation

3.7.1 The TSO adopts the following criteria of the safety of the transmission system operation:

3.7.1.1 maintenance of a capacity reserve providing for the capability to transport gaseous fuel in periods of exceptionally high demand, i.e. when the average ambient temperature during the day in three consecutive days is at a level of -15°C,

3.7.1.2 maintenance of a daily imbalance in the transmission system within the limit of +/- 5 % of the projected maximum daily demand in the transmission system,

3.7.1.3 maintenance of the pressure at the exit points within the ranges specified in accordance with point 3.4.14 of the TNC,

3.7.1.4 maintenance of the quality parameters of the gaseous fuel, as specified in the TNC and the transmission contracts.

3.7.2 In order to meet the criteria specified in point 3.7.1 and in order to assure the performance of the transmission contracts, the TSO shall:

3.7.2.1 hold reserves of gaseous fuel accumulated in the facilities used for storage purposes with a view to covering any shortages of gaseous fuel that may arise from the imbalance of Shippers within the admissible imbalance limits,

3.7.2.2 withdraw from the transmission system any excess gaseous fuel that may arise from the imbalance of the Shippers within the admissible limits of imbalance, or the occurrence of an emergency situation in the transmission system, to the extent allowed by the storage capacity held in storage facilities,

3.7.2.3 prepare, and submit for approval by the President of ERO, gas curtailment plans with respect to Customers and Shippers, connected directly to the transmission network who are subject to restrictions in gaseous fuel consumption in accordance with the Stockpiling Act,

3.7.2.4 in the cases specified in the Stockpiling Act, perform the duties and obligations connected with the introduction of gas curtailment measures by establishing and announcing to the public the degrees of supply rationing, pursuant to gas curtailment plans,

3.7.2.5 prepare procedures applicable in the event of an emergency situation in the transmission system,

3.7.2.6 prepare procedures applicable in the event of the disturbance in the operation of interoperating systems, within the framework of the relevant agreements with the ISOs,

3.7.2.7 maintain and develop control and measurement systems, control and telemetry systems and building automation systems to enable a fast response to potential threats within the transmission system,

3.7.2.8 maintain the system facilities, installations, networks and structures in good technical condition, in accordance with the applicable regulations, ensure on-going operational monitoring and provide for technical

emergency teams to be continuously on duty and, in the event of any threat, take immediate action to eliminate such threat,

3.7.2.9 conduct assessments of the technical condition of the transmission system and, on its basis, prepare investment and maintenance plans.

3.7.2.10 take the measures described in point 17.

3.7.2.11 The TSO shall inform the Gas Exchange about the termination of the transmission contract with a System User for whom transmission ability allocation (PZ) has been made at $WPWE_{GG}$ or $WPWY_{GG}$.

3.7.3 In order to assure the security of the transmission system operation and security of supply of gaseous fuel to Customers, the Shipper shall be obliged to:

3.7.3.1 prepare and submit for approval to the TSO operating procedures, as agreed with the entities responsible for their implementation, including, as appropriate, the operators of other gas systems or Customers, which shall be applicable in the event of:

3.7.3.1.1 disturbance in the supply of gaseous fuel to the transmission system,

3.7.3.1.2 unforeseen increase in the consumption of the gaseous fuel by Customers,

3.7.3.1.3 emergency situation in the transmission system, or

3.7.3.1.4 specify, in particular, the method of activating additional supplies of gaseous fuel from alternative sources of directions and reducing the consumption of gaseous fuel by Customers, on accordance the relevant agreements concluded with them,

3.7.3.2 not to exceed the admissible imbalance limits specified in the TNC,

3.7.3.3 deliver gaseous fuel at the entry points and off-take such gaseous fuel at the exit points in accordance with the approved nominations,

3.7.3.4 immediately inform the TSO of all events that could affect the security of supply of gaseous fuel to physical entry points.

3.7.4 In order to assure security of operation of the transmission system and security of supply of gaseous fuel to Customers, the Network User shall be obliged to:

3.7.4.1 not exceed the contracted capacities set out in the capacity allocation (PP) or resulting from the introduced curtailment measures,

3.7.4.2 deliver gaseous fuel for transmission at physical entry points to the transmission system while conforming to the quality parameters required under in the TNC, and maintaining the pressure within the ranges specified in accordance with point 3.4.14 of the TNC,

3.7.4.3 immediately inform the TSO of all events that could affect the security of supply of gaseous fuel to the entry points.

3.8 Scope of the cooperation between the TSO and the interoperating system operators

3.8.1 The TSO, with the approval of DSOs, may establish groups of interconnection physical exit points ($MFPWY_{OSD}$) by way of an annex to ITC, which shall subsequently be published on the TSO's website www.gaz-system.pl.

3.8.2 Interconnection physical exit points that belong to a single group shall be hydraulically connected on the distribution network side.

3.8.3 The TSO may decide, at its sole discretion, to use exclusively those interconnection physical exit points belonging to a specific group of physical exit points, in respect of which this has been expressly reserved in the annex to ITC, and within a limit corresponding to the total volume of gaseous fuel resulting from the transportation forecast approved for the interconnection physical exit points comprised in such group. The TSO shall allocate the stream of gaseous fuel among such interconnection physical points comprised in a group of points.

3.8.4 The aggregate variance of the daily quantity of gaseous fuel measured at the interconnection physical exit or entry points with respect to transportation forecasts approved for such points shall be established.

3.8.5 In the event that the capacity (contracted capacity) allocated to any of the interconnection physical exit points is exceeded, the TSO shall not be liable for the failure to maintain the required pressure at the interconnection physical exit points comprised in the group of points such point belongs to.

3.8.6 In the event that the capacity (contracted capacity) allocated to any of the interconnection physical exit points is exceeded, the TSO shall not be liable for the failure to maintain the required pressure at the interconnection physical exit points, if such overrun had an impact on the failure to maintain the pressure.

3.8.7 The TSO shall reserve the capacity of the transmission system for a DSO up to the amount of the allocated capacity (contracted capacity) at individual interconnection physical exit points.

3.8.8 The DSO shall place the order for capacity with the TSO for individual interconnection physical exit points. The order for each interconnection physical exit point shall be within the limit resulting from the technical capabilities of the facilities at such point.

3.8.9 The detailed conditions and methods of cooperation with the operator of another transmission system, RFO and the operator of a physical entry point from a domestic source, i.e. a nitrogen removal plant, production facility or a mixing facility, shall be established in separate agreements and in technical annexes to connection agreements.

3.8.10 The agreement with the operator of another transmission system should regulate, in particular, the following:

3.8.10.1 handling any discrepancies in the starting/ending times of the gas day in the interoperating systems,

3.8.10.2 matching of the supplier – customer code pairs,

3.8.10.3 determination of the daily volumes of gaseous fuel per gas day,

3.8.10.4 determination of the quality of the gaseous fuel delivered at the points of interconnection between the systems,

3.8.10.5 access of representatives of a party that is not the owner of a measurement and billing point to the site,

3.8.10.6 inspection of the measurement systems,

3.8.10.7 sharing of telemetry data,

3.8.10.8 sharing of measurement and billing data,

3.8.10.9 submission and verification of nomination (re-nomination) matching in interoperating systems,

3.8.10.10 the allocation of the delivered quantities or volumes of gaseous fuel among individual transmission contracts being implemented at system interconnection points,

3.8.10.11 transfer of data concerning the allocations at the system interconnection points,

3.8.10.12 management of the operation of the gas stations located at the connections between the systems,

3.8.10.13 alignment of the schedules for maintenance, upgrades and other works in the interoperating systems, which affect the operating conditions of another interoperating system,

3.8.10.14 maintenance and upgrading of the measurement and billing points located at the connections between the interoperating systems,

3.8.10.15 approaches and exchange of information with regard to the procedures for providing access to the transmission network in respect of measurement and billing points,

3.8.10.16 cooperation in the event of any disturbance concerning the quality of gaseous fuel that affects the operation of an interoperating system,

3.8.10.17 alignment of emergency procedures,

3.8.10.18 handling of emergency situations that affect the functioning of another interoperating system,

3.8.10.19 communication principles and contact details of the relevant services of the TSO and the other transmission system.

3.8.11 The agreement with a RFO should contain, in particular, the principles pertinent to:

3.8.11.1 submission and verification of nomination (re-nomination) matching in interoperating systems,

3.8.11.2 matching of the supplier – customer code pairs,

3.8.11.3 transfer of data concerning the allocations at the system interconnection points,

3.8.11.4 sharing of telemetry data,

3.8.11.5 sharing of measurement and billing data,

3.8.11.6 management of the operation of the gas stations located at the connections between the systems,

3.8.11.7 alignment of the schedules for maintenance, upgrades and other works in the re-gasification facility, which affect the operating conditions of the re-gasification system,

3.8.11.8 exchange of information on planned investments that affect the operating conditions of the systems,

3.8.11.9 cooperation in the event of off-spec quality of gaseous fuel that affects the operation of the transmission system,

3.8.11.10 alignment of emergency procedures,

3.8.11.11 handling emergency systems that affect the functioning of the transmission system,

3.8.11.12 communication principles and contact details of the relevant services of the TSO and the RFO.

3.8.12 The agreement with an operator of a physical entry point from a domestic source should contain, in particular, the principles pertinent to:

3.8.12.1 submission and verification of nomination (re-nomination) matching in interoperating systems,

3.8.12.2 transfer of data concerning the allocations at the system interconnection points,

3.8.12.3 sharing of telemetry data,

3.8.12.4 sharing of measurement and billing data,

3.8.12.5 management of the operation of the gas stations located at the connections between the systems,

3.8.12.6 maintenance and upgrading of the gas stations located at the connections between the systems,

3.8.12.7 exchange of information on planned investments that affect the operating conditions of the systems,

3.8.12.8 cooperation in the event of off-spec quality of gaseous fuel that affects the operation of the transmission system,

3.8.12.9 alignment of emergency procedures,

3.8.12.10 handling emergency systems that affect the functioning of the transmission system,

3.8.12.11 preparation and reconciliation of billing reports,

3.8.12.12 communication principles and contact details of the relevant services of the TSO and the operator of a physical entry point from a domestic source.

3.9 Scope of the cooperation between the TSO and SSO or DSO providing distribution services in a distribution area

3.9.1 The detailed conditions and methods of the cooperation with a distribution system operator providing distribution services in a distribution area, and a storage system operator shall be set out in an inter-operator transmission contract (ITC), including the technical annexes to such ITC.

3.9.2 The annex to the inter-operator transmission contract (ITC) executed with a distribution system operator should specify, in particular, the following:

3.9.2.1 principles of the matching of supplier – customer code pairs,

3.9.2.2 principles of the submission and matching of the nominations (re-nominations) received from the Shipper and concerning the quantities of gaseous fuel at the exit or entry points to/from the distribution area,

3.9.2.3 principles of information exchange, including the specification of the data format and communication protocols to enable the interoperability of information exchange systems,

3.9.2.4 principles of telemetry data sharing,

3.9.2.5 principles of measurement and billing data sharing,

3.9.2.6 principles of the preparation and reconciliation of billing reports,

3.9.2.7 determination of the quality of the gaseous fuel delivered at the points of interconnection between the systems,

3.9.2.8 principles of the access of representatives of a party that is not the owner of a measurement and billing point to the site,

3.9.2.9 principles of the inspection of the measurement systems,

3.9.2.10 principles of the communication of the allocation results among individual Shippers whose contracts are performed at the exit or entry points to/from the distribution area,

3.9.2.11 principles of the exchange of measurement data for $MFPWE_{OSD}$ and $MFPWY_{OSD}$,

3.9.2.12 principles of the management of the operation of the gas stations located at the connection between the interoperating systems,

3.9.2.13 principles of the maintenance and upgrading processes in the interoperating systems,

3.9.2.14 principles of the alignment of the schedules for maintenance, upgrades and other works in the interoperating systems, which affect the operating conditions of another interoperating system,

3.9.2.15 principles of information exchange and handling with regard to the procedures for providing access to the transmission and distribution network,

3.9.2.16 principles of the exchange of information on planned investments that affect the operating conditions of an interoperating system,

3.9.2.17 principles of the cooperation in the connection of new points - interconnections between the transmission and distribution systems,

3.9.2.18 principles of the cooperation in the event of any disturbance concerning the quality of gaseous fuel that affects the operation of an interoperating system,

3.9.2.19 principles of exchange of information between dispatcher services and handling of emergency situations that affect the operation of an interoperating system,

3.9.2.20 procedures applicable in the event of the introduction gas curtailment measures,

3.9.2.21 principles of reporting applicable at the times when gas curtailment plans approved the President of ERO are in effect,

3.9.2.22 communication principles and contact details of the relevant services of the TSO and the DSO.

3.9.3 The annex to the ITC executed with a SSO should contain in particular:

3.9.3.1 principles of the submission and verification of nomination (re-nomination) matching in interoperating systems,

3.9.3.2 principles of the exchange of data concerning the allocations at the system interconnection points,

3.9.3.3 principles of telemetry data sharing,

3.9.3.4 principles of measurement and billing data sharing,

3.9.3.5 principles of the management of the operation of the gas stations located at the connection between the systems,

3.9.3.6 principles of the maintenance and upgrading of the gas stations located at the connections between the systems,

3.9.3.7 principles of the exchange of information on planned investments that affect the operating conditions of the systems,

3.9.3.8 principles of the cooperation in the event of off-spec quality of gaseous fuel that affects the operation of the transmission system,

3.9.3.9 principles of the alignment of emergency procedures,

3.9.3.10 procedures applicable in emergency situations that affect the functioning of the transmission system,

3.9.3.11 principles of the preparation and reconciliation of billing reports,

3.9.3.12 communication principles and contact details of the relevant services of the TSO and the SSO.

3.10 The scope of the cooperation between the TSO and the billing point operators (OPRs), Customers, including the energy company engaged in the operation of networks which is not a DSO, or a DSO that provides distribution services in a distribution system which is not a distribution area.

3.10.1 The detailed conditions and methods of cooperation with the entities referred to in point 3.10 shall be set out in a separate agreement or a connection agreement.

3.10.2 The agreement referred to in point 3.10.1 shall include in particular the following:

3.10.2.1 principles of the exchange of data concerning the allocations of gaseous fuel at FPWE or FPWY,

3.10.2.2 principles of telemetry data sharing,

3.10.2.3 principles of measurement and billing data sharing,

3.10.2.4 the conditions for the performance of periodic inspections of measurement and billing facilities,

3.10.2.5 principles of the management of the operation of the gas stations located at the connection with the transmission system,

3.10.2.6 principles of the maintenance and upgrading of gas stations located at the connection with the transmission system,

3.10.2.7 principles of the exchange of information on planned investments that affect the operating conditions of the transmission system,

3.10.2.8 principles of the cooperation in the event of off-spec quality of gaseous fuel that affects the operation of the transmission system,

3.10.2.9 conditions for ensuring the presence of the representatives of the parties to the agreement during the replacement, maintenance, repairs and checks of the measurement and billing facilities,

3.10.2.10 communication principles and contact details of the relevant services of the TSO and the OPR or the Customer.

3.10.2.11 the principles for notifying the customer connected to the transmission network of any changes in the terms and conditions of transmission system operation and any events that may affect the supply of gaseous fuel to the customer, including any changes in the work schedule and in the schedule of works that were not pre-scheduled.

3.11 The specification of the data format and communication protocols to be used for the exchange of information between the TSO and the entities referred to in point 3.8, point 3.9 and point 3.10 shall be defined by the TSO.

4 PLANNING OF THE TRANSMISSION SYSTEM DEVELOPMENT

4.1 Development planning

4.1.1 The development of the transmission system shall be a responsibility of the TSO.

4.1.2 The development of the transmission systems shall be managed on the basis of the criteria defined in the guidelines for the European and national energy policy and the strategy of the transmission system operator, which account for the need of satisfying the current and future demand for gaseous fuel while ensuring long-term capabilities of the transmission system.

4.1.3 In planning the development of the transmission system, the TSO shall use market screening to assess the demand for new transmission infrastructure, which consist in:

4.1.3.1 gathering of information concerning the development plans from interoperating system operators and potential System Users, Customers and suppliers,

4.1.3.2 analysis of the gathered data and consultations with the entities that provided the information referred to in 4.1.3.1,

4.1.3.3 definition of assumptions for the development plan.

4.1.4 For the purposes of planning the transmission network development the TSO shall gather information on long-term projections of demand for gaseous fuels for individual areas of the country.

4.1.5 The TSO develops projects of the country's demand for gaseous fuel on the basis of the information received from the inter-operating system operators, System Users, Customers and suppliers, while taking into account the guidelines for national energy policy, assessment of their implementation, as well as results of the market research carried out in accordance with point 4.1.3.

4.1.6 The TSO shall define a ten-year transmission system development plan, which shall be prepared at least biannually.

4.1.7 In addition to the plan referred to in point 4.1.6, the TSO shall prepare the following plans, which are updated every year:

4.1.7.1 investment plans,

4.1.7.2 maintenance plans.

4.1.8 In the definition of the plans mentioned in point 4.1.6 and 4.1.7 above the TSO shall take into consideration the following:

4.1.8.1 security of the transmission system operation and the continuity of transmission services,

4.1.8.2 need to adapt the transmission system to the applicable standards, as well as legal and technical regulations,

4.1.8.3 the technical condition of the components of the transmission system,

4.1.8.4 reduction of the costs of operation,

4.1.8.5 improvement of the technical capacity of the transmission system,

4.1.8.6 connections to the transmission system,

4.1.8.7 economic efficiency of investment projects.

4.2 In addition to the activities listed in point 4.1, the TSO shall cooperate with interoperating system operators and the system users in the planning of the gas networks development.

4.3 In the ten-year transmission system development plan, the TSO shall take into account the results of the consultation process referred to in point 4.1.3 in respect of the development plans of DSOs, SSOs and RFOs. The ten-year transmission system development plan shall be published on the TSO's website www.gaz-system.pl.

5 CONNECTION TO THE TRANSMISSION NETWORK

5.1 General conditions for connecting to the transmission network

5.1.1 In order to maximise the utilisation of the existing transmission infrastructure, the priority shall be given to connecting sources of supply, Customers and networks of other energy companies to the existing physical entry points or physical points.

5.1.2 In case when there is no possibility for the connection at an existing physical point of the transmission system, the TSO shall define the connection conditions for a new physical point that is to be located in the immediate vicinity of the existing transmission network.

5.1.3 The entity applying for the connection to the transmission network must have a legal title to the property, facility or network to be connected.

5.1.4 The connection to the transmission network shall be established under a connection agreement, following to the fulfilment by the entity applying for the connection of the requirements specified by the TSO in the conditions for connection to the transmission network.

5.1.5 If the applicant being a final customer requests the TSO to change the location of the measurement system (gas station) specified in the connection conditions, making an offer for the transfer the ownership right to a completed gas pipeline connecting the gas station in the proposed location with the TSO's network (hereinafter the “connecting gas pipeline” on the TSO, the transmission network connection agreement shall include provisions agreed between the TSO and the applicant in the course of negotiation, concerning, *inter alia*, the new location of the gas station, technical conditions concerning the connecting gas pipeline, principles of the performance and operation of the connecting gas pipeline, providing the access to the land under the gas station to the TSO and the minimum value of the contract. The TSO may accept the offer for the transfer of the ownership right after the contracted capacity is ordered and provided for the applicant's facility at the level corresponding to or higher than the minimum value of contracted capacity indicated in the connection agreement.

5.1.6 Apart from the connection agreement, the connection of direct gas pipelines, gas networks, re-gasification facilities, nitrogen removal plants, upstream delivery facilities, including producing fields and mixing facilities to the transmission network operated by the TSO, shall require signing a separate agreement with the TSO, as referred to in point 3.8 and point 3.10, such agreement to set out the terms and ways of co-operation between the operators of such gas pipelines and facilities with the transmission system.

5.1.7 The connection of a distribution system or storage facilities to the transmission network of the TSO shall require that, apart from the connection agreement, an inter-operator transmission contract (ITC), including the annex referred to in point 3.9 is signed with the TSO.

5.1.8 The start of the delivery of gaseous fuel to a physical exit point to which the Customer's facility has been connected shall be conditional on the execution by the Customer of the agreement referred to in point 3.10 with the TSO.

5.1.9 The process of connection to the transmission network shall comprise the following steps:

5.1.9.1 submission of a complete application by the applying entity for the definition of the connection conditions,

5.1.9.2 definition of the connection conditions by the TSO,

5.1.9.3 delivery of the conditions along with a draft connection agreement to the entity applying for the connection to the transmission network by the TSO,

5.1.9.4 signature of the connection agreement,

5.1.9.5 performance of the connection agreement,

5.1.9.6 execution of the agreement referred to in point 3.8, point 3.9 or point 3.10.

5.2 Application for the definition of conditions for connection to the transmission network

5.2.1 An entity applying for connection to the transmission network submits an application to the TSO for the definition of conditions for connection to the transmission network, together with the appendices, using the applicable form that is available at the TSO's offices posted on its website.

5.2.2 For the purposes of determining the economic feasibility of the connection, the entity requesting the connection and engaged in distribution activity shall append an analysis to the application, estimating the expected volumes of gaseous fuel off-take by year, broken down by the type of activity and customers and the use of the gaseous fuel (e.g. industrial production, heating) to be supplied from such physical point.

5.2.3 At the request of an entity that does not have a title to use the site where the facilities, installations or networks to be connected are to be operated, the TSO shall provide information regarding the feasibility of connection to the network. The provisions of point 5.3 shall apply accordingly.

5.3 Conditions for connection to the transmission network

5.3.1 The TSO examines the application that was filed by the entity on the basis of information provided in the application and the attached documents.

5.3.2 In the event that the application fails to satisfy the formal requirements:

5.3.2.1 the TSO shall request the entity within 7 days of the date of its receipt to supplement the application,

5.3.2.2 the entity shall be obliged to deliver a supplemented application within the deadline set by the TSO. The deadline set by the TSO must not be shorter than 21 days of the receipt of the request referred to in point 5.3.2.1,

5.3.2.3 if no supplemented application is delivered within the specified deadline, the TSO leaves the application without considering it.

5.3.3 When the application conforms to formal requirements, a technical and economic analysis is carried out, during which the TSO assesses whether

connection to the transmission network is technically feasible and economically justified.

5.3.4 When considering the application, the TSO takes into account the existing transmission contracts (capacity allocation (PP)) and the existing connection agreements, unless the deadline set out therein for the conclusion of an agreement to be the basis for the supply of gaseous fuels has lapsed.

5.3.5 The TSO shall have the right to request a declaration on the conformity the facilities, installations and networks of the entities applying for the connection to the relevant legal metrological requirements with a view to ensuring:

5.3.5.1 safety of the operation of the transmission system,

5.3.5.2 protection of the transmission system against damage caused by any inappropriate operation of the connected facilities, installations and networks,

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

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

5.3.5.5 fulfilment of environmental requirements specified in separate regulations,

5.3.5.6 ability to take measurements of the necessary values and parameters required for managing network operation and billing for the transmission of gaseous fuel.

5.3.6 Specifically, it is deemed that technical conditions for connection to the transmission network do not exist when the provision of transmission services to the entity applying for the connection could undermine the reliability of transmission or quality of gaseous fuel or could prevent the TSO from fulfilling other obligations imposed on it with regard to the protection of the interests of Customers and environmental protection.

5.3.7 When analysing the economic conditions of connection, the TSO uses the following basic criteria of economic efficiency:

5.3.7.1 net present value (NPV) of the incremental cash flows related to the investment, discounted by the weighted average cost of capital (WACC) appropriate for the TSO must be greater than “0”,

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

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

5.3.8.1 discounted payback period,

5.3.8.2 B/C profitability ratio as the ratio of the discounted values of cash flows from the projects to the discounted values of capital and operational expenditure.

5.3.9 Specifically, it is deemed that economic conditions for connection to the transmission network do not exist when the connection could result in a

detrimental change in the level of prices or charges for the provision of transmission services to other entities connected to the network.

5.3.10 The TSO may refuse to define the conditions for connection to the transmission network in the event when no economic or technical conditions exist for such a connection. This does not exclude the application of the provisions of Article 7.9 of the Energy Law.

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

5.3.12 In the event of a refusal to define the connection conditions due to technical or economic reasons, the TSO shall present, at the request of the entity applying for the connection, information on the necessary expansion of the network that should be undertaken in order to enable the requested connection to the network. The TSO shall charge a fee for the preparation of such information, in the amount agreed with the entity, which should reflect the cost of its preparation.

5.3.13 The TSO shall define the connection conditions or provide the information on the inability to connect within the maximum deadline of:

5.3.13.1 60 days for entities engaged in transmission, distribution, production, processing, extraction or storage of gaseous fuel and liquefaction or re-gasification of liquefied natural gas,

5.3.13.2 45 days for any other entities except for those specified in point 5.3.13.1, whose facilities and installations are directly connected to a high-pressure transmission network, counting from the submission date of a complete application conforming to the formal requirements.

5.3.14 The TSO shall immediately inform the entities applying for the connection about any different date for issuing the connection conditions in the event that the deadlines set out in point 5.3.13 cannot be met due to some material reasons, and shall state the reasons for such failure to meet the deadline.

5.3.15 Change to the connection conditions may be made by way of submitting a new application to the TSO for the definition of connection conditions, or by virtue of the provisions of a connection agreement.

5.3.16 The connection conditions shall specify, in particular, the following:

5.3.16.1 place of connection of facilities, installations or networks, and their technical parameters,

5.3.16.2 extent of necessary adaptations in the network related to the connection to a gas network,

5.3.16.3 technical parameters of the connection line to the gas network,

5.3.16.4 group and sub-group of the gaseous fuel in accordance with PN-C-04750/2011 “Gaseous fuels, classification, labelling and requirements”,

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

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

5.3.16.7 connection capacity,

5.3.16.8 delivery and off-take profile, including the minimum and maximum hourly quantities of gaseous fuel expressed in volume units (m^3), and daily and yearly quantities of gas fuel (kWh),

5.3.16.9 place of the delivery and off-take of the gaseous fuel,

5.3.16.10 point delimiting the ownership of the TSO's transmission system and the facilities, installations or networks owned by the entity to be connected,

5.3.16.11 principles applicable to the use of alternative sources of energy by the Customer in the event of interruption of or restrictions in gaseous fuel supply,

5.3.16.12 requirements related to the features of a gas station or a measurement system, type of such system, as well as telemetry and cathodic protection systems,

5.3.16.13 expected starting date for off-take of gaseous fuel,

5.3.16.14 intended use for the gaseous fuel.

5.3.16.15 estimated expenditures on the construction of the connection.

5.3.17 In addition to the data specified in point 5.3.16, the connection conditions for a storage facility shall specify:

5.3.17.1 working volume of the storage facility,

5.3.17.2 expected operating characteristics of the storage facility,

5.3.17.3 maximum and minimum rate of gaseous fuel injection to and withdrawal from the storage facility.

5.3.17.4 minimum and maximum hourly quantities of gaseous fuel expressed in volume units (m^3) and yearly quantities (kWh) of gaseous fuel off-taken for own consumption needs of the storage facility.

5.3.18 In addition to the data specified in point 5.3.16, the connection conditions for sources interoperating with the transmission system shall also specify the composition of the gaseous fuel supplied to the transmission system.

5.3.19 In the event when multiple applications for the definition of conditions for connection to the transmission network have been submitted, and their implementation would involve the use of the same technical capacity of the transmission system, or when the submitted applications concern entirely or partly overlapping areas – the TSO shall define the connection conditions for all the entities whose applications meet the technical and economic criteria of connection, indicating this fact to the parties concerned.

5.4 Transmission network connection agreement

5.4.1 The transmission network connection agreement is concluded when technical and economic conditions exist for connection to the transmission network or in the case specified in Article 7.9 of the Energy Law.

5.4.2 The conditions of connection to the transmission network are delivered to the applicant along with a draft network connection agreement. If the entity requesting the connection submitted multiple applications for the definition of the connection conditions at the same physical point or for the same area of supply, the TSO shall send a draft network connection agreement only once the entity requesting the connection indicates to the TSO the connection conditions that have been selected by the entity for the given physical point.

5.4.3 The draft transmission network connection agreement remains binding for thirty (30) days of the day of delivery to the applicant, subject to the provisions of point 5.4.5.

5.4.4 The TSO is obliged to enter into a transmission network connection agreement, in accordance with the principle of non-discriminatory treatment of entities applying for such connection, if the technical and economic conditions for connecting to the network have been satisfied and the entity applying for the conclusion of the agreement satisfies the conditions for connection to the network.

5.4.5 When network connection conditions have been defined and the fulfilment of such conditions would require the use of the same technical capacity of the transmission system, or the network connection conditions concern an entirely or partly overlapping area, the TSO shall enter into network connection agreements taking into account the order of receiving complete applications for the definition of connection conditions, to the extent allowed by the existing technical conditions, including in particular the available technical capacity of the transmission network, provided that:

5.4.5.1 draft network connection agreements shall be delivered to applicants in accordance with the order of their respective applications for the definition of connection conditions.

5.4.6 If the applicant fails to sign the network connection agreement and deliver it to the TSO within 30 days of receiving a draft network connection agreement, the TSO shall send a draft agreement on connection to the transmission network to the next applicant.

5.4.7 For the first applicant the thirty-day deadline mentioned in point 5.4.6 starts running from the day of delivery of the conditions along with the draft connection agreement, whereas for subsequent applicants from the day of informing them of the possibility of entering into a connection agreement pursuant to the provisions of point 5.4.6.

5.4.8 The TSO shall advise the entities referred to in point 5.3.19 of:

5.4.8.1 definition of the conditions and delivery of draft network connection agreements to subsequent applicants, when the performance of such agreements it would require the use the same technical capacity of the transmission system, or the definition of the connection conditions and delivery of draft network connection agreements to other applicants, when such agreements concern an entirely or in part overlapping area.

5.4.8.2 execution of network connection agreements and the lack of technical conditions for connection to the transmission network (i.e. expiry of the transmission network connection conditions).

5.4.9 The network connection agreement shall constitute a basis for the commencement of engineering design and construction and assembly work subject to the terms and conditions set out therein.

5.4.10 The network connection agreement shall specify in particular the following:

5.4.10.1 rights and obligations of the parties, including the expected execution date of the agreement to be the basis for the supply of gaseous fuel,

5.4.10.2 connection capacity and contracted capacity in each year until the year when the target capacity is to be reached for the physical entry or exit point to be connected,

5.4.10.3 minimum and maximum hourly, daily and yearly volumes of gaseous fuel intended for delivery and/or off-take,

5.4.10.4 term and termination conditions of the agreement,

5.4.10.5 the liability of the parties for a default under the network connection agreement, including any delay in the completion of work with respect to the deadlines set out in the agreement, a failure to perform the obligations referred to in point 5.4.10.1, or withdrawal from the agreement,

5.4.10.6 connection completion date,

5.4.10.7 amount or method of determination of the connection fee and the payment dates of individual instalments,

5.4.10.8 point delimiting the ownership of the transmission network and the installations or networks of the entity to be connected,

5.4.10.9 scope of work required to establish the connection,

5.4.10.10 requirements as to the location of the measurement and billing system and its parameters,

5.4.10.11 conditions of access to the real property controlled by the connected entity for the purposes of network construction or expansion, as required to establish the connection;

5.4.11 The entity to be connected to the transmission network shall present a financial security against the connection fee in the amount specified in the connection agreement.

6 TRANSMISSION CONTRACT

6.1 The provision of capacity under the capacity allocation (PP) and the provision of transmission services within the limits of the transmission ability allocation (PZ) and balancing services shall take place under a transmission contract, including an inter-operator transmission contract (ITC).

6.2 Application for Transmission Contract

6.2.1 The current form of the application for transmission contract shall be posted by the TSO on its website.

6.2.2 The entity applying for the execution of a transmission contract shall present the following document and certificates together with the application for a transmission contract:

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

6.2.2.2 power of attorney or other documents confirming the right of the individuals who represent the entity to incur obligations on its behalf, unless such right can be inferred from the content of the document referred to in point 6.2.2.1,

6.2.2.3 certificate of tax identification number for the purposes of the tax on goods and services (VAT) for entities based in the European Union Member States, unless this information can be inferred from the content of the document referred to in point 6.2.2.1,

6.2.2.4 entities having their registered office in the territory of the Republic of Poland shall also present a certificate of REGON statistical number, unless this information can be inferred from the content of the document referred to in point 6.2.2.1,

6.2.2.5 entities carrying out an activity in the territory of the Republic of Poland shall present an excerpt of the licence, decision on designation as an operator, or a declaration signed by persons authorised to represent the entity that the activities carried out by the entity do not require a licence or decision on designation as an operator under the Energy Law.

6.2.3 In case of an entity without a registered office in the territory of the Republic of Poland the above documents:

6.2.3.1 the documents specified in points 6.2.2.1 and 6.2.2.2, which should be issued not earlier than six (6) months before the date of the application for transmission contract, except for as stipulated in point 6.2.2.3, point 6.2.2.4 and point 6.2.2.5.

6.2.3.2 should be presented by the entity together with their translation into Polish language.

6.2.4 The entity applying for a transmission contract shall be obliged to notify the TSO immediately of any changes to the data and documents contained in the submitted application and to update such data and documents that have changed. The above obligation shall concern any changes that occur in the period after the date of the application submission by the applicant until the date of the execution of the transmission contract with the applicant, as well as during the term of the transmission contract. The provisions of point 6.2.3 shall apply accordingly.

6.2.5 After obtaining the application for a transmission contract, the TSO shall review the application to verify the completeness and validity of the data contained therein and the enclosed documents. The TSO shall consider the application for a transmission contract within fourteen (14) days of the date of its receipt. After considering the application for a transmission contract the TSO shall advise the applicant of either its acceptance or rejection, or request the applicant to supplement the application.

6.2.6 The TSO shall request the applicant to supplement the application for a transmission contract in case when any essential data is missing or the application is incomplete. The applicant should deliver the supplemented application for a transmission contract within fourteen (14) days of receiving the request for its supplementation. If the supplemented application for a transmission contract is not delivered within the required time limit, the TSO shall leave the application unconsidered.

6.2.7 The TSO shall call upon the entity that submitted an application for transmission contract not conforming to the application form published on the TSO's website, and request it to submit such application in the correct form within fourteen (14) days of the date of such request, under the pain of leaving the application without being considered.

6.2.8 The information that the application was not considered, rejected, or the refusal to execute the transmission contract shall be immediately communicated by the TSO to the applicant in writing together with the grounds.

6.2.9 In case of accepting the application, the TSO shall send a draft transmission contract to the applicant against a confirmation of receipt within three (3) business days of finalising the application consideration process, such draft to be prepared on the basis of the currently applicable specimen.

6.2.10 The applicant submits the signed draft contract to the TSO with confirmation of receipt within twelve (12) days of the delivery date. If the draft contract sent by the TSO contains manifest errors, the Parties shall agree the correct wording of the document by the means of electronic communication within the above-mentioned time frame.

6.2.11 If the applicant fails to deliver a signed draft transmission contract within the deadline specified in point 6.2.10, its application for transmission contract shall be deemed withdrawn and the applicant shall be informed thereof by the TSO without delay.

6.2.12 The TSO sends the applicant a signed transmission contract by recorded delivery post within twelve (12) days of the date of delivery of the contract that is signed by the applicant.

6.2.13 In the event of the rejection of the application or the refusal to sign the transmission contract, the TSO shall immediately notify the President of ERO stating the grounds for such refusal.

6.3 A system user shall provide a financial security in the amount and form specified in the transmission contract to secure the claims of the TSO under the transmission contract.

6.4 Transmission Contract

6.4.1 In order to ensure non-discriminatory treatment of all entities applying for the conclusion of a transmission contract, the TSO shall use a standard form of the transmission contract, which is published on the TSO's website.

6.4.2 Upon the conclusion of the transmission contract, the applicant shall acquire the status of a System User.

6.4.3 The contract signing by the applicant is synonymous with the acceptance of all conditions of the transmission contract and all the provisions of the TNC.

6.4.4 The transmission contract, capacity allocation (PP) and transmission ability allocation (PZ) shall be executed in the Polish language. Upon a request of the System User, the TSO shall execute the transmission contract together with capacity allocation (PP) and transmission ability allocation (PZ) in the Polish and English language, provided that in case of any inconsistencies between the Polish and English language version, the Polish language version of the document shall prevail.

6.4.5 Subject to points 8.1.2-8.1.5, under the transmission contract the System User without an executed capacity allocation (PP) or transmission ability allocation (PZ) shall not be eligible to any capacity (contracted capacity) or transmission ability at entry points or exit points to/from the transmission system. Under the transmission contract, the System User may apply for the capacity allocation (PP) and transmission ability allocation (PZ).

6.4.6 Upon the execution of the transmission contract or jointly with the application for a transmission contract, the System User may apply for capacity allocation (PP) or transmission ability allocation (PZ). The provisions of point 7.5 or 8.2 shall apply accordingly.

6.4.7 The transmission contract shall be executed for an indefinite term.

6.5 Liability of the parties to the transmission contract

6.5.1 In the event of a default or defective performance by either party to the transmission contract of any of its obligations under transmission contract, the party shall be liable in accordance with the terms of the Tariff, the transmission contract and the TNC.

6.5.2 The parties to the transmission contract shall be liable for a default in or defective performance of their respective obligations, unless the default or defective performance results from circumstances beyond the control of the party, including those caused by a force majeure.

6.5.3 Each party to the transmission contract shall be held liable for the actions of its suppliers, customers, partners, subcontractors and other persons it retains to carry out the activities defined in the TNC, to the same extent as for its own actions.

6.5.4 The parties to the transmission contract shall not be held liable for a default or a defective performance of its obligations when caused by a force majeure, and specifically when a force majeure event led to a default or defective performance of the obligations by ISOs or third parties whom the Party retained to perform the obligations defined in the TNC.

6.5.5 The to the transmission contract claiming a force majeure event shall be obliged to notify the other party, without undue delay, of the occurrence of a force majeure event, providing appropriate evidence of its occurrence.

6.5.6 Immediately after the force majeure ends and its consequences are removed, each party to the transmission contract shall, without any additional request, resume the performance of its respective obligations, which was previously suspended due to the occurrence of a force majeure. Immediately upon resuming the performance of its obligations the party shall notify the other party thereof.

7 CAPACITY ALLOCATION (PP)

7.1 General principles of providing capacity of the transmission system

7.1.1 The TSO shall provide the capacity at a physical entry point and a physical exit point, including an interconnection physical entry point or interconnection physical exit point, to the Network User, subject to the provisions of point 9.

7.1.2 The capacity of a physical entry point and physical exit point from the transmission system shall be provided to the Network User under a transmission contract, including an inter-operator transmission contract (ITC) and the capacity allocation (PP), subject to point 7.1.4 and point 7.1.5.

7.1.3 The capacity allocation (PP) shall be the basis for the application of charges in respect of the transmission of gaseous fuel.

7.1.4 The capacity of an interconnection physical entry point from a storage facility connected to the transmission system ($MFPWE_{OSM}$) and an interconnection physical exit point to such facility ($MFPWY_{OSM}$) shall be only provided to the SSO under an inter-operator transmission contract (ITC) and a capacity allocation (PP). Upon the execution of the inter-operator transmission contract (ITC) the SSO shall become the Network User. The provisions concerning the transmission contract shall apply to the inter-operator transmission contract (ITC), subject to point 3.9.3.

7.1.5 The capacity of an interconnection physical entry point to the transmission system from a distribution area ($MFPWE_{OSD}$) and an interconnection physical exit point to the distribution area ($MFPWY_{OSD}$) shall be only provided to the relevant DSO under an inter-operator transmission contract (ITC) and a capacity allocation (PP). Upon the execution of the inter-operator transmission contract (ITC) the DSO shall become the Network User. The provisions concerning the transmission contract shall apply to the inter-operator transmission contract (ITC), subject to point 3.9.2.

7.1.6 Subject to point 7.1.7, in case when an application is filed for capacity allocation (PP) in a physical point which is not listed in the list of points in the transmission system posted on the TSO's website, the connection procedure shall apply. The connection procedure shall also apply when the application for capacity allocation (PP) concerns a physical point listed in the above list but the provision of the transmission services involves reconstruction of such point. In such cases the application for capacity allocation (PP) shall be rejected and the applicant shall be informed about the need to submit an application for connection in accordance with the procedure described in point 5.2.

7.1.7 The capacity of an existing physical entry or exit point at the interconnection with the transmission system of a member state of the European Union shall be given priority treatment and in the scope agreed with the interoperating system operator shall be made available by the TSO on a bundling basis, under a non-discriminatory and transparent procedure, subject to terms and conditions determined each time in the regulations which were subject to the approval of the President of ERO. The schedule for offering bundled capacity

shall be published on the website of the TSO. The TSO shall announce the commencement of the procedure on its website at least 30 days in advance.

7.1.8 As a result of the capacity allocation procedure at the interconnection point jointly conducted by the interoperating system operators, the same entity shall obtain the same quantity of capacity, at the same time ("provision of bundled capacity") in both transmission systems.

7.1.9 The capacity of newly built and expanded physical entry or exit points at the interconnections with the transmission systems of other transmission systems shall be made available by the TSO under a non-discriminatory and transparent Open Season procedure, to the extent agreed with the ISO (including the capacity made available on a bundled basis) and subject to the terms and conditions determined each time in relevant regulations agreed by the President of ERO.

7.1.9.1 The TSO shall announce the commencement of the procedure on its website at least 30 days in advance. In principle, the procedure shall be performed in accordance with the ERGEG guidelines concerning the application of the Open Season procedure of 21 May 2007 (ref: C06-GWG-29-05c, http://www.ceer-eu.org).

7.1.9.2 A refusal to allocate capacity under the procedure must not be due to the fact that the technical capacity of the transmission system (including the measurement facilities) which is the subject of this procedure does not exist and is to be provided after concluding the transmission contract.

7.1.10 The TSO shall allocate the available capacity of the transmission system for one-year, half-year, quarterly and monthly periods and for a single gas day, separately for:

7.1.10.1 firm capacity,

7.1.10.2 interruptible capacity, including reverse-flow capacity.

7.1.11 When the TSO provides firm capacity, the Network User is provided with continuous access to such capacity, except for the periods of agreed scheduled maintenance in the transmission system or emergency situations and the imposition of curtailment measures in accordance with the provisions described in the TNC.

7.1.12 In the event that there are no capabilities for providing the capacity on a firm basis, the TSO shall provide interruptible capacity and then the Network User is provided with access to such capacity in accordance with the provisions of point 7.1.13, subject to the terms on which the TSO may reduce or completely interrupt the provision of the capacity.

7.1.13 The capacity allocation (PP), subject to the provisions of point 7.1.15 and point 11.1.7, and the introduction of curtailment measures under the Stockpiling Act, shall establish the level of capacity (contracted capacity):

7.1.13.1 for a given gas year (the same level applies for each month of the gas year) – in case of one-year period,

7.1.13.2 for the entire period covered by the transmission ability allocation (PZ) – in case of half-year, quarterly or monthly periods, or one gas day.

7.1.14 The level of capacity contracted on a firm basis should fit within the measurement range of the measurement devices and the capacity of the process equipment installed at the given physical entry or exit point.

7.1.15 The TSO may indicate the physical entry points to the transmission system, at which, due to technical limitations, the capacity (contracted capacity) may vary in different months of the year. The list of such points shall be published on the TSO's website.

7.2 Interruptible capacity

7.2.1 The TSO shall offer interruptible capacity at a physical entry point to the transmission system when:

7.2.1.1 firm capacity is not available at such point,

7.2.1.2 capacity offered is a reverse-flow capacity,

7.2.1.3 capacity made available in an interoperating system is provided on an interruptible basis.

7.2.2 The TSO shall offer interruptible capacity at a physical exit point from the transmission system when:

7.2.2.1 firm capacity is not available at such point,

7.2.2.2 capacity offered is a reverse-flow capacity.

7.2.3 The Network User eligible to interruptible capacity contracted in a given physical point under a capacity allocation (PP), shall use the interruptible gas transmission service as the Shipper under the transmission ability allocation (PZ).

7.2.4 In any physical entry point or physical exit point, the Network User may use both firm and interruptible capacity. The capacity provided on a firm basis is not subject to the restrictions referred to in point 7.2.13.

7.2.5 For any physical entry point or physical exit point, the interruptible capacity may only be allocated to a given Network User with respect to a single performance reliability level referred to in point 7.2.8.

7.2.6 As soon as the conditions justifying the provision of interruptible capacity by the TSO at a given physical exit point cease to exist and after the notification of the Network User in writing of the date when the basis on which the capacity is provided is to change, the TSO shall provide firm capacity in such physical exit point to the Network Users that were using interruptible capacity until that moment, proportionally to the amount of interruptible capacity.

7.2.7 The conditions on which the TSO provides capacity on an interruptible basis shall differ, depending on the reliability level.

7.2.8 The conditions for providing interruptible capacity, including in particular the reliability levels as well as duration and frequency of the interruptions are defined in the Tariff.

7.2.9 For each physical exit and entry point and each reliability level, the level of available interruptible capacity is shall be defined by the TSO in a manner ensuring equal treatment of the Network Users.

7.2.10 The interruptible capacity provided by the TSO at a given physical entry point or physical exit point shall correspond the highest available reliability level, where level 1 of interruptible capacity means the capacity of the highest reliability level and level 4 of interruptible capacity means the capacity of the lowest reliability level, subject to the provisions of point 7.2.5.

7.2.11 The Network User may not apply for interruptible capacity in respect of Customers or facilities where this could cause threats or disturbances referred to in § 2 Section 2 of the regulation of the Council of Ministers of 19 September 2007 concerning the method and procedure for the implantation of gas curtailment measures (Journal of Laws No 178, Item 1252).

7.2.12 The capacity of interconnection physical exit and entry points to/from a distribution area and to/from a storage facility ($MFPWE_{OSD}$, $MFPWY_{OSD}$, $MFPWE_{OSM}$, $MFPWY_{OSM}$) shall not be provided on an interruptible basis.

7.2.13 As part of the capacity provided on an interruptible basis, on the terms set forth for the respective reliability levels, the TSO shall have the right to reduce the interruptible capacity at a given physical entry point or physical exit point, subject to the principles set out in point 15.

7.2.14 The Network User (being, at the same time, the Shipper) shall conform to the restrictions on the interruptible capacity introduced by the TSO in accordance with the provisions of point 7.2.13 at a given physical entry point or physical exit point.

7.2.15 For the purposes of determining the duration of each restriction of the interruptible capacity, any restriction of the interruptible capacity in any given gas day shall be deemed to be introduced for the duration of the whole gas day in question.

7.2.16 In case when the Network User (being, at the same time, the Shipper) fails to conform in a given gas day to the restrictions introduced by the TSO pursuant to point 7.2.13, the restriction introduced for such gas day shall not be counted against the limit of gas days when the capacity may be subject to restrictions (d_n) under interruptible transmission services.

7.2.17 The interruptible capacity shall not be excluded from the restrictions which may be introduced under the TNC.

7.2.18 Introducing restrictions on the maximum hourly gaseous fuel withdrawal rate pursuant to the Stockpiling Act is not deemed a restriction on the interruptible capacity (contracted capacity) referred to under point 7.2.13. The period of restriction on the maximum hourly gaseous fuel up-take rates pursuant to the Stockpiling Act shall not be deemed as using the limit of gas days when the contracted capacity may be subject to restrictions (d_n) in respect of interruptible gas transmission services.

7.3 Reverse-flow capacity

7.3.1 The reverse-flow capacity is offered by the TSO at a limited number of physical points identified in the TSO's website (www.gaz-system.pl).

7.3.2 The reverse-flow capacity shall be provided as interruptible capacity, at level 4 of gas transmission reliability. Unless otherwise provided under this point, the provisions of point 7.2 shall not apply to reverse-flow capacity.

7.4 Provision of capacity

7.4.1 Capacity allocations (PP) shall be enclosed as an annex to the transmission contract. For each physical entry point and physical exit point, an annex shall be executed and shall set out the capacity the Network User is eligible to, type of capacity (firm, interruptible, including reverse-flow capacity) and the time for which such capacity has been allocated.

7.4.2 Any changes to the scope of the provided capacity shall be made by way of an annex executed in writing and amending the capacity allocation (PP), subject to the provisions of the TNC concerning the capacity provided for one gas day.

7.4.3 The TSO shall determine available capacity having considered:

7.4.3.1 existing transmission contracts being in force on the effective date of this TNC,

7.4.3.2 capacity allocated under capacity allocations (PP),

7.4.3.3 existing network connection agreements, unless the expected date for the conclusion of the gaseous fuel supply agreement specified under these agreements has already passed,

7.4.3.4 capacity retained to be made available as a bundled product together with an interoperating system operator.

7.4.4 The capacity allocation (PP) shall be made upon the application referred to in point 7.5 submitted by the System User.

7.4.5 If the demand for capacity at physical entry points or physical exit points does not exceed the available capacity, each applicant shall receive the capacity requested in the application.

7.4.6 If the demand for firm capacity exceeds the level of available capacity, the capacity allocation (PP) shall be made in accordance with the provisions set out below.

7.4.7 The allocation of the available firm capacity shall be made in accordance with the following principles:

7.4.7.1 capacity of a physical entry point ($FPWE_{OIR}$) at the interconnection with the LNG terminal facility (regasification facility) is first allocated to the entity which has concluded an agreement with a TSO subsidiary, under which gaseous fuel is to be delivered to the entry point of the transmission system in the quantity equal to the capacity allocated under the regasification agreement, including any amendment principles in the subsequent years therein contained, however not more than the capacity of the entry point to the transmission system, provided that the application

for transmission service from the LNG Terminal entry point is submitted within ninety (90) days of the execution of the relevant agreement;

7.4.7.2 capacity allocation at physical entry points at interconnection with transmission systems of neighbouring countries and the Transit Gas Pipeline System ($FPWE_{OSP}$), and at physical exit points at interconnection with transmission systems of neighbouring countries ($FPWY_{OSP}$), shall take place in the course of auctions, in accordance with the principles set out in point 20.5,

7.4.7.3 capacity allocation (PP) in a physical entry point at an interconnection with domestic gas fields ($FPWE_{ŻDO}$), gas mixing facilities ($FPWE_{M}$), nitrogen removal plants ($FPWE_{OA}$) and in a physical exit point at an interconnection with the installations of customers connected to the transmission network ($FPWY_{OK}$), distribution network ($FPWY_{OSD}$), gas mixing facilities (PWY_{M}), nitrogen removal plants (PWY_{OA}) shall be made taking into account the principles defined in point 7.4.16 and point 7.4.17.

7.4.7.4 capacity for the period of a single gas day, for all physical points, shall be allocated by the TSO in accordance with the provisions of point 9.

7.4.8 The TSO shall make available the capacity of physical entry and exit points referred to in point 7.4.7.2, as follows:

7.4.8.1 up to 90 % of the technical capacity of any point for one-year and half-year periods,

7.4.8.2 at least 10 % of the technical capacity of any point for quarterly monthly and one-day periods.

7.4.9 The TSO shall allocate firm capacity in the physical points referred to in point 7.4.7.2 in the following priority order: (up to 90 % of the technical capacity) capacity for one-year and half-year periods, and at least 10 % of the capacity for quarterly and monthly periods and for the period of one gas day.

7.4.10 The allocation of firm capacity at physical points other than those specified in point 7.4.7.2 shall be made in the following priority order: capacity for one-year, half-year, quarterly, monthly periods and for the period of one gas day.

7.4.11 The allocation of the capacity available at physical entry points and physical exit points shall be made under the capacity offering procedure on the terms set forth in point 7.7.

7.4.12 The allocation of the capacity shall be made for the period specified in the application for capacity allocation, as follows:

7.4.12.1 for full-year periods, not longer than 4 gas years that follow the gas year in which the application was submitted,

7.4.12.2 for a half-year, quarterly, monthly and one gas day period for the gas year following the gas year in which the application was submitted according to the capacity offering procedure (point 7.7) or for the gas year in which the application was submitted.

7.4.13 The capacity allocation at interconnection physical entry points ($MFPWE_{OSD}$) and interconnection physical exit points ($MFPWY_{OSD}$) shall be made

exclusively to the DSO whose distribution area is connected at such points to the transmission system.

7.4.14 The capacity allocation at interconnection physical entry points ($MFPWE_{OSM}$) and interconnection physical exit points ($MFPWY_{OSM}$) shall be made exclusively to the SSO whose facility is connected at such points to the transmission system.

7.4.15 If the total firm capacity ordered at a physical entry point at an interconnection with domestic gas fields ($FPWE_{ŻDO}$), gas mixing facilities ($FPWE_{M}$), nitrogen removal plants ($FPWE_{OA}$) and at the exit point on interconnections with gas mixing facilities (PWY_{M}), nitrogen removal plants (PWY_{OA}), exceeds the available capacity, the entity operating such a facility shall indicate the entity and the quantities of capacity that should be allocated thereto.

7.4.16 If the total firm capacity ordered at a physical exit point at an interconnection with facilities of Customers connected to the transmission system ($FPWY_{OK}$), a distribution network of the DSO with which an inter-operator transmission contract (ITC) was not concluded ($FPWY_{OSD}$), exceeds the available capacity, the capacity allocation shall take place according to the following principles:

7.4.16.1 when the applicant is a final Customer connected to the transmission network and receiving gaseous fuel solely for own needs, such Customer shall have priority in the capacity allocation at such point,

7.4.16.2 when the order for the capacity of the physical exit point is placed by entities other than specified in point 7.4.16.1, the entity in charge of the operation of the facility or the network shall indicate the entity and the level of capacity to be allocated to such entity, subject to point 11.2.7 and without prejudice to commercial agreements executed by final customers connected to its network. The principles of capacity allocation shall be set forth in the Distribution Network Code.

7.4.17 The TSO shall inform the entities referred to in point 7.4.15 or 7.4.16 about the submitted applications, requesting the capacity allocation at such point for each of the Network Users who applied for capacity allocation at such point, in writing. The information on the level of the allocated capacity (PP) shall be provided to the TSO within fourteen (14) days of receiving the request in writing. The information on the capacity allocation (PP) shall be binding upon the TSO. When no capacity allocation (PP) is made, this shall be deemed as information on capacity allocation with capacity equal to “0” for each of the applicants.

7.4.18 Interruptible capacity, including reverse-flow capacity, shall be made available to each applicant up to the level of the technical capacity available at the point.

7.4.19 The capacity allocation shall be made under the capacity offering procedure described in point 7.7. If the level of firm capacity requested in the applications for the points referred to in point 7.4.7.2 exceeds the available capacity of such points, an auction shall be held in accordance with the provisions of point 20.5.

7.5 Application for capacity allocation

7.5.1 The System User shall submit an application for capacity allocation at the dates specified in the capacity offering procedure defined in point 7.7.

7.5.2 The applications for the allocation of firm capacity submitted at an earlier date than specified for the capacity offering procedure referred to in point 7.7 shall be left unconsidered, and the System User shall be immediately notified thereof.

7.5.3 The processing of the applications for the allocation of firm capacity submitted at a later date than specified for the capacity offering procedure referred to in point 7.7 shall be withheld until the applications submitted in a timely manner are considered.

7.5.4 DSOs may submit applications for allocation of additional capacity at interconnection physical entry points to a distribution area ($MFPWY_{OSD}$) for full-year periods, provided, however, that the maximum period is 4 gas years, following the year in which the application was submitted, during the gas year and outside the capacity offering procedure, when justified by the completion of performance by the TSO of the connection agreement at that interconnection physical exit point to the distribution area ($MFPWY_{OSD}$). The application shall be examined in accordance with the procedure and schedule set out in point 7.5, 7.6, including 7.6.10.

7.5.5 Subject to the provisions of points 7.7.3 and 20.5, applications for capacity allocation for a period of less than one gas year shall be submitted no earlier than three (3) months and no later than one (1) month prior to the date when the capacity is expected to be used.

7.5.6 The application for capacity allocation shall be submitted by the applicant to the TSO using the applicable forms published on the TSO's website.

7.5.7 The System User may submit a combined application for capacity allocation at multiple physical entry and exit points.

7.5.8 The application shall specify, separately, the capacity for physical entry points and for physical exit points, and the time for which the capacity is to be provided.

7.5.9 The application should include the declaration on the selected form of financial security and the documents specified in point 7.5.12, to the extent that the application concerns a point indicated therein.

7.5.10 An application for multi-year period shall be submitted for full gas years. For each gas year the applicant may apply for different capacity level (contracted capacity), although the same, unchangeable capacity level (contracted capacity) shall apply over each full gas year, subject to the provisions of point 7.1.15.

7.5.11 The application is deemed submitted as of the time it is delivered to the TSO.

7.5.12 If the application for capacity allocation (PP) concerns an entry point at the interconnection with a transmission system of a country not being a member state of the European Union, or not being a member state of the European Free Trade Agreement (EFTA) – a party to the Agreement on the European Economic Area, the System User shall present the TSO with a document evidencing that the supply of gaseous fuel to the physical or reverse-flow entry point or the off-take of gaseous fuel from the reverse-flow exit point is secured.

The documents evidencing the above shall include, in particular: a contract, promised contract, preliminary agreement, or extracts from such documents executed with suppliers or ISOs, confirming the obligation of such suppliers or ISOs to supply gaseous fuel to the entry points to the transmission system of the TSO or the off-take of gaseous fuel from the reverse-flow exit point.

7.5.13 The contracts or agreements or excerpts from the documents referred to in point 7.5.12 should contain at least the following data:

7.5.13.1 contract term together with any clauses limiting its performance including any termination conditions,

7.5.13.2 capacity (contracted capacity) (together with the definition applied in the relevant agreement) for each year of the agreement,

7.5.13.3 confirmation of conformity to quality parameters and pressure levels at the entry points, in accordance with the requirements set forth and published by the TSO.

7.5.14 The contracts or agreements referred to in point 7.5.13 should be presented either in the form of an original, or an excerpt of the agreement prepared by a notary public or a photocopy certified as being in conformity with the original by a legal counsel, attorney or authorised representative. The excerpts from the contracts or agreements should contain a declaration by authorised representatives of the Network User that the details contained in the excerpt are consistent with the wording of the agreements concluded by such entity.

7.5.15 When the contracted capacities under the presented contracts or agreements are expressed in volume units at the temperature of 20°C, the coefficient of 0.9313 shall be used for their conversion to the reference temperature of 0 °C.

7.6 Verification of the application for capacity allocation

7.6.1 On the basis of the information provided in the application for capacity and the documents enclosed thereto, the TSO shall verify the formal and legal compliance of the application.

7.6.2 In the event of the failure to present the documents referred to in point 7.5, or when the documents presented do not satisfy the requirements specified in point 7.5, or if the submitted application form that contains errors or omissions, the TSO shall, no later than within five (5) business days of the date of receipt of the application, request the applicant to submit a correctly completed application or to supplement it with the appropriate documents and information within seven (7) days of the date of delivery of such demand, under the pain of the application being left unconsidered. In case of leaving the application unconsidered, the TSO shall immediately inform the System User thereof.

7.6.3 An application containing errors or defects which are not removed by the specified date, shall not be considered.

7.6.4 After passing successfully the formal and legal examination, the application is subject to a technical assessment.

7.6.5 In the course of the technical assessment, the TSO shall verify whether technical capabilities exist to provide capacity at the indicated physical entry or

exit points. In the course of the technical assessment, it shall be verified whether:

7.6.5.1 transmission system has sufficient technical capacity to enable the transmission of gaseous fuel from the physical entry points or to the physical exit points specified in the application for capacity allocation,

7.6.5.2 facilities installed at the physical entry or exit points enables measurement and registration of the quantity of transported gaseous fuel expressed in volume units,

7.6.5.3 quality parameters of the gaseous fuel delivered for transmission at the physical entry points specified in the application shall not result in the deterioration of the quality of gaseous fuel, as specified in separate regulations or the TNC, or any adverse changes to the scope of supply of gaseous fuels to Customers connected to the transmission system,

7.6.5.4 there are no other circumstances that would cause the reliability of the transmission of gaseous fuel to decrease below the parameters set forth in the relevant legal regulations or the provisions of the TNC.

7.6.5.5 the conclusion of the contract does not prevent the TSO from performing its obligations related to the protection of the interests of customers or environmental protection.

7.6.6 If there is no spare technical capacity in the gas pipelines of the transmission system, the applicant that applied for the provision of firm services shall be informed about the lack of possibility of capacity allocation. At the same time the applicant shall be informed about the available firm capacity and offered capacity on an interruptible basis. The TSO may, when so instructed by the applicant, present information on the actions that need to be implemented to enable the allocation of firm capacity (PP). The TSO shall charge a fee for the preparation of such information, in the amount agreed with the applicant, which should reflect the cost of its preparation.

7.6.7 In case of when no spare capacity exists in the process facilities at the requested physical entry point and the change of supplier process is not applicable, the applicant that requested firm services shall be informed about the necessity to submit an application for the definition of conditions for connecting to the transmission network.

7.6.8 Following the assessment referred to in point 7.6.5, when no technical capabilities exist to provide the capacity and if the circumstances referred to in point 7.6.6 and point 7.6.7 do not apply, the TSO may refuse to allocate capacity.

7.6.9 The TSO may refuse to accept an application for capacity allocation in case when:

7.6.9.1 capacity allocation (PP) to a given System User could undermine the reliability of supply and quality of gaseous fuels below the acceptable level specified in the TNC and adversely affect the level of the prices of or charges for the supplied gaseous fuels or the scope of their supply to Customers connected to the transmission network, or prevents the performance by the TSO of its obligations in respect of the protection of the Customers' interests and the environment.

7.6.9.2 gaseous fuel planned for delivery was to originate from a gas system of another country, and such country had not imposed the obligation to provide transmission services on companies operating in such country, or the customer to whom such gaseous fuel is to be delivered would not have been considered an eligible Customer with respect to the use of such services in the country.

7.6.10 Subject to the provisions of point 7.5.2 and point 7.5.3, the TSO shall inform the applicant of the result of the application consideration process within the deadline specified in the rules of an auction or capacity offering process (point 7.7), or within thirty (30) days of receiving the application conforming to the applicable formal and legal requirements.

7.6.11 In the event of the rejection of the application for the capacity allocation (PP) or the refusal of capacity allocation (PP), the TSO shall immediately notify the interested entity and the President of ERO stating the grounds for such refusal.

7.7 The capacity offering procedure

7.7.1 The participation in the capacity offering procedure shall be limited to System Users with whom a transmission contract has been executed (“Participant”).

7.7.2 Under the capacity offering procedure, the allocation of firm capacity shall be made. Each Participant may submit one application for capacity allocation at a given physical entry or exit point, under the capacity offering procedure, which shall specify the order for one-year, half-year, quarterly and monthly periods. The application shall be deemed to concern firm capacity. The entities to whom firm capacity was not allocated shall be offered interruptible capacity.

7.7.3 The capacity offering procedure shall cover the applications submitted between 1 March and 15 March, concerning any of the four (4) gas years following the gas year in which the application is submitted, which have successfully passed formal, legal and technical review by 15 May of the gas year when the application is submitted. The procedure shall be obligatory for semi-annual, quarterly and monthly periods due for commencement on 1 October of the gas year following the gas year in which the capacity is allocated.

7.7.4 The capacity available in the next four (4) gas years in physical entry points and physical exit points, which is to be subject to the capacity offering procedure shall be announced by the TSO on the website www.gaz-system.pl, on an on-going basis.

7.7.5 The TSO shall make the firm capacity allocation at physical entry points for one-year periods with respect to any of the 4 gas years falling after the gas year when the capacity offering procedure is taking place, and for periods up to one (1) gas year (i.e. half-year, quarterly and monthly products) with respect to the gas year falling after the gas year when the capacity offering procedure takes place.

7.7.6 The level of capacity (contracted capacity) indicated by the Participant in a given physical entry point or physical exit point must not exceed the technical capacity of such point.

7.7.7 If the demand for capacity at physical entry points or physical exit points does not exceed the available capacity, each Participant shall receive the capacity requested in the application.

7.7.8 If the aggregate capacity requested by the Users at the point referred to in point 7.4.7.2 exceeds the available capacity, the Users shall be requested by the TSO to take part in a capacity allocation procedure (PP) by way of an auction, in accordance with the provisions of point 20.5.

7.7.9 If the aggregate capacity requested by the Users at the point referred to in point 7.4.7.3 exceeds the available capacity, the allocation procedure set forth in point 7.4.16 and point 7.4.17 shall apply.

7.7.10 By 15 May, the TSO shall advise the Participant of:

7.7.10.1 capacity allocated to the Participant at physical entry and exit points under the capacity offering procedure, or

7.7.10.2 decision to hold an auction procedure for the physical entry and exit points in accordance with point 20.5, due to the reasons specified in point 7.7.8, or

7.7.10.3 need to make the capacity allocation under the procedure stipulated in point 7.4.15 or point 7.4.16.

7.7.11 Any correspondence concerning point 7.7.10 shall be exchanged in writing and/or in the form of electronic scans of the relevant documents to be sent to the email address specified in the application. Any information is deemed submitted upon the submission of relevant documents in electronic form.

7.7.12 The TSO may cancel the procedure for offering capacity due to compelling reasons at any time. The TSO shall inform the Participant and the President of ERO about the cancellation of the procedure stating the reasons for such cancellation and the expected date when the procedure is to be held again.

7.8 Execution of the capacity allocation (PP)

7.8.1 If, as a result of the auction referred to in point 20.5, capacity (contracted capacity) is allocated to the Auction Participant, the TSO shall advise such Auction Participant of the allocated capacity (contracted capacity) within five (5) business days of the conclusion of the auction.

7.8.2 The System User shall be advised of the capacity allocated to it in accordance with the procedure set out in point 7.4.15 7.7.9, point 7.4.16 and point 7.4.17 within seven (7) days of the receipt by the TSO of the information on the capacity allocation, or of the lapse of the time limit for such allocation to be made.

7.8.3 The System User to whom capacity was allocated shall be informed thereof in writing and in the form of electronic document scans. Any information is deemed submitted upon the submission of relevant documents in electronic form.

7.8.4 When sending the information on the capacity allocation (PP), as referred to in point 7.7.10.1, point 7.8.1 and 7.8.2, the TSO shall inform about the value of financial security and present a draft of the capacity allocation (PP).

7.8.5 By 30 June, the System User shall present the TSO with the unilaterally signed capacity allocation (PP). If the capacity allocation (PP) sent by the TSO contains manifest errors, the Parties shall agree the correct wording of the document by the means of electronic communication within the above-mentioned time frame.

7.9 Revision of the capacity allocation (PP)

7.9.1 The contracted capacity may be increased subject to the terms set forth in point 7.7 and 20.5.

7.9.2 By 1 September of any gas year, the Network User may submit an application to the TSO requesting a reduction of the capacity (contracted capacity) agreed by the parties for the following gas year or the subsequent gas years, including a removal of a specific point from the capacity allocation (PP). The reduction of the capacity shall be effected through the submission of an application for the revision of the capacity allocation (PP). The reduced capacity (contracted capacity) shall be effective throughout the gas year in question.

7.9.3 By 15 February, the TSO shall advise the Network User applying for a reduction of the contracted capacity for specific points of the change the capacity allocation (PP) for the following gas year or the subsequent gas years.

7.9.4 In justified cases, upon a Network User's request and subject to an approval by the TSO, the contracted capacity for physical entry and exit points, as specified in the capacity allocation (PP), may be changed during a given gas year (at different time than stipulated in point 7.9.2), and specifically in the event of:

7.9.4.1 connection of new Customers of the Network User during the gas year, who are to be supplied from a distribution network;

7.9.4.2 upgrading and expansion of a pressure reduction and/or metering station, which results in a permanent increase of the contracted capacity;

7.9.4.3 change in the technology process of a Network User's Customer, which results in a permanent change of the contracted capacity;

7.9.4.4 launch of additional production driven by increased demand for products of a Customer, resulting in a permanent increase in the contracted capacity (i.e. for a period over 12 months).

7.9.5 The application for a capacity reduction under point 7.9.4, concerning $FPWE_{OSP}$, $FPWY_{OK}$ or $FPWY_{OSD}$ may be submitted on the condition that such reduction is posted on the Bulletin Board as an offer for resale of spare transmission capacity in the secondary market for a period of at least one (1) month.

7.9.6 In case of applications concerning a reduction of capacity, submitted during the gas year, the TSO shall advise the Network User that the application has

been processed within fourteen (14) days of the submission date of a complete application.

7.9.7 Any change of the contracted capacity shall require a confirmation in the form of an updated capacity allocation (PP), otherwise being null and void.

7.9.8 When the change of the contracted capacity at the given entry or exit point requires reconstruction of such point, the respective provisions of the Tariff shall apply.

7.9.9 In the cases referred to in point 7.9.8, the change of the contracted capacity may take place after the commissioning of the reconstructed point.

7.10 Ordering capacity during the Customer's commissioning period.

7.10.1 The Network User may apply to the TSO for specific conditions to order capacity (contracted capacity) (PP) for a new or modernized physical exit point (FPWY), where gaseous fuel is off-taken by the Customer for the purposes of carrying out production business activity (except for an Interoperating System Operator), or in case of the connection of a new exit point to the ISO's network to which a new final Customer is being connected for the purposes of carrying out production business activity and the capacity (contracted capacity) ordered by such final Customer is at least 5000 m^3/h, for a period up to 2 months.

7.10.2 In order to obtain the approval of the TSO referred to in point 7.10.1, the Network User shall place an order for capacity (contracted capacity), subject to potential change in accordance with the principles set out in the TNC, and at the same time shall order the capacity during the commissioning period.

7.10.3 The TSO shall establish the acceptable maximum capacity during the commissioning period the Network User is allowed to provide at a given physical exit point, which shall not be lower than the capacity set out in the capacity allocation or the capacity during the commissioning period.

7.10.4 During the commissioning period, the Shipper using the capacity at PWY_{OK} or PWY_{OSD} shall submit hourly nominations, and a DSO using the capacity of $MFPWY_{OSD}$ shall submit hourly transportation forecast, which shall take into account the planned off-take of gaseous fuel from the transmission system. In the case of a different off-take from that specified in the hourly nominations, apart from a re-nomination, the Shipper and the DSO shall be required to procure that such information about the planned change in gaseous fuel off-take from the TSO's transmission system is immediately transmitted under a dispatching procedure. Such information may be transmitted by the Shipper, ISO or the Customer.

7.10.5 The billing period shall correspond to the gas month.

7.10.6 In particularly justified cases necessitated by the need for a long-term commissioning period, the TSO and the Network User may agree that the principles applicable to the accounting for the capacity during the commissioning period are to apply for a period longer than two (2) months but not longer than six (6) gas months.

8 TRANSMISSION ABILITY ALLOCATION (PZ)

8.1 General conditions

8.1.1 The transmission ability allocation (PZ) shall constitute the basis for the performance of the gas transmission service, including balancing, from the TSO. In the moment of obtaining the transmission ability allocation (PZ), the System User shall acquire the status of a Shipper and the rights and obligations resulting therefrom that have been specified in the TNC.

8.1.2 Pursuant to the transmission contract and the transmission ability allocation (PZ), the System User, including a DSO and SSO, shall have the right to use the transmission ability at:

8.1.2.1 entry and exit points to/from the Gas Exchange ($WPWE_{GG}$ and $WPWY_{GG}$), after fulfilling additional conditions specified in the Gas Exchange regulations, and

8.1.2.2 entry and exit points to/from the OTC market ($WPWE_{OTC}$ and $WPWY_{OTC}$).

8.1.3 With respect to the provisions of point 8.1.2, point 8.1.4 or 8.1.7, a DSO and SSO shall acquire the status a Shipper on the basis of the transmission ability allocation (PZ) and to the extent specified therein.

8.1.4 Pursuant to the inter-operator transmission contract (ITC) and the transmission ability allocation (PZ), a DSO shall obtain the right to use the transmission ability at the entry and exit points from/to the distribution area ($WPWE_{OSD}$ and $WPWY_{OSD}$) at the interconnection with the distribution area operated by such DSO.

8.1.5 The transmission ability at the exit point to the distribution area ($WPWY_{OSD}$) offered by the TSO to each applicant referred to in point 8.1.15 shall be published on the TSO's website www.gaz-system.pl and correspond to the aggregate capacity that the DSO acquired from the TSO at interconnection physical exit points to the distribution area of such DSO ($MFPWY_{OSD}$).

8.1.6 The transmission ability at the entry point to the distribution area ($WPWE_{OSD}$) offered by the TSO to each applicant referred to in point 8.1.15 shall be published on the TSO's and correspond to the aggregate capacity that the DSO acquired from the TSO at interconnection physical entry and exit points to/from the distribution area of such DSO.

8.1.7 Pursuant to the inter-operator transmission contract (ITC) and the transmission ability allocation (PZ), a SSO shall obtain the right to use the transmission ability at the entry and exit points from/to the storage facility (PWE_{OSM} and PWY_{OSM}) operated by such SSO.

8.1.8 The transmission ability offered by the TSO to each applicant referred to in point 8.1.18 and 8.1.19 for exit points to storage facilities (PWY_{OSM}) shall be published on the TSO's website www.gaz-system.pl and correspond to the capacity that the SSO acquired from the TSO at interconnection physical exit points ($MFPWY_{OSM}$) to the storage facility of such SSO.

8.1.9 The transmission ability offered by the TSO to each applicant referred to in point 8.1.18 and 8.1.19 for entry points from storage facilities (PWE_{OSM}) shall be published on the TSO's website www.gaz-system.pl and correspond to the capacity that the SSO acquired from the TSO at interconnection physical entry points ($MFPWE_{OSM}$) to the storage facility of such SSO.

8.1.10 The transmission ability allocation (PZ) shall be specified in the annex to the transmission contract, including the inter-operator transmission contract (ITC) for the points mentioned in point 8.1.2, point 8.1.4 and point 8.1.7, respectively. Within the scope of these points, the System User shall enjoy the status of a Shipper and the rights and obligations resulting therefrom that have been specified in the TNC.

8.1.11 The Network User that was allocated capacity (PP) at the physical entry or exit points (FPWE and FPWY), with the exception of the DSO and the SSO, shall acquire the status of a Shipper. This shall be without prejudice to the provisions of point 8.1.3. The capacity allocation (PP) for physical entry points and physical exit points, with the exception of the interconnection physical entry and exit points to/from the distribution systems and storage facilities ($MFPWE_{OSD}$, $MFPWY_{OSD}$, $MFPWE_{OSM}$, $MFPWY_{OSM}$), shall at the same time constitute the transmission ability allocation (PZ). In the above scope, the signing of the capacity allocation (PP) shall take place simultaneously with signing of the transmission ability allocation (PZ).

8.1.12 The transmission ability allocation (PZ) expressed in energy units (kWh/h) for entry and exit points corresponding to the physical points referred to in point 8.1.11 shall be determined as the product of the maximum monthly average gross calorific value as specified for the previous gas year based on data published on the TSO's website, for the physical point concerned and the level of transmission ability allocation (PZ) expressed in volume units (m^3). The transmission ability allocation (PZ) shall be made for the same period as the capacity allocation (PP).

8.1.13 A change in the capacity allocation (PP) in the physical points referred to in point 8.1.11 shall automatically result in a change in the transmission ability allocation (PZ) in the corresponding points with physical location.

8.1.14 The System User may apply for transmission ability allocation (PZ) after concluding a transmission contract, or by applying for conclusion of a transmission contract. The transmission ability allocation (PZ) may only be made for the entities and under the principles specified in points 8.1.15 - 8.1.21.

8.1.15 The transmission ability allocation (PZ) for an exit point to a distribution area ($WPWY_{OSD}$) may be made for the benefit of a System User that is a distribution shipper (ZUD) in the distribution area of the relevant DSO. The transmission ability allocation shall be made subject to the presentation of a distribution contract with the DSO providing distribution services in the relevant distribution area.

8.1.16 The distribution shipper (ZUD) contracting the gas distribution service from the source connected to a distribution area shall conclude a transmission contract and submit two (2) separate applications for the transmission ability allocation

(PZ) for the entry point ($WPWE_{OSD}$) and for the exit point ($WPWY_{OSD}$) from/to the distribution area in which this source is connected.

8.1.17 The transmission ability allocated under the principles specified in 8.1.15 and point 8.1.16 shall correspond to the amount of transmission ability stipulated in the application for transmission ability allocation (PZ), but no greater than the transmission ability offered by the TSO pursuant to the provisions of point 8.1.5 and point 8.1.6, respectively.

8.1.18 The storage shipper (ZUM) in order to deliver or withdraw gaseous fuel to/from the storage facility via the transmission system shall conclude a transmission contract and use the transmission ability allocation (PZ) for the entry or exit points at the connection with the storage facility (PWE_{OSM} and PWY_{OSM}).

8.1.19 The transmission ability allocation (PZ) at the entry point (PWE_{OSM}) or exit point ($PWY_{OSM)}$ at the connection with the storage facility in the quantity corresponding to the injection capacity or withdrawal capacity, respectively to/from the storage facility and for the time that such authorisation is vested in the Shipper pursuant to the contract with the SSO, however no longer than four (4) years, shall take place based on the information conveyed by the SSO.

8.1.20 The transmission ability allocation shall be made for a maximum period of four (4) years, unless the System User stipulates a shorter period in the application.

8.1.21 Once the balancing market participation agreement mentioned in point 18.1.2 has been signed, the Shipper shall be entitled to transmission ability at a virtual entry and exit point for the transaction with the TSO ($WPWE_{OSP}$ and $WPWY_{OSP}$). PZ for $WPWE_{OSP}$ and $WPWY_{OSP}$ shall become an annex to the transmission contract.

8.1.22 No limits shall be apply to the transmission ability allocated for virtual points, i.e. $WPWE_{OTC}$ and $WPWY_{OTC}$, including $WPWE_{GG}$ and $WPWY_{GG}$ as well as for $WPWE_{OSP}$ and $WPWY_{OSP}$.

8.1.23 A change in the transmission ability allocation (PZ) in a different case than that stipulated in point 8.1.22 shall require confirmation in the form of an annex to the transmission ability allocation (PZ) that is compliant with the form published on the TSO's website, or else shall be null and void.

8.1.24 Due to system congestion occurrences, minimum quantities of gaseous fuel that must be transmitted to the transmission system and taken into consideration in the nominations and re-nominations submitted by the Shippers for specific entry points from the transmission systems of non EU member states shall be specified in the transmission ability allocation (PZ). The minimum nomination levels may, subject to the Shipper's consent, be changed during a period when agreed works are to be carried out or in the event of an emergency situation resulting in a reduction in the capability to supply gaseous fuel in accordance with the nomination.

8.2 Application for transmission ability allocation (PZ)

8.2.1 The application for transmission ability allocation (PZ) shall be submitted by the applicant to the TSO using the applicable forms published on the TSO's website.

8.2.2 The application for transmission ability allocation (PZ) shall be submitted separately for entry and exit points, subject to point 8.2.3.

8.2.3 The application referred to in point 8.2.2 may be submitted in a single application form.

8.2.4 After receiving the application for transmission ability allocation (PZ), the TSO shall subject it to verification in terms of its completeness and validity of the data and documents attached thereto including their compliance with the provisions of point 8.1. The TSO shall consider the application for transmission ability allocation (PZ) within fourteen (14) days of the date of receiving it. Once the application for transmission ability allocation (PZ) has been considered, the TSO shall inform the applicant about whether it has been accepted or rejected, or shall request the applicant to supplement any missing information.

8.2.5 The TSO shall request the applicant to supplement the application for transmission ability allocation (PZ) in the event of any missing or incomplete vital information, or in case when the application has not been prepared in accordance with the specimen application form published on the TSO's website . The applicant is required to deliver the corrected the application for transmission ability allocation within fourteen (14) days of receiving the request for correction thereof. If the corrected application for transmission ability allocation (PZ) has not been delivered within the set deadline, the TSO shall leave the application unconsidered.

8.2.6 Information whether or not the application for transmission ability allocation (PZ) was considered or whether it was rejected shall be communicated by the TSO to the applicant in writing together with the grounds.

8.2.7 In the event of the application for transmission ability allocation (PZ) being rejected, the TSO shall immediately notify the interested entity and the President of ERO in writing stating the grounds for its refusal.

9 SERVICES FOR ONE GAS DAY

9.1 Firm and interruptible capacity, including reverse flow capacity, for the period of one gas day and capacity provided for one gas day shall be made available pursuant to a gas transmission contract and nomination approved by the TSO. In respect of the transmission ability allocation for the period of one gas day, the provisions of point 8 shall apply as appropriate, unless otherwise provided for under point 9.

9.2 The capacity provided for one gas day shall be made available in physical entry and exit points (FPWE and FPWY), excluding interconnection physical entry and exit points from/to distribution areas and storage facilities ($MFPWE_{OSD}$/$MFPWY_{OSD}$ and $MFPWE_{OSM}$/$MFPWY_{OSM}$). The capacity in entry or exit points from/to a distribution area or a storage facility (PWE_{OSD}/PWY_{OSD} or PWE_{OSM}/PWY_{OSM}) shall be made available for the period of one gas day.

9.3 The System User that intends to use capacity or transmission ability provided for one gas day shall indicate such intention in the application for transmission contract or submit an application for capacity allocation (PP) or transmission ability allocation (PZ) during the term of the transmission contract stipulating therein, as appropriate, the physical entry/exit points or the entry/exit points at which it intends to use such capacity or transmission ability and the relevant services, and shall declare the aggregate capacity (contracted capacity) and the quantities of gaseous fuel that it intends to transport for the purposes of calculating the value of the financial security.

9.4 One month prior to commencement with use of the capacity for one gas day, the System User shall submit the financial security in accordance with the provisions of the contract.

9.5 The nominations for one gas day shall be submitted to the TSO according to the procedure described in point 15.3.

9.6 When interruptible capacity is available, the TSO shall allocate such capacity to the System User. When the aggregate quantities of gaseous fuel nominated by System Users requesting capacity for the period of one gas day exceeds the available firm capacity, the TSO shall allocate the firm capacity proportionally to the nominated quantity of gaseous fuel. If firm capacity in not available, interruptible capacity shall be allocated to the System User at level 4 of transmission reliability. The capacity allocation shall be made in accordance with the principles set out in point 15. In case of receiving interruptible capacity, the System User may relinquish such capacity as stipulated in point 15.4 by submitting a re-nomination for the quantity of gaseous fuel equal to “zero” (0).

9.7 The allocated capacity shall correspond to the maximum hourly quantity of gaseous fuel approved by the TSO in the nomination, divided by the maximum monthly average gross calorific value for the point concerned, as specified for the previous gas year based on data published on the TSO's website.

10 SUSPENSION AND REINSTATEMENT OF GASEOUS FUEL TRANSMISSION

10.1 The TSO may suspend the transmission of gaseous fuel in case when:

10.1.1 illegal off-take of gaseous fuel is discovered at a given exit point as a result of an inspection, when such illegal off-take involves the off-take of gaseous fuel by the System User or its Customer without entering into a transmission contract for the physical point (without capacity allocation (PP) in the physical exit point), or bypassing, in full or in part, the measurement system, or in an interference with this system which distorts the measurements taken by this measurement system,

10.1.2 a facility located at the System User's or its Customer's site creates a direct threat to human lives, health or the environment,

10.1.3 the System User is in payment default for the provided services for at least a month after the due date, despite a prior written notice of the intention to terminate the contract and setting an additional deadline of two weeks for the payment of the outstanding and current obligations,

10.2 The TSO shall restore the transmission of full quantities of gaseous fuel immediately after the reasons for the suspension have ceased.

10.3 If a Shipper's Customer is in arrears with payment of any amounts due for gaseous fuel sold, the Shipper shall have the right to submit an order to the TSO to suspend the delivery of gaseous fuel to the physical exit point from which the Shipper's Customer being in delay with payment off-takes gaseous fuel.

10.4 The TSO may suspend the deliveries of gaseous fuel to a physical exit point to the Customer at the request of all the Shippers using the capacity of such point. The suspension order referred to under this point may be issued exclusively if the premises laid down in Article 6.3a of the Energy Law are met.

10.5 Such orders may only refer to those physical exit points which have the technical capacity to suspend the supply/transmission of gaseous fuel to the Shippers Customer.

10.6 Prior to submitting the suspension order to the TSO, the Shipper shall notify its Customer taking off gaseous fuel at the physical exit point and concerned by the order referred to under point **Błąd! Nie można odnaleźć źródła odwołania.** of the date in which gaseous fuel transmission is to be suspended.

10.7 The order shall be supported by any and all documents which confirm that the legal prerequisites for suspending the transmission of gaseous fuel are met. The Shipper's order should specify the following:

10.7.1 physical exit point to which the order refers;

10.7.2 date in which the order is to be performed by the TSO, not earlier, however, than the first day following an additional two-week notice period given by the Shipper to its Customer to pay its outstanding and current liabilities;

10.7.3 contact details of the Shippers representative authorised to act as a 24/7 contact with the TSO in respect of the performance of the order (name, title,

phone no. and fax no.) and make a valid written decision to revoke the order, and

10.7.4 in the case of a suspension order, the Shipper shall attach a copy of the Shipper's letter sent to the Customer, including proof of delivery, concerning the Shipper's intention to terminate the gaseous fuel sale agreement and giving the customer and additional period of two weeks in which to pay its outstanding and current liabilities,

10.8 The order should be passed on to the TSO together with the documents referred to in point 10.7, at least seven (7) days prior to the date indicated in the order for the suspension of gaseous fuel supply.

10.9 If the TSO, despite having exercised due diligence and having exhausted all legal measures available to it within the time specified in the order, is unable to perform the order, it shall notify the Shipper's representative of the above. The TSO may withdraw from the execution of the order 12 hours after it has notified the Shipper.

10.10 The Shipper's representative shall witness the performance of the order.

10.11 Immediately after receiving a resuming order from the Shipper, the TSO shall resume gaseous fuel deliveries to the exit point in respect of which the reason for a suspension of deliveries ceased to apply. Such gaseous fuel supply resuming shall be effected by sending a written resuming order and submitting a relevant nomination in accordance with the transmission order.

10.12 A suspension effected upon the Shipper's order shall not release the Shipper from the obligation to pay the charges in respect of the performance of the transmission contract at the point concerned by such order.

10.13 The TSO is not liable for the failure to transmit gaseous fuel in the event of withholding the transmission of gaseous fuel in the situations described in point 10.

11 SUPPLIER SWITCHING PROCESS

11.1 In the event of a change of the supplier of gaseous fuel by a Customer whose facilities, installations or networks are connected directly to the transmission system:

11.1.1 the Customer shall conclude a sale agreement with a new supplier,

11.1.2 the Customer or the new supplier acting on behalf of the Customer shall terminate the sale agreement with the existing supplier in respect of a part or all of the contracted capacity,

11.1.3 the new supplier or the Customer shall conclude a transmission contract with the TSO and/or submit an application for capacity allocation at a physical entry point ($FPWY_{OK}$) where gaseous fuel is off-taken by the Customer switching the supplier,

11.1.4 the new supplier of the Customer shall submit an application for capacity allocation (PP) no later than three (3) weeks prior to the date in which the sale of gaseous fuel to the Customer is to begin. The application for capacity allocation should be accompanied by the Customer's declaration that the supply agreement with the existing supplier has been effectively terminated. The model application form shall be available from the TSO's website,

11.1.5 the TSO shall consider the application over a period of seven (7) days; in the case of the application containing formal defects or errors, particularly if not all the required information or documents have been provided in or with the application, the TSO shall request the applicant to provide the missing details and information or to remove any errors, stipulating in writing any errors or deficiencies in the application within five (5) days of the delivery of the request. An application containing formal defects or errors which are not removed by the specified date, shall not be considered by the TSO.

11.1.6 the new supplier shall inform the TSO of the starting date of the sale of gaseous fuel to the Customer.

11.1.7 as of the starting date of the sale of gaseous fuel by the new supplier:

11.1.7.1 the capacity allocation (PP) of one Network User (existing supplier) shall be revised by way of the reduction of the capacity (contracted capacity) at the physical exit point ($FPWY_{OK}$) where the Customer was previously taking gaseous fuel by the amount specified under the capacity allocation (PP) of another Network User (new supplier or Customer), not more, however, than by the amount of capacity specified in the capacity allocation (PP) of the first Network User (existing supplier) for such physical exit point. The TSO and the Network User (existing supplier) shall confirm the termination or revision of the capacity allocation (PP) at the physical exit point ($FPWY_{OK}$) by way of the execution of an annex to the capacity allocation (PP) within five (5) days. The provisions of point 7.4.16 shall not apply,

11.1.7.2 The Network User (new supplier or Customer) shall acquire the capacity (contracted capacity) at the physical exit point ($FPWY_{OK}$) where the change of supplier is taking place in the amount specified in the capacity allocation (PP) or an annex to the capacity allocation (PP) submitted to

the TSO in accordance with the procedure described in point 11.1.3 and point 11.1.4,

11.2 In the case of the change of supplier of gaseous fuels by a Customer whose facilities, installations or networks are connected to the network of a DSO with which an inter-operator transmission contract (ITC) was not concluded, or to the network of an energy company that is not an operator, downstream of a physical exit point from the transmission system:

11.2.1 the Customer shall conclude a sale agreement with a new supplier;

11.2.2 the Customer or the new supplier acting on behalf of the Customer shall terminate the sale agreement with the existing supplier in respect of a part or all of the ordered contractual capacity,

11.2.3 the new supplier or Customer shall conclude a transmission contract with the TSO and/or shall submit an application for capacity allocation at a physical exit point ($FPWY_{OK}$, $FPWY_{OSD}$), by virtue of which the gas transmission services shall be provided to the physical exit point at which the gaseous fuel is being supplied to the network of the DSO with whom an inter-operator transmission contract (ITC) was not concluded or the network of an energy company that is not an operator, in order for it to be supplied to the Customer that is changing the supplier,

11.2.4 the new supplier of the Customer shall submit an application for capacity allocation (PP) no later than three (3) weeks prior to the date in which the sale of gaseous fuel to the Customer is to begin. The application for capacity allocation should be accompanied by the Customer's declaration that the supply agreement with the existing supplier has been effectively terminated. The model application form shall be available from the TSO's website,

11.2.5 the TSO shall consider the application over a period of seven (7) days; in the case of the application containing formal defects or errors, particularly if not all the required information or documents have been provided in or with the application, the TSO shall request the applicant to provide the missing details and information or to remove any errors, stipulating in writing any errors or deficiencies in the application within five (5) days of the delivery of the request. An application containing formal defects or errors which are not removed by the specified date, shall not be considered by the TSO,

11.2.6 the new supplier shall inform the TSO of the starting date of the sale of gaseous fuel to the Customer,

11.2.7 as of the starting date of the sale of gaseous fuel by the new supplier:

11.2.7.1 the capacity allocation (PP) of one Network User (existing supplier) shall be subject to change by reducing the capacity (contracted capacity) at the physical exit point ($FPWY_{OK}$, $FPWY_{OSD}$), at which the gaseous fuel is being supplied to the network of the OSD with whom an inter-operator transmission contract (ITC) was not concluded or to the network of the energy company that is not an operator, in order for it to be delivered to the Customer that is changing the supplier, by the quantity determined in the capacity allocation (PP) of another Network User (new supplier or the Customer), however, no more than by the quantity of capacity (contracted

capacity): (i) that is necessary to match the off-take of the Customer and (ii) the quantity of capacity (contracted capacity) specified in the capacity allocation (PP) executed with the Network User (existing supplier) for that physical exit point. The TSO and the Network User (existing supplier) shall confirm the termination or change of the capacity allocation (PP) at the physical exit point ($FPWY_{OK,}$ $FPWY_{OSD}$) by executing an annex to the capacity allocation (PP), within five (5) days. The provisions of point 7.4.16 shall not apply. In the case when free capacity is available at a given point enabling a change in the supplier without the necessity of reducing the capacity allocation (PP) awarded to the existing supplier, such supplier shall have the right to retain the capacity in full or in part.

11.2.7.2 the Network User (new supplier or the Customer) shall acquire the capacity (contracted capacity) at the physical exit point ($FPWY_{OK}$ $FPWY_{OSD}$) at which the gaseous fuel is being delivered to the network of the DSO with whom an ITC was not concluded or the network of the energy company that is not an operator in order for it to be delivered to the Customer that is in the process of switching the supplier, for the quantity specified in the capacity allocation (PP) or in the annex to the capacity allocation (PP) that was submitted to the TSO pursuant to point 11.2.3 and point 11.2.4.

11.3 The TSO shall perform the measurement system reading for the purpose of the settlement between the existing supplier and the Customer,

11.4 By the date when the TSO performs the billing for the month when the change of supplier took place, it shall provide the necessary billing data to the existing supplier and to the Network User (new supplier or the Customer), provided, however, that this shall be done sufficiently early to enable the settlement between the customer and the existing supplier within 6 weeks of the change.

11.5 The reading referred to under point 11.3 shall be performed by the TSO no later than within five (5) business days of the last day of term of the sale agreement concluded with the Network User (existing supplier). In the event that such reading may not be performed, the TSO shall provide an estimate of the quantity or volume of gaseous fuel as at the last day of term of the sale agreement concluded with the Network User (existing supplier).

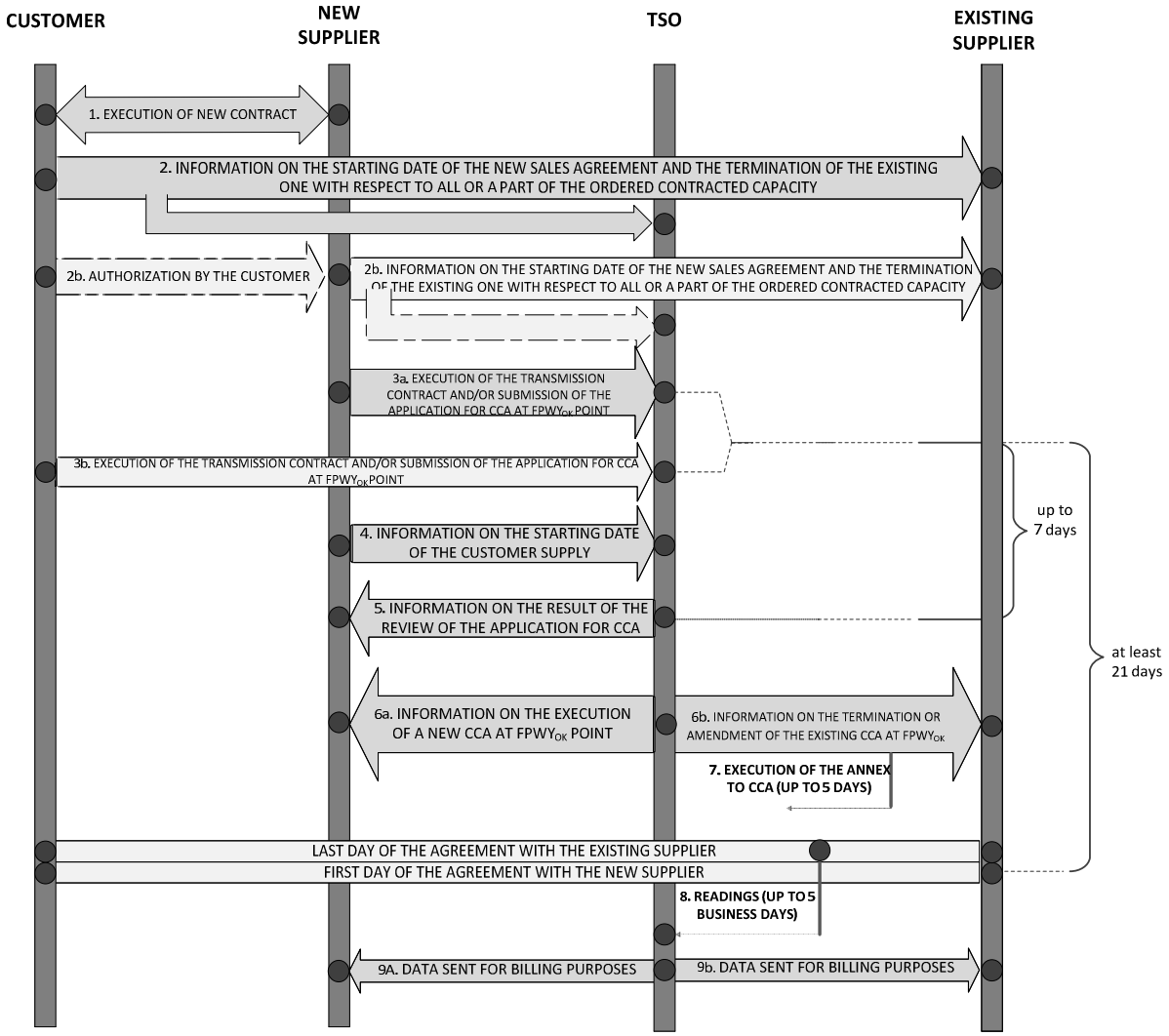
11.6 The capacity offering procedure for the transfer of the capacity held by the existing supplier to the new supplier or the Customer (the “supplier switching process in the transmission system”) shall take no longer than three (3) weeks.

11.7 The provisions of point 11 shall be applicable *mutatis mutandis* in the case when the Customer changes the supplier (“partial change of the supplier”) by the way of:

11.7.1 concluding a universal agreement with another supplier and, at the same time, reducing the capacity contracted with the existing supplier, or

11.7.2 concluding a transmission contract and submitting an application for capacity allocation (PP) at $FPWY_{OK}$ or $FPWY_{OSD}$ and, at the same time, reducing the capacity contracted with the existing supplier.

11.8 The supplier switching process



12 WORKS IN THE TRANSMISSION SYSTEM

12.1 Planning of works that affect the conditions of the transmission system functioning

12.1.1 The TSO shall carry out the necessary operations, diagnostic, maintenance, servicing and connection, installation and modernisation works (hereinafter the "works") in order to ensure the safety and adequate operating reliability of the transmission system.

12.1.2 By 20 July of the current gas year, the Customer connected directly to the transmission system shall present an information to the TSO with regard to the works planned for the following calendar year in its facilities, which may affect the conditions of gas fuel off-take, including a potential reduction of the quantity of gaseous fuel to be off-taken.

12.1.3 The TSO shall agree the scope and timing of work planned in the interoperating systems with the ISOs on the conditions specified in the agreements referred to in point 3.8 and point 3.9.

12.1.4 By 20 August of the calendar year, the TSO shall post an information on its website regarding the works planned for the following calendar year, which may affect the conditions of the transmission system functioning leading to reduced gas transmission capacity. In the above information, the TSO shall include the information provided in accordance with the provisions of point 12.1.2 and point 12.1.3 and shall make efforts in order to ensure that the timing of the works to be conducted by the TSO takes account of the timing provided by the entities mentioned above.

12.1.5 In the information referred to in point 12.1.4, the TSO shall provide a list of entry and exit points where restrictions affecting the off-take and supply of gaseous fuels may occur, and the expected duration of such restrictions.

12.1.6 Specific arrangements as to the scope and timing of the works shall be agreed between the TSO and the Network User or the ISO not later than twenty-one (21) days before the beginning of such works.

12.1.7 In justified cases, the TSO may introduce changes to the scope of the works during the gas year. Such changes may also be introduced by the TSO upon a justified request of the Network User or ISO. The TSO, Network User and ISO shall make every effort to minimize the effects of the restrictions caused by the planned works.

12.1.8 The TSO shall provide the Network User concerned with any information on any changes to the timing of the works and the timing of any works that had not been previously scheduled.

12.1.9 In the event that planned works are carried out by the Network User or ISO, the TSO, upon a request submitted by the Network User or the ISO at least seven (7) prior to the planned works commencement date may ensure the possibility of off-take or supply of additional amounts of gaseous fuel at particular physical entry and exit points, in particular by giving its consent to overrun the contracted capacity at such points over a specified period of time.

12.1.10 The request submitted by the Network User or ISO referred to under point 12.1.9 should specify the physical point or physical points at which additional supply or off-take of gaseous fuel is to occur and the level of the possible overrun of the contracted capacity. The TSO shall either give or refuse its consent in writing within three (3) days of receiving such request from the Network User or ISO. In the event of refusal to overrun the contracted capacity, the TSO shall provide the rationale for its decision.

12.1.11 The TSO may ensure the possibility of off-take or supply of additional amounts of gaseous fuel at particular physical entry and exit points, in particular by giving its consent to overrun the contracted capacity in the event of interruptions or disturbances in the transmission of gaseous fuel which are beyond the control of the Network User or ISO. The TSO shall agree with the ISO or the Network User the measurement systems (physical entry or exit points) as well as the dates and volumes of additional supplies or off-takes of gaseous fuel as well as the possible overrun of the contracted capacity. The ISO or the Network User shall confirm to the TSO in writing, within three (3) days, and immediately in emergency situations, whether such disturbances or interruptions cause any actual reduction of gaseous fuel supply to Customers.

12.2 Notification of the Network User of changes in the conditions of the transmission system functioning

12.2.1 The TSO shall notify the Network User affected by the restrictions of the timing, duration and scope of such restrictions at the entry and exit points, as well as about the capacity available at the points covered by the restrictions:

12.2.1.1 in the event that such works result in an interruption in the supply of gaseous fuel to the Network User's Customers - at least twenty-one (21) days prior to the commencement date of the planned works,

12.2.1.2 in the event that such works do not result in an interruption in the supply of gaseous fuel to the Network User's Customers - at least five (5) days prior to the commencement date of the planned works,

12.2.1.3 In the event that such works result in capacity congestion at the import entry points, but do not result in an interruption in the supply of gaseous fuel to the Network User's Customers at least five (5) days prior to the commencement of the planned works.

12.2.2 The System User shall be informed of the developments referred to in point 12.2.1 by direct notification in writing or using another means of communications.

12.2.3 The System User shall take the reductions referred to in point 12.2.1 into account in its nominations or transportation forecasts.

12.2.4 The Network User hall inform and commit its Customers located downstream of the exit points that are affected by the restrictions to introduce appropriate restrictions with respect to the off-take of gaseous fuel.

12.2.5 The Shipper shall inform and commit its suppliers located upstream of the entry points that are affected by the restrictions to introduce appropriate restrictions with respect to the supply of gaseous fuel.

12.2.6 During the periods when reductions due to the performance of the works the system, as referred to in point 12.2.1, the TSO shall be released from the obligation to accept gaseous fuel for transmission, to the extent required under the introduced restrictions at the entry points or to transport gaseous fuel to the exit points, which are affected by the restrictions due to the performance of such works.

13 DATA PROCESSING SECURITY

13.1 Entities responsible for data processing security

13.1.1 The provisions of point 13 shall apply to:

13.1.1.1 TSO,

13.1.1.2 any entity filing an application for a connection to the transmission network, the entity filing an application for a transmission contract, the parties to the network connection agreement and the parties to the transmission contract,

13.1.1.3 System Users, OPRs, Customers and owners of storage facilities (hereinafter “Entities”).

13.2 Data processing security

13.2.1 The Entities undertake to protect any technical, technology-related, commercial, strategic, financial and economic information they obtained during the process of connecting to the transmission network, or in connection with the procedure of entering into and the performance of a transmission contract, or the agreements referred to in point 3.8, point 3.9 and point 3.10, and the agreements on the use of the storage facilities, which is not in the public domain, and with respect to which any Entity had taken the necessary measures in order to keep it confidential (hereinafter referred to as “trade secret”). In particular, the Entities undertake to:

13.2.1.1 treat the above information as confidential, and refrain from publishing or disclosing it to any third parties,

13.2.1.2 refrain from using the above information for any other purposes than those related to the process of connecting to the transmission network, the procedure of entering into and the performance of a transmission contract, or the interoperator agreements referred to in point 3.8, point 3.9 and point 3.10, and the agreements on the use of the storage facilities,

13.2.1.3 take all the necessary measures to protect the above information,

13.2.1.4 restrict the exchange of the above confidential information, as well as access to it, to people who need this information in connection with the process of connecting to the transmission network, or the procedure for entering into and the performance of the contracts and agreements referred to in point 13.2.1.2 and, in any case, inform such people of the confidential nature of such information,

13.2.2 The Entities undertake to protect any classified information in accordance with provisions of the act on the protection of classified information of 5 August 2010 (Journal of Laws of 2010, No. 182, item 1228, hereinafter referred to as the “Act on the Protection of Classified Information”).

13.2.3 Users of the Information Exchange System (IES) are responsible for ensuring the protection of the storage and transfer of information against any unauthorised access by third parties and to secure it against any unauthorised changes in its content.

13.2.4 If, at the stage of the consideration by the TSO of an application for connection to the transmission network, an application for capacity allocation (PP), or during the performance of an agreement concluded by the TSO and the Entity, it becomes evident that the information that should be attached to or contained in the application constitutes a trade secret or is subject to protection as classified information within the meaning of the Act on the Protection of Classified Information (hereinafter referred to as “classified information”), the Entity undertakes to:

13.2.4.1 notify the TSO of thereof,

13.2.4.2 if necessary, obtain the consent of a third party to provide the TSO with access the information that constitutes a trade secret, such that the disclosure of this information does not constitute an act of unfair competition.

13.2.5 If the entity does not provide the TSO with access to the information referred to in point 13.2.4, the TSO shall leave the application for connection to the transmission network without considering it, or shall reject the application for the provision of transmission services.

13.2.6 Information that constitutes a trade secret may be disclosed to authorities that are entitled to request the provision of such information in accordance with the provisions of the law. In such a case, the Entity that was requested to provide the information should inform the other party to the agreement prior to the disclosure, and provide a copy of the demand to provide the information to that party. With respect to any classified information, the respective provisions of the Act on the Protection of Classified Information regarding the provision of access to such information to authorised bodies, authorities or services shall apply.

13.2.7 Any breach of the provisions of this point 13 shall give the affected Entity the right to seek compensation based on generally applicable principles.

Part II

Balancing and System Congestion Management

14 TRANSMISSION SYSTEM BALANCING

14.1 The TSO shall provide the balancing service in the group E high-methane natural gas system on the terms and conditions set forth in the TNC.

14.2 In view of the lack of the relevant regulatory instruments related to the shortage of linepack capacity and the lack of storage facilities in the Lw sub-group low-methane gas systems, the quantities of low-methane gas delivered by the Network User for transmission in the transmission system and those off-taken by such Network User must be the same in any given gas day.

14.3 The physical balancing services shall be provided by the TSO in order to ensure the security of the operation and integrity of the transmission system.

14.4 Commercial balancing is performed in order to settle the Shippers' imbalances in the group E high-methane natural gas system, on the basis of the quantities of gaseous fuel allocated to the Shippers in accordance with the allocation principles described in point 16.

14.5 The TSO shall provide commercial balancing services that consist in, among other things, balancing the demand for gaseous fuel with the supply, and cover:

14.5.1 group E high-methane gas transmission system together with the entry and exit points, including:

14.5.1.1 exit points to distribution areas and entry points from distribution areas,

14.5.1.2 virtual points referred to in points 3.1.6.2 and 3.1.7.2.

14.5.2 group E high-methane gas distribution areas connected to the transmission system, including those distribution areas where the sources of gaseous fuel are connected.

15 SUBMISSION OF TRANSMISSION CONTRACTS FOR IMPLEMENTATION

15.1 In order for the transmission services to be effected, the Shipper shall submit nominations to the TSO.

15.2 Nominations and re-nominations – general conditions.

15.2.1 Subject to point 15.2.3, the Shipper shall submit a daily nomination to the TSO which shall specify the quantity of gaseous fuel per each hour of the gas day at each entry and exit point for which it has been allocated transmission ability (PZ).

15.2.2 In the Lw low-methane natural gas transmission system nominations shall only be submitted for exit points.

15.2.3 The Gas Exchange shall submit nominations for the virtual entry point ($WPWE_{GG}$) and the virtual exit point ($WPWY_{GG}$) on behalf and in the name of the Shipper that executed a transaction in respect of the purchase or sale of gaseous fuel at the Gas Exchange virtual point. The nomination submitted by the Gas Exchange shall stipulate the balance of the Shipper's transactions executed on the Gas Exchange. The nomination received from the Gas Exchange is not subject to approval pursuant to the provisions of point 15.3.3. The nomination received from the Gas Exchange shall be considered as approved by the TSO.

15.2.4 The aggregate quantities of gaseous fuel nominated by the Gas Exchange at the virtual entry point ($WPWE_{GG}$) in respect of a gas day shall be equal to the quantities of gaseous fuel nominated by the Gas Exchange at the virtual exit point ($WPWY_{GG}$) in such gas day.

15.2.5 All quantities of gaseous fuel in the nominations and re-nominations shall be specified in natural numbers in kWh.

15.2.6 Subject to point 15.2.7, the hourly quantities of gaseous fuel specified in the nominations and re-nominations for a given entry or exit point cannot exceed the capacity agreed for the given entry or exit point in the transmission ability allocation (PZ) of the given Shipper.

15.2.7 In the case of the Shipper using gas transmission services for one gas day at a given point, the quantity of gaseous fuel specified in the Shipper's nomination for that given point cannot exceed the technical capacity of a given point.

15.2.8 In order to enable the verification by the TSO of the correctness of the nomination and re-nomination, the quantity of gaseous fuel specified therein should be broken down by contractors of the Shipper who:

15.2.8.1 supply the Shipper with gaseous fuel at the entry point (e.g. the shippers contracting transmission services in the system of the ISO that sell the gaseous fuel to the Shipper at the virtual point),

15.2.8.2 take gaseous fuel from the Shipper at exit points (e.g. the shippers contracting transmission services in the system of the ISO that purchase the gaseous fuel from the Shipper at the virtual point).

15.2.9 In nominations submitted by the Gas Exchange, the contractor of the Shipper shall be referred to as the Gas Exchange.

15.2.10 The Shipper entering into a gaseous fuel purchase or sale transaction at the virtual point with the exception of the Gas Exchange where the execution of such transaction takes place within the Balancing Market Area, shall submit appropriate nominations or re-nominations which shall specify the quantities of gaseous fuel off-taken at the virtual exit point ($WPWY_{OTC}$) and delivered to the virtual entry point ($WPWE_{OTC}$).

15.2.11 The quantities declared in the nominations which result from transactions at a virtual point ($WPWE_{OTC}$/$WPWY_{OTC}$) must match each other. In the case when the quantities for the respective Shipper pairs do not match, the nominated quantity of gaseous fuel shall be deemed to be equal to the lower of the nomination values compared for a given Shipper pair (the “lesser rule” principle).

15.2.12 In the case of the differences between quantities of gaseous fuel specified in nominations for an entry point and the reverse exit point (PWY_R) corresponding thereto or exit point and the reverse entry point (PWE_R) corresponding thereto being smaller than the Q_{min} that is published on the TSO’s website, the nominations for PWE_R or PWY_R shall be proportionally reduced by the TSO.

15.2.13 The nominations may be amended under the re-nomination procedure. A re-nomination approved in accordance with the provisions of the TNC shall be deemed to be an approved nomination.

15.2.14 No greater than a 5% discrepancy is permitted in the hour quantity of gaseous fuel specified in the re-nomination for the entry point and the quantity of gaseous fuel specified for the given hour in the approved nomination. This provision shall not be applicable to the virtual entry point (WPWE), an entry point in respect of which the TSO entered into an operator's account agreement and the case of submitting a re-nomination mentioned in point 15.2.17 and 18.3. In case when this is technically justified, the TSO may agree to increase the difference referred to in the first sentence.

15.2.15 The nominations and re-nominations should take into account the transition from summer time to winter time and from winter time to summer time. In such cases the gas day shall be longer or shorter by an hour, respectively.

15.2.16 The nominations and re-nominations submitted by the Shipper shall take into account the curtailment and suspension measures in supply introduced pursuant to the provisions of the TNC, including the curtailment measures introduced by the Council of Ministers pursuant to the provisions of the Stockpiling Act.

15.2.17 Should the TSO be informed by an ISO or a Customer, also when under different a procedure than those specified in point 15.3 or point 15.4, of the lack of the possibility to transmit the quantities of gaseous fuel specified in the nomination, the TSO shall immediately inform the Shipper thereof. The Shipper shall adjust its nomination at the relevant point and submit a re-

nomination to the TSO within two (2) hours of the receipt of the above information.

15.2.18 The Shipper's nomination/re-nomination for which interruptible transmission service is provided may be approved with a reduction of the quantity of gaseous fuel stipulated by the Shipper in the nomination/re-nomination. The reduction shall take place if there is no available capacity for the relevant services. The reduction shall be introduced in consideration of the priority for the performance of services at the highest reliability level, and in case of services with the same reliability level, it shall be applied on a pro rata basis in accordance with the nominated quantity of gaseous fuel.

15.2.19 The Shipper that was advised by the TSO of the approval of its nomination/re-nomination or its approval subject to reduction of the quantity of gas fuel specified in such nomination/re-nomination, may be advised by the TSO of further proportional reduction of the quantity of gaseous fuel under such nomination. Such further reduction of the quantity of gaseous fuel in the submitted nomination shall be applied when necessitated by the re-nominations submitted by the Shipper that uses transmission services provided on firm basis.

15.2.20 After receiving the information referred to in point 15.2.18 and point 15.2.19, the Shipper may, within thirty (30) minutes, correct the submitted nomination, provided that the quantity of gaseous fuel specified in the nomination must not exceed the quantity of gaseous fuel specified by the TSO, in accordance with point 7.2.16. The re-nomination submitted by the Shipper in such a case may change the hourly quantities commencing from the hour for which a further proportional reduction shall be introduced pursuant to the information received from the TSO. Should the Shipper fail to submit a re-nomination, the quantity of gaseous fuel specified in accordance with point 15.2.18 or point 15.2.19 shall be deemed applicable.

15.2.21 Nominations and re-nominations, as well as the information on their approval, shall be submitted in accordance with point 21.

15.2.22 The TSO shall have the right share the information about nominations and re-nominations with the ISO and OPR to the extent necessary to match the nominations and re-nominations in the interoperating systems or to allocate quantities of the gaseous fuel.

15.2.23 The difference between the daily quantities of gaseous fuel delivered for transmission at entry points or off-taken from the transmission system at exit points specified pursuant to the allocation, and the daily quantities of gaseous fuel specified in the corresponding approved nominations shall be established for every Shipper for every gas day.

15.2.24 In the case of the difference at a given point mentioned in point 15.2.23 amounting to over 10% of the daily quantity of gaseous fuel specified in the approved nomination, the TSO shall charge fees to the Shipper pursuant to the provisions of point 20.20.3 and point 20.21.

15.3 Nomination procedure.

15.3.1 The Shippers and the Gas Exchange shall submit their nominations to the TSO no later than by 2:00 pm of the gas day before the gas day that the nomination concerns.

15.3.2 In the case of the entity mentioned in point 15.3.1 submitting more than one nomination in the period specified in 15.3.1, the TSO shall review the last received nomination.

15.3.3 The TSO shall notify the Shipper about the approval or rejection of the nomination by 6:00 pm on the gas day before the gas day that the nomination concerns.

15.3.4 A nomination may be rejected due to:

15.3.4.1 conflict with the provisions of the contract or the TNC,

15.3.4.2 capacity overrun,

15.3.4.3 Shipper's failure to take account of the capacity congestion notified by an ISO or a Customer at physical entry points or exit points, which prevents the performance of services in accordance with the nominations submitted by the Shipper,

15.3.4.4 failure to satisfy the condition of a minimum nomination value, as referred to in point 8.1.24,

15.3.4.5 lack of technical capabilities to perform the nomination.

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

15.3.6 In the case of the Shipper failing to submit the nominations for the following gas day to the TSO within the deadline stipulated in point 15.3.1, the TSO shall assume that the quantity of gaseous fuel at the entry or exit points of a given Shipper specified in the PZ shall amount to “0” (zero).

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

15.3.8 For physical entry points at interconnections with the ISO located in the territory of other countries that are not members of the European Union or member states of the European Free Trade Association (EFTA) – parties to the contract on the European Economic Area, Shippers shall be required to convey to the TSO every Thursday, no later than by 10:00 am, a forecast of the daily quantities of gaseous fuel to be delivered for transmission for each gas day of the subsequent week for the period from Monday until Sunday.

15.4 Re-nomination procedure

15.4.1 The Shipper may re-nominate the hourly quantities of gaseous fuel specified in the nomination approved by the TSO for the given gas day. Re-nominations may be submitted from 06:00 pm on the gas day before the gas day which the nomination concerns, up to 03:00 am on the gas day that the re-nomination concerns. Re-nominations of the hourly quantities of gaseous fuel may be

submitted no later than two (2) hours before the first hour in which the nomination is to be changed.

15.4.2 In the case when an exchange transaction is cancelled in accordance with the provisions of the Trading Rules of the Commodity Market of the Polish Power Exchange after the nomination is made, the Gas Exchange shall submit an appropriate re-nomination.

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

15.4.4 The TSO shall notify the re-nomination submitting entity about whether the re-nomination was accepted or rejected and shall state the reasons for such rejection within two (2) hours from the commencement of a given re-nomination review procedure but no later than before the beginning of hour that the re-nomination concerns.

15.4.5 The rejection of the re-nomination may take place for the reasons mentioned in point 15.3.4, including failing to meet the condition stipulated in point 15.2.14.

15.4.6 In the case of the TSO rejecting the re-nomination, the last approved nomination by the TSO shall remain valid and binding for the Parties, subject to the curtailment and suspension measures mentioned in point 15.2.16 and point 15.4.5.

15.5 Nomination and re-nomination matching for interoperating systems

15.5.1 Nomination and re-nomination matching for transmission systems.

15.5.1.1 Nominations and re-nominations submitted by Shippers for entry points or exit points located at interconnections between the transmission system and other transmission systems should match the corresponding nominations (re-nominations) in other transmission systems.

15.5.1.2 If the process of matching nominations and re-nominations with other transmission systems reveals divergences in nominations or re-nominations, the “lesser rule” principle shall apply, which means that the flows in both systems are reduced to the level of the lower of the compared quantities of gaseous fuel specified in the nominations or re-nominations.

15.5.1.3 In the situation referred to in point 15.5.1.2, the TSO shall deem the nomination or re-nomination specifying the quantities of gaseous fuel established in accordance with the provisions of point 15.5.1.2 as being approved.

15.5.2 Nomination matching process in distribution systems and storage facilities.

15.5.2.1 The nominations submitted by Shippers for entry or exit points from/to a distribution area, and for entry or exit points from/to a storage facility should be consistent with the corresponding nominations in the distribution systems or storage facilities, to the extent that such nominations are submitted to DSOs and SSOs.

15.5.2.2 The TSO shall pass on nominations that were submitted by Shippers to the DSOs and SSOs by 02:30 pm in order to match the Shippers' nominations with the quantities of gaseous fuel nominated in distribution systems and storage facilities.

15.5.2.3 The DSO and SSO shall advise the TSO of the results of the nomination matching by 03:15 pm

15.5.2.4 In case of mismatching nominations, the “lesser rule” principle shall be applied, which means that the flows in both systems shall be reduced to the level of the lower of the compared quantities of gaseous fuel specified in the nominations.

15.5.3 The re-nomination matching process in distribution systems and storage facilities.

15.5.3.1 In the case of the Shipper submitting a re-nomination of the quantity of gaseous fuel at entry or exit points to/from a distribution area or entry or exit points to/from a storage facility pursuant to point 15.4, the TSO shall pass on such re-nomination to the DSO or SSO within 45 minutes of the commencement of the relevant re-nomination review procedure.

15.5.3.2 The DSO and SSO shall match the re-nomination and provide the TSO with information on the results of the re-nomination matching within 45 minutes from receiving the re-nomination from the TSO.

15.5.3.3 In the case of mismatching re-nominations, the “lesser rule” principle shall be applied, which means that the flows in both systems shall be reduced to the level of the lower of the compared quantities of gaseous fuel specified in the re-nominations. The TSO shall inform the Shipper of the re-nomination approval in accordance with point 15.4.4

16 ALLOCATION

16.1 Allocations for entry points

16.1.1 Subject to point 16.1.5, the allocations at respective entry points as agreed in the transmission ability allocation (PZ) shall be made by the TSO.

16.1.2 Subject to point 16.1.5, point 16.1.7, point 16.5, in the case of gaseous fuel being delivered for transmission at given entry point by one Shipper only, the total quantity of gaseous fuel expressed in the units of volume (m^3) and energy (kWh), as determined on the basis of the measurement results for a given point shall be allocated to this Shipper.

16.1.3 Subject to point 16.1.5 and point 16.5, the differences between the total quantities of gaseous fuel agreed in all the approved entry point nominations and the total quantity specified based on the measurement for the relevant points shall be allocated to the Shipper that is entitled to at least 80% of the total ordered capacity under the transmission ability allocation (PZ) for that point. For the remaining Shippers delivering gaseous fuel for transmission at the relevant entry point, the allocation shall correspond to the respective quantities of gaseous fuel specified in the approved nominations thereto. In the event when none of the Shippers meets the criteria described in the first sentence of this point, the allocation of the measured quantities of gaseous fuel among the Shippers using the entry point shall be made on a pro rata basis, in accordance with the quantities of gaseous fuel specified in their nominations approved by the TSO.

16.1.4 In the case of the minimum supply pressure or the quality parameters not being maintained at the relevant entry point, the quantity of gaseous fuel delivered for transmission at given entry points shall be allocated to relevant Shippers proportionally to the approved nominations.

16.1.5 The allocation for entry points from a distribution area shall be made by the DSO pursuant to the principles described in point 16.3. In making the allocation for an entry point from a distribution area, the DSO shall take into account any surpluses resulting from imbalances within the distribution area of the DSO arising on the part of the Shipper for whom the distribution services are being performed from sources directly connected to the distribution network.

16.1.6 The DSO shall transmit the allocations to the TSO pursuant to point 16.2.10.

16.1.7 In the process of allocating the quantity of gaseous fuel for a virtual entry point ($WPWE_{GG}$, $WPWE_{OTC}$, $WPWE_{OSP}$), the Shipper shall be allocated quantities of gaseous fuel corresponding to the quantities specified in the approved nominations.

16.2 Allocations for exit points

16.2.1 Subject to point 16.5, in relation to exit points in which the gaseous fuel is transmitted to the ISO's system or directly to the Customer, the allocation shall be performed by the ISO or the relevant Customer, respectively, and the

allocations shall be submitted to the TSO within the deadlines specified in point 16.2.9.

16.2.2 Subject to point 16.3, point , point 16.5, in the case of gaseous fuel being off-taken at given exit point by one Shipper only, the total quantity of gaseous fuel expressed in the units of volume (m^3) and energy (kWh), as determined on the basis of the measurement results for the point shall be allocated to such Shipper.

16.2.3 Subject to point 16.3 and point 16.5, in the allocation made pursuant to point 16.2.1, the hourly quantities of gaseous fuel and the maximum hourly volume resulting from the measurement readings shall be specified. The total quantity of gaseous fuel recorded by the measurement facility that was off-taken from the transmission system and the total maximum hourly volume shall be allocated to respective Shippers using the capacity at the relevant point (PZ).

16.2.4 In the case of failing to maintain the quality parameters of the gaseous fuel specified in the TNC or the pressure of supplies specified at www.gaz-system.pl, the quantities of gaseous fuel off-taken at relevant exit points shall be allocated to relevant Shippers proportionally to the approved nominations.

16.2.5 Should the allocation not be made pursuant to point 16.2.1, the quantities of gaseous fuel off-taken at relevant exit points shall be allocated to relevant Shippers proportionally to the nominations approved by the TSO and the Shippers shall be informed thereof.

16.2.6 In the process of allocating the quantities of gaseous fuel for a given virtual exit point ($WPWY_{GG,}$ $WPWY_{OTC,}$ $WPWY_{OSP}$), the Shipper shall be allocated quantities of gaseous fuel corresponding to the quantities specified in the approved nominations.

16.2.7 In respect of exit points to a distribution area, the allocation shall be made by the relevant DSO, pursuant to the principles specified in point 16.3.

16.2.8 The DSO shall pass on the allocations to the TSO pursuant to point 16.2.10.

16.2.9 The TSO shall prepare and submit for the ISO's or the Customer's approval billing reports containing information on the daily quantities and monthly volumes of gaseous fuel measured for physical entry points (FPWE) or the physical exit points (FPWY), maximum hourly volumes of gaseous fuel for each gas day and physical and chemical parameters of the gaseous fuel delivered to and off-taken from the transmission system before the fifth (5) working day of the gas month falling after the month that the billing report concerns. The billing reports shall be the basis for the allocation of the quantities of gaseous fuel to Shippers (the allocation). The allocation of the quantities of gaseous fuel made under point 16 shall also constitute the basis for billing the Network Users being at the same time Shippers for the use of capacity on the basis of the capacity allocation (PP) and an approved nomination as part of services for one gas day.

16.2.10 The allocations made by the ISO and Customer shall be passed on to the TSO in keeping the following deadlines:

16.2.10.1 estimated quantities of gaseous fuel allocated to relevant Shippers ("operating quantities") for the previous gas day shall be transmitted to the TSO every day by 10:00 am,

16.2.10.2 quantities and volumes of gaseous fuel constituting the basis for billing and allocated to respective Shippers shall be passed on to the TSO by the seventh (7) business day of the month after the month which the allocation concerns.

16.3 Allocation principles for entry and exit points from/to a distribution area

16.3.1 The allocation for entry and exit point from/to a distribution area shall be made in accordance with the provisions of point 16.1 and point 16.2, respectively, unless otherwise provided for under point 16.3.

16.3.2 Subject to the provisions of point 16.3.3, the total quantity of gaseous fuel allocated at an entry point from a distribution area and an exit point to such distribution area has to match the quantity of gaseous fuel resulting from the measurements taken at the interconnection physical entry points from the distribution area and entry to the distribution area according to the following formula:

$$\sum_{i=1}^{n} A_{WPWY_{OSD_i}} - \sum_{i=0}^{m} A_{WPWE_{OSD_i}} = \sum_{\alpha=1}^{k} P_{MFPWY_{OSD_\alpha}} - \sum_{\beta=0}^{l} P_{MFPWE_{OSD_\beta}}$$

Where:

I	*Shipper number (from 1 to n at exit points to the distribution area and from 0 to m at entry points from the distribution area),*
A	*Number of the interconnection physical exit point to the distribution area MFPWY (from 1 to k),*
B	*Number of the interconnection physical entry point from the distribution area MFPWE (from 0 to l),*
$A_{WPWY_{OSD_i}}$	*allocation value at the exit point to the distribution area for ith- Shipper*
P_{MFPWY_α}	*allocation value at the entry point from the distribution area for ith- Shipper*
$A_{WPWE_{OSD_i}}$	*measurement reading value in the interconnection physical exit point α at the interconnection with the distribution area*
P_{MFPWE_β}	*measurement reading value in the interconnection physical entry point β at the interconnection with the distribution area*

16.3.3 In making the allocation for the exit point to a distribution area, the DSO shall take into consideration the shortages resulting from the imbalance of the Shipper in relation to whom the distribution service is being performed from sources directly connected to the relevant distribution network.

16.3.4 In the process of allocation for a Shipper using the distribution service from sources directly connected to the distribution network, the DSO shall specify the imbalance of the Shipper within the relevant distribution area. The imbalance of the Shipper shall correspond to the difference between the quantity of gaseous fuel delivered for transmission in the distribution area by the relevant Shipper and the quantity of gaseous fuel off-taken by customers of the relevant Shipper within this distribution area. If the imbalance value is greater than zero (surplus) it is allocated at the entry point to the distribution area. If the imbalance value is smaller than zero (shortage) it is allocated at the exit point to the distribution area.

16.3.5 In the case of the DSO failing to make the allocation pursuant to point 16.2.8, the TSO shall make the allocation proportionally to the approved nominations for the relevant exit point, and the Shippers shall be advised thereof.

16.4 Operator’s account agreements

16.4.1 The TSO may conclude an agreement with an operator of another transmission system, or a SSO, on an operator's account to be maintained for the gaseous fuel supplied at the entry point to the TSO's transmission system or off-taken at the exit point from the TSO’s transmission system. The agreement may be concluded if the technical capabilities exist for such an account to be maintained. The agreement should specify in particular:

16.4.1.1 the maximum quantity of gaseous fuel that can be exchanged between operators in order to level out the differences between the quantities specified in the approved nomination for the relevant point and the quantities actually transmitted between the transmission systems. The value of such differences is established based on the billing data for the actual flows between the systems.

16.4.1.2 principles of making up the balance of the operator's account and the settlement principles with regard to the delivered or off-taken gaseous fuel upon the expiry of the term of the agreement.

16.4.2 In respect of the points where the agreement mentioned in point 16.4.1 was concluded, the hourly quantities of gaseous fuel appropriately supplied by the Shipper for transmission through or off-taken from the system shall be the quantities agreed in the approved nomination for the relevant points.

16.5 The list of points in which the allocated quantities of gaseous fuel delivered by the Shipper for transmission at the entry points or off-taken by the Shipper at the exit points correspond to the quantity of gaseous fuel specified in the nominations approved for those points shall be published at www.gaz-system.pl.

17 PHYSICAL BALANCING

17.1 The Shipper shall deliver and off-take gaseous fuel to/from the transmission system in quantities resulting from the transmission contract, including the approved nominations and quality requirements specified in the TNC.

17.2 In case of imbalance of the quantities of gaseous fuel delivered for transmission and off-taken from the transmission system, the TSO shall take steps to stabilise system operation using the following regulatory instruments:

17.2.1 linepack capacity available in the transmission system,

17.2.2 storage capacity,

17.2.3 contracted system services referred to in point 18.1.4,

17.3 The storage system operator connected to the transmission system shall offer the TSO access to a certain part of the working volume of the storage facility and the injection and withdrawal capacity required for the performance of the duties of TSO.

17.4 The TSO shall notify the entity mentioned in point 17.3, by 15 October each year, of the working volume, withdrawal capacity and injection capacity of the storage facility reserved by the TSO, for the period of the following year (from 1 April the following year until 31 March the next year).

17.5 The working volume, withdrawal capacity and injection capacity of the storage facility that is reserved by the TSO must not be made available to other entities without the TSO’s consent.

17.6 The detailed terms and conditions concerning the TSO’s use of the reserved working volume, injection capacity and withdrawal capacity of the storage facility shall be specified in the inter-operator transmission contract (ITC).

17.7 The SSO shall conclude an inter-operator transmission contract (ITC) with the TSO ensuring optimal cooperation of the transmission system with the SSO’s system, particularly specifying the principles of the operator's account management, specifying the quantity of gaseous fuel that can be mutually transmitted between the operators in order to level out the differences between the quantities specified in the nominations and the quantities actually supplied to the gas system, including the principles of the levelling out the balances in the operator's account.

17.8 The gaseous fuel injected to and withdrawn from the storage facilities should conform to the quality parameters specified in the TNC.

17.9 In order to ensure the security of the operation and integrity of the transmission system, including its balancing, the TSO shall:

17.9.1 manage gaseous fuel flows injected to and withdrawn from the storage facility and the part of the facility serving for storage purposes and used by the TSO for the performance of its duties,

17.9.2 contract system services as necessary for the transmission system to function properly with Balancing Market Participants (URB).

17.10 When required in order to ensure security of operation and reliability of supplies of the gaseous fuel or avoid any hazards to persons and material losses, and to the extent that this cannot be achieved by the means of instruments specified in point 18, the Shipper supplying the gaseous fuel from the systems of other countries that are not members of the European Union or member states of the European Free Trade Association (EFTA) – the Parties to the agreement on the European Economic Area, shall be required to:

17.10.1 cooperate with the TSO, particularly to furnish the operator with the necessary information on the contractual capacity held and the possibilities of purchasing the gaseous fuel including the off-take flexibility,

17.10.2 supply gaseous fuel to the transmission system or remain in a state of readiness to supply the gaseous fuel in the quantities specified by the TSO within the flexibility mentioned in point 17.10.1,

17.10.3 submit appropriate nominations or re-nominations in respect of gaseous fuel for the quantities specified in the instructions issued by the TSO, within the flexibility mentioned in point 17.10.1.

17.11 The gaseous fuel shall be off-taken from the Shipper pursuant to the provisions of point 17.10 subject to a charge corresponding to tariff price of the Shipper (as approved by the President of ERO), and in case when no tariff is applicable, to the cost of service.

17.12 After the end of the gas day in which the TSO took gaseous fuel from the Shipper pursuant to the provisions of point 17.10, the TSO shall prepare a daily billing report, which shall include, in particular, the following:

17.12.1 Shipper's designation,

17.12.2 price at which the TSO took the gaseous fuel from the Shipper,

17.12.3 quantity of gaseous fuel off-taken by the TSO,

17.12.4 entry point (PWE) at which the gaseous fuel was off-taken.

17.13 At the end of the gas month, the TSO shall determine the balance of receivables for each Shipper and shall transmit a monthly billing report to the Shipper within ten (10) business days. The monthly billing report shall contain, in particular, the information mentioned in point 17.12.

17.14 Within seven (7) days of receiving the monthly billing report, the Shipper shall issue an invoice for the charges in respect of the delivery of gaseous fuel performed pursuant to point 17.10, such invoice to be payable by the date indicated therein, which must not, however, be earlier than fourteen (14) days of the invoice date.

17.15 In balancing the transmission system, the TSO shall take into consideration the levelling out of the off-take and supply of gaseous fuel, the system restrictions and submitted balancing bids.

17.16 In the case of the mechanisms described in point 17.15 being insufficient, the TSO may introduce restrictions at entry or exit points pursuant to the provisions of point 20.22.9.

17.17 If the TSO is unable to contract the system services necessary to ensure uninterrupted on-going security of the system operation with limited funds for this purpose raised from the TSO tariff, the TSO shall notify the competent authorities, including the President of ERO or the President of Anti-Trust and Consumer Protection Authority (UOKiK).

18 BALANCING SERVICES MARKET

18.1 General conditions

18.1.1 The TSO shall operate the balancing services market.

18.1.2 The participation in the balancing services market shall be available to a Shipper that holds a licence for trade in gaseous fuel and has concluded an agreement with the TSO on participation in the balancing services market (Balancing Market Participant - URB). The balancing services participation agreement shall be concluded pursuant to and on the terms specified in separate provisions that shall remain binding in relation to the TSO as the contracting party referred to in Article 3 item 1 point 4 of the Act of 29 January 2004 Public Procurement Law (Journal of Laws of 2010 No. 113, item 759, as amended).

18.1.3 The balancing services market deals in Group E high-methane natural gas (GZ-50), the quality parameters of which have been specified in point 3.3 of the TNC, traded in bundled units corresponding to the supply of gaseous fuel in quantities of 1 kWh in respective hours of the gas day (hereinafter referred to as the “bundled unit”).

18.1.4 The standard system services shall include:

18.1.4.1 delivery of gaseous fuel at a virtual exit point ($WPWY_{OSP}$) – a service that consist in the delivery of gaseous fuel to the TSO at a virtual exit point ($WPWY_{OSP}$),

18.1.4.2 off-take of gaseous fuel at a virtual entry point ($WPWE_{OSP}$) – a service that consist in the off-take of gaseous fuel from the TSO at a virtual entry point ($WPWE_{OSP}$),

18.1.4.3 delivery of gaseous fuel at the entry point referred to in point 3.1.6.1 (PWE) – a service that consists in the delivery of gaseous fuel to the TSO at a specific entry point (PWE) mentioned in point 3.1.6.1; the service availability is limited only to those URBs that use the capacity at the specific entry point (PWE) (“localized product”),

18.1.4.4 off-take of gaseous fuel at an exit point (PWY) – a service that consists in the off-take of gaseous fuel from the TSO at a specific exit point (PWY); the service availability is limited only to those URBs that use the capacity of the exit point (PWY_{OSM}) or (PWY_{OK}) (“localized product”),

18.1.4.5 reduction of the delivery of gaseous fuel at the entry point referred to in point 3.1.6.1 (PWE) and off-take of gaseous fuel at a virtual entry point ($WPWE_{OSP}$) – a service whereby the URB withholds the delivery of a specific quantity of gaseous fuel at the entry point referred to in point 3.1.6.1 (PWE) (“localized product”) and off-takes the same quantity of gaseous fuel from the TSO at a virtual entry point ($WPWE_{OSP}$).

18.2 Offer submission principles

18.2.1 The URB shall be entitled to make an offer involving a system service to the TSO (hereinafter referred to as the “offer”) on the terms specified in point 18.2 of the TNC.

18.2.2 The URB shall be responsible for the correctness of its offer.

18.2.3 Offers shall be submitted by the URB by electronic mail with the use of the IT systems specified by the TSO. The TSO may invite the URB to take part in an electronic auction.

18.2.4 The TSO shall only accept offers from persons authorised by the URB and admitted by the TSO to operate on the balancing services market.

18.2.5 The URB delivering gaseous fuel to the transmission system from the transmission systems of countries that are not members of the European Union or member states of the European Free Trade Association (EFTA) – Parties to the agreement on the European Economic Area, shall be required to submit an offer for system services to the TSO at a tariff price (as approved by the decision of the President of ERO), and in case when no tariff is applicable, at a price equal to the costs of performance thereof, adjusted to include a mark-up of no greater than 3 % of the said costs.

18.2.6 Offers shall be submitted by 10.00 am on the day before the gas day for which the offers are being submitted. The URB may withdraw or change its offer by 10.00 am on the day before the gas day for which the offer was submitted.

18.2.7 Offers shall be valid from 10.00 am of the day before the gas day which they concern until the end of the gas day for which they were submitted.

18.2.8 The URB shall specify the type of standard system service in the offer, the quantity of bundled units offered and the location in which the offer is to be performed (entry or exit point). The quantity of bundled units in each hour of the gas day including the price of each bundled unit shall also be specified in the offer, and the price of one bundled unit within one offer must be the same.

18.2.9 Each URB may submit more than one offer at the same time (for the same hour or gas day) for the same standard system services as well as offers for different standard system services.

18.2.10 It shall be assumed that an offer encompasses each bundled unit separately and its acceptance may concern one, multiple or all of the bundled units mentioned in the offer.

18.2.11 The TSO shall notify the URB whether its offer was accepted or not. The TSO shall notify the URB of the number of bundled units and hours for which the offer was accepted.

18.2.12 Offers shall be accepted by the TSO to the extent required by it in order to ensure the stable operation of the transmission system.

18.2.13 For offers submitted for the same system service, the TSO shall give acceptance priority to the offer with the lowest price for the largest number of bundled units. In the case of there being several identical offers, the TSO shall accept them proportionally and evenly until the demand of the transmission system has been balanced.

18.2.14 The TSO shall inform the URB of whether the offer has been accepted or not no later than three (3) hours before the hour in which the service is to be

performed. Acceptance of the offer shall be communicated by electronic means.

18.3 Performance of system services

18.3.1 With a view to performance of the system service, within one hour of the acceptance of its offer, the URB shall submit its nomination or re-nomination corresponding to the offer accepted by the TSO in terms of the quantities, time and place of its performance. The nomination shall be made for the entry point(s) (PWE) or exit points(s) (PWY) that are included in the transmission ability allocation (PZ), i.e. $WPWE_{OSP}$ and $WPWY_{OSP}$, respectively. The acceptance by the TSO of the nomination or re-nomination shall be tantamount to assuming the performance of the system service.

18.3.2 If the URB whose offer was accepted does not submit the nomination or re-nomination mentioned in point 18.3.1, or if this nomination or re-nomination cannot be approved by the TSO for reasons specified in point 15.3.4.1 and 15.3.4.2, or was reduced pursuant to the "lesser rule" principle, for reasons other than restrictions in an interoperating system, the URB shall pay the TSO the fee mentioned in point 18.3.3.

18.3.3 In the case of the performance of the system service not being undertaken in full or in part, in the circumstances referred to in point 18.3.2, the URB shall pay a fee in the amount specified in the formula below:

$$ONOB = 2*Q*MCOSB$$

where:

ONOB	*fee for the part of the system services not rendered*
Q	*quantity of gaseous fuel for which the system service was not rendered*
MCOSB	*the maximum offered selling price of the gaseous fuel applied by the TSO on the balancing services market for the gas day, as determined in accordance with point 19.3.6.2*

18.3.4 The system service is deemed performed when the allocation of the quantities of gaseous fuel corresponds to the nomination or re-nomination referred to in point 18.3.1. The payment of the price under an accepted offer shall be made after the performance of the system service.

18.4 Settlements and payments

18.4.1 The transactions in the balancing services market shall be settled by the TSO.

18.4.2 The TSO may commission the settlement of the executed transactions to an external entity. Should the TSO commission the settlement of executed transactions to an external entity, the URB shall conform to the relevant regulations issued by the said entity.

18.4.3 As part of the settlement, the TSO shall perform the following:

18.4.3.1 register accepted offers on the URB's accounts,

18.4.3.2 calculate the liabilities and receivables resulting from the performed offers,

18.4.3.3 issue monthly settlement reports in respect of the performance of system services.

18.4.4 Immediately after the end of the gas day for which the offer was accepted, the TSO shall prepare a daily report of the system services separately for each URB, stating in particular the following information:

18.4.4.1 designation of the URB,

18.4.4.2 type of system service,

18.4.4.3 price at which the TSO purchased the system service,

18.4.4.4 number of bundled units constituting the object of a given system service.

18.4.5 After the end of the gas month, the TSO shall calculate the balance of liabilities and receivables for each URB and shall proceed to settle the accepted offers and the system services performed. The TSO shall convey a monthly report of system services to the URB within ten (10) business days. The monthly report of system services shall particularly include the information mentioned in point 18.4.4.

18.5 Documents serving as the basis for billing under the balancing market participation agreement.

18.5.1 Within ten (10) business days of the end of the gas month, the TSO shall issue invoices to the URB in respect of the purchase of gaseous fuel (point 18.1.4.2, point 18.1.4.4 and point 18.1.4.5), on the basis of the monthly system services report.

18.5.2 Within seven (7) days of receiving the additional invoice on the basis of the monthly system services report attached thereto, the URB shall issue an invoice setting out the charges for the performance of system services in accordance with the terms and conditions set out in the TNC.

19 COMMERCIAL BALANCING

19.1 Terms and conditions for commercial balancing

19.1.1 As part of the balancing function, the TSO shall deliver to or off-take from Shippers the necessary quantities of gaseous fuel required to balance the difference between the quantity of gaseous fuel that has been delivered for transmission and off-taken from the transmission system.

19.1.2 The balancing service shall be provided to Shippers in respect of the entry and exit points covered by the transmission ability allocation (PZ), and in particular to those who:

19.1.2.1 execute transactions in respect of the purchase or sale of gaseous fuel, in particular in the Gas Exchange or under bilateral contracts to be performed within the Balancing Market Area (including when the off-take or delivery of such gaseous fuel takes place in the distribution area),

19.1.2.2 use the storage service and transport gaseous fuel to or from storage facilities connected to the transmission system,

19.1.2.3 distribution shippers (ZUD) contracting the distribution of gaseous fuel with the use of a source connected to the distribution area.

19.1.3 At the end of each gas day, the parties shall settle their accounts in respect of the quantity of gaseous fuel delivered by the TSO to the Shipper or off-taken by the TSO from the Shipper, as required to balance the difference between the amount of gaseous fuel delivered by the Shipper for transmission at the entry points and off-taken by the Shipper at the exit points from the transmission system in accordance with the provisions of point 19.3.7.

19.1.4 The TSO shall specify the daily imbalance quantity (DIN) for the given gas day as the difference between the quantity of gaseous fuel that was delivered by the Shipper at the entry point and off-taken by the Shipper from the transmission system at the exit points in a given gas day.

19.1.5 The imbalance value shall be specified in kWh.

19.1.6 A single imbalance limit shall apply i.e. the daily imbalance limit (DLN).

19.1.7 The daily imbalance limit (DLN) shall correspond to 5 % of the quantity of gaseous fuel delivered by the Shipper for transmission at the entry points to the transmission system in a given gas day.

19.1.8 In case when the absolute value of the daily imbalance quantity DIN of a given Shipper exceeds the DLN, the Shipper shall be obliged to pay the balancing charge in accordance with point 19.3.6.3.

19.1.9 In the event that the quantity of gaseous fuel delivered at the entry points during the gas day in question is “0” and the quantity off-taken at the exit points is different than “0”, then the DIN shall be deemed to be equal to 100% of the quantity off-taken at the exit points.

19.1.10 Should it be discovered that a Shipper exceeded the imbalance limit in excess of the DLN value, which could cause a threat to the security of performance of other transmission contracts, the TSO may introduce restrictions on the quantity of gaseous fuel delivered for transmission at the entry points and off-taken from the transmission system at the exit points in accordance with the provisions of point 20.23 20.22.9.

19.1.11 The TSO shall off-take gaseous fuel from or deliver gaseous fuel to the Shipper in case of an imbalance of the quantity of gaseous fuel delivered for transmission to or off-taken from the transmission system by the Shipper, to the extent permitted by the technical capabilities available to the TSO.

19.2 Communication concerning the imbalance status

19.2.1 The TSO shall keep the Shippers informed for the purposes of specifying the status of the Shipper's imbalance. The level of detail of the information provided shall reflect the level of information that the TSO has available.

19.2.2 For each Shipper, the TSO shall determine the estimated daily imbalance quantity (DIN).

19.2.3 The determination of the estimated imbalance quantity shall be done on the basis of data received in the course of the allocation process, in accordance with the provisions of point 16 and the data received from ISOs or Customers in accordance with the provisions of point 16.2.9.

19.2.4 The estimated imbalance quantity shall be determined for each gas day within 6 hours of the end of the gas day.

19.2.5 The information referred to in point 19.2.4 shall be provided to Shippers via the Exchange Information System (EIS). The above information shall not constitute billing data.

19.3 Principles of settlements in respect of the imbalance

19.3.1 The settlement in respect of balancing services shall be made by the TSO for each gas day upon the end of the gas month, based on the allocation principles set out in point 16.

19.3.2 The TSO shall make the settlement in respect of the imbalance of each Shipper, and such settlement shall consist in the recalculation of the DIN values for each day of the gas month.

19.3.3 In case when the monthly settlement is subject to adjustment, the quantities of gaseous fuel delivered or off-taken by the Shipper shall be specified as a separate item in the Commercial Transmission Report (HRP) and shall be settled based on the arithmetic average CRG for the month.

19.3.4 The settlements with the Shipper shall be based on the volumes set out in the Commercial Transmission Report (CTR) compiled by the TSO.

19.3.5 The Commercial Transmission Report containing the data to be used as the basis for the settlement in respect of balancing and congestion management

under point 20.20 and point 20.21 shall be compiled by 28th day of the month following the month such settlement relates to.

19.3.6 The following prices of gaseous fuel shall apply for the settlement purposes in respect of the imbalance:

19.3.6.1 The Reference Gas Price (CRG) shall correspond to the weighted average price established by the TSO based on the cost of the purchase of gaseous fuel in a given gas day and shall be determined as a quantity expressed in kWh. In the case when the sales price of gaseous fuel, as specified in the supplier's tariff approved by the President of ERO, or the purchase price in case when tariffs approved by the President of ERO are not applicable, is determined for quantities expressed in volume units (m^3), such price shall be converted taking into account a coefficient corresponding to the gross calorific value, as defined in such tariff, and in case when the gross calorific value is not defined in the tariff, at the monthly average gross calorific value, as determined by the TSO at the point where the gaseous fuel is purchased. The TSO shall establish CRG daily on an on-going basis and publish it on its website. CRG established at the end of the gas day based on all the transactions executed during such gas day and published after 12.00 hours shall be the basis for the settlement in respect of the imbalance. If gaseous fuel was not purchased in a given gas day, the previous value of CRG shall apply.

19.3.6.2 The maximum offered selling price for the gaseous fuel for the balancing purposes in a given gas day (MCOSB) shall correspond to the maximum price for gaseous fuel resulting from the offers on the Balancing Services Market accepted by the TSO during the gas day as referred to in point 18.2, provided that it is not lower than 100 % of CRG. MCOSB shall be published by the TSO on its website www.gaz-system.pl.

19.3.6.3 In case when the absolute value of DIN exceeds the DLN level, the Shipper whose aggregate quantity of gaseous fuel delivered for transmission at entry point during a given gas day is at least 4 million kWh shall pay an additional charge (OZB) to the TSO, which shall be established in the following manner:

$$OZB = 0{,}2 * CRG * MOD(DIN)$$

where:

CRG *reference price for gaseous fuel*

MOD *absolute value*

DIN *daily imbalance quantity*

19.3.6.4 In case when the absolute value of DIN exceeds the DLN level, the Shipper whose aggregate quantity of gaseous fuel delivered for transmission at entry point during a given gas day is less than 4 million kWh shall pay an additional charge (OZB) to the TSO, which shall be established in the following manner:

$$OZB = 0{,}1 * CRG * MOD(DIN)$$

where:

CRG *reference price for gaseous fuel*

MOD *absolute value*

DIN *daily imbalance quantity*

19.3.7 Settlement in respect of the delivery or off-take of gaseous fuel related to the imbalance

19.3.7.1 At the end of each gas day, if the value of DIN is different than zero, and:

19.3.7.1.1 DIN < 0, the Shipper shall be obliged to pay the TSO a charge for the delivered gaseous fuel (OPMD), which shall be established in the following manner:

$$OPM_D = MOD(DIN) * CRG$$

where:

CRG *reference price for gaseous fuel*

MOD *absolute value*

DIN *daily imbalance quantity*

19.3.7.1.2 DIN > 0, the TSO shall be obliged to pay the Shipper a charge for the off-taken gaseous fuel (OPMP), which shall be established in the following manner:

$$OPM_P = DIN * CRG$$

where:

CRG *reference price for gaseous fuel*

DIN *daily imbalance quantity*

19.3.7.2 After the settlement referred to in point 19.3.7 is completed, the value of DIN shall be set at “0”.

20 SYSTEM CONGESTION MANAGEMENT

20.1 Congestion may occur in the transmission system in connection with:

20.1.1 limited capacity of the network or system facilities,

20.1.2 limited capability of the TSO to store gaseous fuel in the transmission system and in the interoperating storage facilities,

20.1.3 need to maintain minimum pressure at exit points from the transmission system,

20.1.4 the need to maintain stable quality parameters of the gaseous fuel in the transmission system,

20.1.5 works carried out within the transmission system operated by the TSO or in other interoperating systems,

20.1.6 occurrence of an emergency situation,

20.1.7 actions of System Users, their suppliers or Customers, which are in breach with the provisions of the TNC or the transmission contract.

20.2 As part of system congestion management, the TSO has the right to provide access to capacity reserved but not used by the Network User, which limits the access to the transmission system for other parties. The terms and procedures for resale or offering the capacity unused by the Network User are set out in point 20.5.

20.3 Measures taken by the TSO to eliminate the potential occurrence of system congestion:

20.3.1 At the stage of reviewing applications for capacity allocation, the TSO shall assess the capabilities for the performance of new contracts in such a manner that they do undermine the level of security of supply or quality of the gaseous fuel supplied to the existing Network Users.

20.3.2 In case when the capabilities exist for the performance of transmission services, the TSO shall offer spare capacity in accordance with the provisions of the TNC.

20.3.3 In case of the lack of the capability to provide firm transmission services, the TSO shall offer interruptible transmission services, to the extent this is possible.

20.3.4 In case of the lack of the capability to provide transmission services, the TSO may prepare, at the request of the interested entity, information on the necessary expansion of the transportation system in order to enable the provision of the requested services. The TSO shall charge a fee for the preparation of such information, in the amount agreed in the relevant agreement, which shall reflect the cost of its preparation.

20.3.5 In order to prevent the occurrence of system congestion, the TSO shall cooperate with the ISOs on the terms and conditions specified in the interoperator agreements or inter-operator transmission contracts (ITC).

20.3.6 Furthermore, the TSO shall take the following measures with a view to preventing the occurrence of system congestion:

20.3.6.1 plan and implement the expansion of the transmission system,

20.3.6.2 take appropriate steps to maximize the capacity utilization in the transmission system while securing its integrity,

20.3.6.3 operate the transmission system and control its operation so as to reduce the probability of any occurrence of system congestion,

20.3.6.4 monitor technical and quality parameters of the transported gaseous fuel,

20.3.6.5 schedule the work in the system so to avoid causing any congestion, and when congestion is unavoidable in connection with the works to be carried out, make efforts to mitigate the consequences of the congestion caused by the planned works,

20.3.6.6 prepare operating procedures in the event of an emergency situation in the transmission system,

20.3.6.7 introduce additional charges, as referred to in point 20.21, point 20.22 and point 20.24.

20.4 System congestion management in case of contractual congestion.

20.4.1 The TSO shall carry out on-going assessment of the utilisation of the reserved capacity, while taking into account the transmission services currently provided under the existing transmission contracts, accepted applications for the capacity allocation and the executed transmission network connection agreements. The above analyses are aimed at preventing any possibility of capacity blocking in the in the transmission system and the occurrence of contractual congestion.

20.4.2 In the event of the occurrence of contractual congestion, which prevents the capacity allocation, the TSO shall make efforts to mitigate such congestion and to enable the capacity allocation, at least on an interruptible basis.

20.4.3 If, during the review of a new application for capacity allocation it is revealed that no free technical capacity is available and some of the capacity reserved under the existing contracts remains unused, the TSO, following a consultation with the President of ERO, shall request the Network User that uses less than 80 % of the reserved capacity (contracted capacity) of the transmission system for the period of six (6) consecutive months, including the period from December till March (of the following year), to give up within thirty (30) days the right to the unused capacity of such Network User.

20.4.4 In the case of contractual congestion occurring at physical points mentioned in point 7.4.7.2, the TSO will perform the capacity allocation in the course of an auction, pursuant to the provisions of point 20.5.

20.5 The capacity allocation through an auction in the case of contractual congestion

20.5.1 The right of participation in an auction shall be limited to the Auction Participants, i.e. the System Users that:

20.5.1.1 have an existing transmission contract,

20.5.1.2 have been informed that the available capacity was exceeded and of the need for capacity allocation through an auction, in accordance with the provisions of point 7.7.10.2 and summoned to take part in the auction,

20.5.1.3 registered in the TSO's website www.gaz-system.pl and obtained a login by 31 May.

20.5.2 The participation in the auction shall be anonymous, and in the course of the auction and the identity of the Auction Participant shall be known exclusively to the TSO.

20.5.3 The TSO shall award firm capacity at the physical points mentioned in point 7.4.7.2, pursuant to the provisions of point 7.4.8. The TSO shall publish on the website www.gaz-system.pl, at least 30 days in advance, information on the dates when auctions are to be held and the products constituting the object of the auction. The products offered by the TSO shall be auctioned in separate auctions: an auction for annual services (annual products), an auction for semi-annual services (semi-annual products), an auction for quarterly services (quarterly products) and an auction for monthly services (monthly products).

20.5.4 Each auction shall begin at 9:00 am and last until it reaches completion but in any case no later than until 10:00 pm.

20.5.5 In the case when free capacity remains available at a given point after the completion of an auction for a given product, the TSO shall offer this free capacity in the next auction.

20.5.6 The first round of bidding (R_1) shall last two (2) hours; the next rounds (R_n) shall last thirty (30) minutes each. There shall be breaks between the rounds that shall each time last thirty (30) minutes.

20.5.7 The first round of bidding (R_1) shall be held for S_{os} in the amount of one large increment of the S_{os} value.

20.5.8 Increments of S_{os} value:

20.5.8.1 No later than one (1) hour before the beginning of an auction and fifteen (15) minutes before the beginning of each subsequent round of bidding (R_n), the TSO shall announce on the website the increments by which S_{os} is to change in subsequent rounds of bidding (small and big increments of the S_{os} value), for each entry and exit point and for each offered product, respectively.

20.5.8.2 The small and big increments of S_{os} shall be either constant or variable values. The small increment of S_{os} shall correspond to 20% of the large increment of S_{os}.

20.5.8.3 The determination of the large increment of S_{os} shall be intended to minimise the duration of the auction process.

20.5.8.4 The determination of the small increment of S_{os} shall be intended to minimise the unsold capacity level in the case when the auction is closed at a higher price than the asking price.

20.5.8.5 The TSO may change the values of the small and big increments of S_{os} after each two rounds of bidding.

20.5.9 Only Auction Participants may submit their bids (applications) in the auction.

20.5.10 The bid may be made, changed or withdrawn at any time during the bidding round, provided that it conforms to point 20.5.11. A bid shall be considered binding until it is modified or withdrawn.

20.5.11 In the bid, the Auction Participant shall stipulate the following:

20.5.11.1 identity of the Auction Participant,

20.5.11.2 entry/exit point to which the bid refers,

20.5.11.3 product for which the bid is being made,

20.5.11.4 the quantity of the capacity for the given value of S_{os} for each of the bidding rounds presented by the TSO during the course of the auction.

20.5.12 The bid shall be considered binding if it meets all the requirements of point 20.5.11.

20.5.13 In order to be eligible to participate in the next rounds of bidding (R_n) the bid must be made in the first round of bidding (R_1).

20.5.14 If the amount of the capacity resulting from the binding bids of all the Auction Participants is lower or equal to the amount of the offered capacity in the first round of bidding (R_1), the TSO shall close the auction and the value of S_{os} shall be equal to the first big increment of S_{os}.

20.5.15 If the total capacity resulting from the binding bids of Auction Participants is greater than the capacity offered in a given round of bidding (R_n), the TSO shall open another round of bidding (R_{n+1}), and the value of S_{os} adopted for round R_{n+1} shall constitute the value of S_{os} from the round of bidding R_n increased by the big increment of S_{os}.

20.5.16 If the total capacity resulting from the binding bids of all the Auction Participants is equal to the capacity offered in the next round of bidding, the TSO shall close the auction after that round.

20.5.17 If the total capacity resulting from the binding bids of all the Auction Participants is lower than the quantity of the capacity offered in the next round of bidding (R_n), the TSO shall change the value of S_{os} and shall open another round of bidding (R_{n+1}). In the newly opened round of bidding, the value of S_{os} shall be equal to the value of S_{os} announced for the second to last round of bidding (R_{n-1}), increased by the small increment of S_{os}.

20.5.17.1 The TSO shall open subsequent rounds of bidding in which S_{os} shall increase by the small increment of S_{os}, as long as the total demand of all the Auction Participants remains higher than the offered capacity. Once bids have been obtained on a level that is lower or equal to the offered capacity, the auction shall be closed.

20.5.17.2 Each of the Auction Participants can submit a bid in the first round of the bidding with a small increment of S_{os}, requesting capacity equal to or higher than that offered by the Participant in the bidding round that triggered the need to apply the procedure described in point 20.5.17 (R_n). At the same time, this bid must equal or be lower than the quantity offered in the earlier round of bidding with a big increment of S_{os} (R_{n-1}).

20.5.17.3 In subsequent bidding rounds with a small increment of S_{os}, the Auction Participant may apply for capacity in a quantity equal to or lower than that offered thereby in the previous round of bidding with a small increment of S_{os}.

20.5.17.4 If the total capacity resulting from the binding bids of all the Auction Participants in the bidding round with the fourth (4) small increment of S_{os}, is greater than the offered capacity, the TSO shall close the auction. The value of S_{os} and the bids that will be acknowledged to be binding shall be those from the bidding round that triggered the need to apply the procedure described in point 20.5.17.

20.5.18 Each Auction Participant that is taking part in the auction may submit a bid in the next bidding round for capacity equal to or lower in relation to the previous bid of that Participant in the previous bidding round, subject to the provisions of point 20.5.17.2.

20.5.19 After each round of bidding, the TSO shall publish the total capacity for which binding bids were placed by all the Auction Participants in a given round of bidding.

20.5.20 The value of S_{os} for the bidding round in which the auction is to be closed (S_{os}) shall constitute the basis for calculating the fee for contractual congestion as referred to in point 20.5.

20.5.21 Within two (2) hours from the end of the auction, the TSO shall publish its final result including the aggregate capacity awarded, the S_{os} value and the capacity available for the next auction. Individual data shall only be disclosed to the parties that they concern, by electronic means and without unnecessary delay. The TSO shall make the capacity allocation in accordance with the result of such an auction.

20.5.22 If by the time specified in point 20.5.4 the auction is not finished, it will be closed and no capacity will be allocated at such auction. The available capacity shall be offered in the next auction for a shorter term product.

20.5.23 In respect of (contractual) congestion management, the TSO shall charge a fee that shall be calculated in the following manner:

$$OZO = Sos * Mp * T$$

Where:

OZO	*Fee for management of system congestion (contractual) [PLN]*
Sos	*Rate of the fee for congestion management [PLN/(kWh/h)h]*

Mp	*capacity (contracted capacity) awarded through the auction [kWh/h]*
T	*number of hours in the billing period.*

20.5.24 The TSO shall charge the OZO fee in every billing period based on a basic invoice. The revenue from the OZO fee shall be subject to the scrutiny by the President of ERO and shall be used by the TSO for development of the transmission system in order to remove any system congestion at the connections referred to in point 7.4.7.2.

20.5.25 The TSO shall report to the President of ERO, on a quarterly basis, on the revenue generated from the OZO fee paid by the Network Users and on the use of the said funds for the planned or on-going expansion of the transmission system with a view to removing system congestion at the connections referred to in point 7.4.7.2.

20.6 The Network User, with the exception of DSO SSO, and may resell or release the unused capacity pursuant to the provisions of point 20.8 or point 20.17.

20.7 In order to facilitate the sale or release of the unused capacity (contracted capacity) the TSO shall post a Bulletin Board in its website containing the available free capacity and the requests of Network Users.

20.8 In the event of the intention to sell or release unused capacity, the Network User shall place a bid with the TSO in compliance with the specimen posted on the TSO's website.

20.9 In the event of the intention to sell or release unused capacity, the Network User may place with the TSO a bid containing:

20.9.1 details of the Network User including in particular: company name, registered office and address, designation of the court register where the company's documentation is kept along with the number under which the company has been entered into the register, the tax identification number (NIP), the amount of share capital (in the case of a joint stock company also the amount of paid-in capital),

20.9.2 contact details of the Network User,

20.9.3 the name and reference numbers of the entry and exit the bid relates to,

20.9.4 capacity (contracted capacity) offered,

20.9.5 in the case of a selling bid, the date from when the contracted capacity is offered for sale,

20.9.6 in the case of a bid for release of capacity, the date from when and up until when the capacity is to be released,

20.9.7 date by which the bid remains binding.

20.10 The bid should conform to the following requirements:

20.10.1 the Network User must have the title to the capacity being offered at the specified entry or exit points, in accordance with the capacity allocation (PP),

20.10.2 in the case of bids concerning the release of capacity – the term for which the capacity is offered for release should encompass full gas months,

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

20.10.4 The bid in the form consistent with the specimen posted on the TSO's website should be submitted to the TSO by e-mail to the following address: rynek.wtorny@gaz-system.pl, no later than fourteen (14) days prior to the date from which the capacity is offered to be sold, released or purchased.

20.11 In the event that the bid does not conform to the above requirements, the TSO reserves the right not to post the bid while at the same time informing the Network User of this fact in writing by e-mail to the address from which the offer was sent.

20.12 The TSO shall not be responsible for the content of the bids posted but it is responsible for the consistency of the bids posted with the form delivered by the Network User.

20.13 After the expiry of the binding date of the bid, the TSO shall remove the bid from the Bulletin Board for unused capacity.

20.14 In the event that the unused capacity is sold to a System User with whom the TSO has executed a transmission contract, the following procedure shall apply.

20.15 The declarations of the System Users shall be sent to the TSO concerning the sale of the capacity containing information on the physical entry and exit points where the capacity is to be sold and the capacity values at those points, in the form posted on the TSO’s website.

20.16 Annexes amending the capacity allocation (PP) for the respective entry and exit points and specifying the new contracted capacities at such points, in accordance with the provisions of the declaration on resale of capacity, signed unilaterally by the System Users, shall be sent to the TSO.

20.17 The documents referred to in point 20.15 and point 20.16 shall be sent by the System Users to the TSO by e-mail to the following address: rynek.wtorny@gaz-system.pl and by registered mail to the offices of the TSO.

20.18 When the resale of unused capacity (contracted capacity) is intended in other circumstances than specified in point 20.14, the purchasing entity shall execute a transmission contract with the TSO in accordance with the principles set out in point 6. In addition, the following documents shall be presented to the TSO:

20.18.1 a declaration on resale of capacity made by the Network User and the purchasing entity, which shall contain information on the physical entry and exit points at which the capacity is to be resold, as well as the amounts of

capacity (contracted capacity) at such points, in the form posted on the TSO's website.

20.18.2 application for capacity allocation (PP) of the purchasing entity,

20.18.3 an annex amending the capacity allocation (PP) signed by the Network User, specifying the physical entry or exit points, together with the new capacity (contracted capacity) values at these points, in accordance with the provisions of the declaration on resale of capacity.

20.19 The TSO shall assess the application capacity allocation (PP) in accordance with the procedures specified in point 7.6. In case when the application is accepted and the capacity allocation (PP) is made, the TSO shall execute the capacity allocation (PP) with the purchasing entity and an annex amending the capacity allocation (PP) with the Network User.

20.20 System congestion management in case of incompatibility of the off-take or deliveries of gaseous fuel with the Shippers' approved nomination:

20.20.1 The TSO shall schedule the operation of the transmission system on the basis of the nominations and re-nominations received from Shippers and transportation forecasts presented by DSOs, as referred to in point 20.22.1.

20.20.2 In the event that the quantities of gaseous fuel delivered for transmission and the quantities off-taken from the transmission system are inconsistent with the approved nominations and transportation forecasts, the TSO shall take additional steps to adjust the system's operation to the new conditions.

20.20.3 If the inconsistency between the actual volumes and the nomination exceeds the acceptable tolerance, as specified in point 15.2.24, the TSO shall apply additional charges in accordance with point 20.21.

20.21 The method of calculating the charges for inconsistency with the approved nominations

20.21.1 The charge for inconsistency with the daily quantities of gaseous fuel specified in the approved nomination at the exit point (ONWW) shall be calculated as follows:

20.21.1.1 the relative inconsistency with the nomination at the exit point (PNWW) shall be calculated according to the following formula:

$$PNWW = [MOD(NZ - I_G)/NZ] * 100\%$$

where:

MOD	*absolute value*
N_Z	*daily quantity of gaseous fuel specified in the approved nomination*
I_G	*daily quantity of gaseous fuel off-taken by the Shipper*

20.21.1.2 if PNW > 10%, the TSO shall calculate and apply a charge for the inconsistency with the nomination at the exit point, which shall be calculated according to the following formula:

$$ONWW = (PNWW - 10\%) * N_Z * 0{,}02 * CRG$$

where:

PNWW	*inconsistency with the nomination at the entry point,*
N_Z	*daily quantity of gaseous fuel specified in the approved nomination*
CRG	*Reference Gas Price*

20.21.2 In the event that the value of the daily quantity at the given exit point is nominated as zero (N_Z = 0), the TSO shall calculate and apply a charge for inconsistency with the nomination at an exit point (ONWW), which shall be calculated according to the following formula:

$$ONWW = I_G * 0{,}02 * CRG$$

where:

I_G	*daily quantity of gaseous fuel off-taken by the Shipper*
CRG	*Reference Gas Price*

20.21.3 The TSO shall not apply the charges for inconsistency with the approved nominations at exit points:

20.21.3.1 to a distribution area ($WPWY_{OSD}$);

20.21.3.2 when the inconsistency with the approved nominations occurred due to the reasons attributable to the TSO, including a failure in the transmission system of the TSO.

20.22 System congestion management in case of incompatibility of the off-take or deliveries of gaseous fuel with the DSO transportation forecasts.

20.22.1 DSOs shall provide a transportation forecast for each gas day for the interconnection physical points located at the interconnection between the transmission system and the distribution area.

20.22.2 The transportation forecast shall be provided by 14:00 hours of the gas day preceding the gas day it relates to.

20.22.3 In the transportation forecast the DSO shall specify the hourly quantities of gaseous fuel planned to be off-taken at each of the interconnection physical points at the interconnection between the transmission system and the distribution area.

20.22.4 The transportation forecast shall take into account the transition from summer to winter time and from winter to summer time when the gas day is longer or shorter by one (1) hour, as appropriate.

20.22.5 In the event of the DSO's failure to provide a transportation forecast, the transportation forecast shall be deemed to amount to zero (0).

20.22.6 The provision of point 15.4 shall apply, as appropriate, to the transportation forecast.

20.22.7 For each gas day, the difference between the daily quantity of gaseous fuel indicated by the DSO in the transportation forecast and the actual quantity of gaseous fuel delivered for transmission or off-taken at the point for which the transportation forecast is presented shall be determined.

20.22.8 If the difference referred to in point 20.22.7 exceeds 10 % of the daily quantity gaseous fuel indicated in the transportation forecast for the point, the DSO shall be subject to a charge calculated in accordance with the following formula:

20.22.8.1 The charge for inaccuracy of the transportation forecast (ONP) shall be calculated as follows:

$$ONP = (WTP - 10\%) * IPT * 0{,}01 * CRG$$

where:

WTP *relative inconsistency of the transportation forecast at the point,*

IPT *daily quantity of gaseous fuel indicated in the transportation forecast for the point,*

CRG *Reference Gas Price*

20.22.8.1.1 the relative inconsistency of the transportation forecast at a given point shall be calculated in accordance with the following formula:

$$WTP = [MOD(IPT - IZM)/IPT] * 100\%$$

where:

MOD *absolute value*

IPT *daily quantity of gaseous fuel indicated in the transportation forecast for the point,*

IZM *daily quantity of gaseous fuel measured at the point*

20.22.8.1.2 In case when the value of the transportation forecast at a given point was zero (IPT=0), the TSO shall apply the charge for inaccuracy of the transportation forecast at such point (ONP), which shall be calculated in accordance with the following formula:

$$ONP = IZM * 0{,}01 * CRG$$

where:

IZM *daily quantity of gaseous fuel measured at the point*

CRG *Reference Gas Price*

20.22.9 The DSO's Commercial Transmission Report containing the data to be used as the basis for the settlement in respect of congestion management under point 20.22 shall be compiled by 28th day of the month following the month such settlement relates to.

20.23 System congestion management in the event of the imbalance of the levels of deliveries and off-takes of gaseous fuel.

20.23.1 In situations when the Shipper's imbalance leads to the inability to maintain integrity of the transmission system after using the methods of regulation described in point 17.2, the TSO may introduce restrictions on the Shippers who have caused the situation of the shortfall or the excess of gaseous fuel in the transmission system:

20.23.1.1 on the acceptance of gaseous fuel for transmission at the entry points in a situation of excess gaseous fuel in the transmission system or

20.23.1.2 in the off-take of gaseous fuel from the transmission system at the exit points in the situation of a shortfall of gaseous fuel in the transmission system.

20.23.2 When introducing the restrictions specified in point 20.23.1, the TSO shall inform the Shipper of the timing of the start of the restrictions, their expected duration and the maximum hourly and daily ability to deliver gaseous fuel to or off-take gaseous fuel from the transmission system at a given point.

20.23.3 The restrictions introduced in accordance with point 20.23.1 shall be implemented by the Shipper in accordance with the information provided by the TSO through the reduction of their deliveries or off-takes of gaseous fuel to / from the transmission system.

20.23.4 The costs of the restrictions in the quantities of gaseous fuel, as well as the restoration of the transmission of the contracted quantities of gaseous fuel are borne by the Shipper.

20.23.5 Throughout the period of the restriction, the TSO shall be entitled to a charge as determined in accordance with the applicable Tariff.

20.23.6 In the event referred to in point 20.23.1.2 and when the measures available to the TSO are not sufficient for the maintenance of the stable operations of the transmission system, the TSO shall initiate the procedures described in point 22.2 and in point 22.4.

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

20.24.1 In situations where the relevant quality parameters of the gaseous fuel are not met at physical entry points, the TSO may introduce restrictions on the acceptance of gaseous fuel for transmission at the entry points and the off-

take at the exit points with respect to System Users on whose part circumstances resulting in such a situation have arisen.

20.24.2 When introducing the restrictions, TSO shall inform the System User of the starting time of the restrictions, their expected duration and the maximum hourly and daily ability to deliver gaseous fuel to or off-take gaseous fuel from the transmission system at the specified points.

20.24.3 The restrictions introduced in accordance with point 20.24.1 shall be implemented by the Network Users in accordance with the information provided by the TSO through the reduction of deliveries or off-takes of gaseous fuel to or from the transmission system. In the event when the System Users fail to conform to the restriction that is introduced, the TSO may suspend the acceptance of gaseous fuel into the transmission system.

20.24.4 In case when the gross calorific value of the gaseous fuel delivered by the Network User for transmission at a physical entry point is within the limit specified in point 3.3.1, the parties to the transmission contract shall not make any additional settlements in this regard.

20.24.5 In case when the gross calorific value of the gaseous fuel off-taken by the Network User at a physical exit point is within the limit specified in point 3.3.1, the parties to the transmission contract shall not make any additional settlements in this regard.

20.24.6 In case when the gross calorific value of the gaseous fuel delivered by the Network User for transmission at a physical entry point exceeds H_{SNmax}, the parties to the transmission contract shall not make any additional settlements in this regard. In such a case, the TSO is obliged to ensure that the gross calorific value of the gaseous fuel at the physical exit point is not lower than H_{SNmin}.

20.24.7 In case when the gross calorific value of the gaseous fuel delivered at a physical entry point is lower than $H_{SNmingr}$, where $H_{SNmingr}$ for respective systems is:

$H_{SNmingr}$	34.0 MJ/m^3 for the group E high methane gas system
$H_{SNmingr}$	30.0 MJ/m^3 for the Lw sub-group low-methane gas system

20.24.7.1 the Network User shall be subject to a charge, which is calculated according to the following formula:

$$O_{NCWgr} = I_{GI} * 2 * CRG *(1- H_{ZW}/H_{SNmingr})$$

where:

O_{NCWgr} *charge for an off-spec gross calorific value at a physical entry point [PLN]*

I_{GI} *quantity of gaseous fuel with off-spec gross calorific value that is delivered at the physical entry point*

CRG *Reference Gas Price*

H_{ZW} *actual gross calorific value of the gaseous fuel delivered at the physical entry point [MJ/m³]*

$H_{SNmingr}$ *minimum gross calorific value referred to in point 3.3.1[MJ/m³]*

20.24.8 In the event that group E gaseous fuel of a gross calorific value of more than $H_{SNmingr}$ amounting to 34 MJ/m^3, but less than H_{SNmin} amounting to 38.0 MJ/m^3, is delivered for transmission at a physical entry point, the Network User shall be subject to a charge in the amount calculated according to the following formula:

$$O_{NCW} = I_{GI} * CRG * (1 - H_{ZW}/H_{SNmin})$$

where:

O_{NCW} *charge for an off-spec gross calorific value at a physical entry point [PLN]*

I_{GI} *quantity of gaseous fuel with off-spec gross calorific value that is delivered at the physical entry point*

CRG *Reference Gas Price*

H_{ZW} *actual gross calorific value of the gaseous fuel delivered at the physical entry point [MJ/m³],*

H_{SNmin} *minimum gross calorific value referred to in point 3.3.1[MJ/m³].*

20.24.9 In case when the TSO agrees in writing to accept the delivery of group E gaseous fuel with the gross calorific value as specified in point 20.24.8, the charge for the delivery of such gaseous fuel into the transmission system shall amount to 50% of the charge referred to in point 20.24.8. The TSO's consent for the acceptance of gaseous fuel with reduced gross calorific value that lies within the range specified in point 20.24.8 at the physical entry point may only be expressed upon the Network User's written request, which is to be submitted at least 48 hours before the planned delivery of such gaseous fuel to the physical entry point.

20.25 The gross calorific value for billing purposes (H_{ZW}) shall be calculated as the arithmetic average of the values arising from the measurements taken by the TSO of the gross calorific value during the billing period at specified points in the transmission system.

20.26 Additional charges shall be imposed or discounts shall be granted if the gaseous fuel delivered to the transmission system at a physical entry point or off-taken at a physical exit point does not conform to the quality parameters specified in the table below.

Gaseous fuel quality characteristics	Unit of measure	Maximum acceptable value X_{SJNmax}
Hydrogen sulphide content*	mg/m3	7,0
Mercury fumes content*	µg/m3	30,0
Total sulphur content*	mg/m3	40,0

* The figures in the table refer to normal conditions.

20.26.1 If the gaseous fuel delivered by the Network User to the transmission system at a physical entry point does not conform to at least one of the quality parameters specified in point 20.26, the TSO shall be entitled to a charge from the Network User for each of the quality parameters in point 20.26 that is off-spec, except for the charge referred to in point 20.26.3, and such charge shall be calculated according to the following formula:

$$O_{NSJW} = I_{GI} * 2 * CRG * (X_{SJW} - X_{SJNmax}) / MOD(X_{SJNmax})$$

where:

O_{NSJW} *charge for an off-spec quality parameter [PLN]*

I_{GI} *quantity of gaseous fuel with the off-spec quality parameter that is delivered at the physical entry point*

CRG *Reference Gas Price*

MOD *Absolute value,*

X_{SJNmax} *the highest admissible value of the given quality parameter as set out in point 20.26,*

X_{SJW} *actual value of the quality parameter of the gaseous fuel delivered at the physical entry point*

20.26.2 The parties shall ensure an adequate level of water dew-point of the gaseous fuel delivered to the transmission system at physical entry points or off-taken at a physical exit point from the transmission system, in accordance with the following requirements:

20.26.2.1 maximum acceptable value of water dew-point (X_{STNmax}) for 5.5 MPa from 1 April until 30 September is +3.7 ºC (276.85 K),

20.26.2.2 maximum acceptable value of the water dew point (X_{STNmax}) for 5.5 MPa from 1 October until 31 March is -5 ºC (268.15 K).

20.26.3 In the event when the gaseous fuel delivered to the transmission system at a physical entry point is off-spec with regard to the parameters specified in point 20.26.2, the TSO shall be entitled to a charge from the Shipper in the amount calculated according to the following formula:

$$O_{NSTW} = I_{GI} * 0,1 * CRG * (X_{STW} - X_{STNmax}) / MOD(X_{STNmax})$$

where:

O_{NSTW} *charge for an off-spec water dew point parameter [PLN]*

I_{GI} *quantity of gaseous fuel with off-spec value of the water dew point parameter*

CRG *Reference Gas Price*

MOD *Absolute value,*

X_{STNmax} *the highest acceptable value of water dew point [K],*

X_{STW} *actual value of the water dew point of the gaseous fuel delivered at the physical entry point [K]*

20.26.4 The TSO shall be entitled to a charge from the Network User, which shall be calculated in accordance with the formula set out in point 20.26.1 or point 20.26.3 for each of the quality parameters referred to in point 20.26 or point 20.26.2. The above charge shall be calculated for each of the off-spec quality parameters individually.

20.26.5 In the event that the gross calorific value of the gaseous fuel off-taken at a physical exit point from the transmission system is less than $H_{SNmingr}$, as specified in point 20.24.7, the TSO shall grant the Network User a discount calculated according to the following formula:

$$B_{NCWgr} = I_{GI} * 2 * CRG * (1 - H_{ZW}/H_{SNmin})$$

where:

B_{NCWgr} *discount for an off-spec gross calorific value at a physical exit point from the transmission system,*

I_{GI} *actual quantity of gaseous fuel with off-spec gross calorific value that is off-taken at the physical exit point from the transmission system*

CRG *Reference Gas Price*

H_{ZW} *actual gross calorific value of the gaseous fuel off-taken at the physical exit point from the transmission system [MJ/m³]*

H_{SNmin} *minimum gross calorific value referred to in point 3.3.1[MJ/m³].*

20.26.6 If the TSO delivers, without the Network User's consent, group E gaseous fuel with a gross calorific value greater than $H_{SNmingr}$ equal to 34.0 MJ/m^3, but less

than H_{SNmin} equal to 38.0 MJ/m^3, to a physical exit point from the transmission system, the TSO shall grant the Shipper a discount calculated according to the following formula:

$$B_{NCW} = I_{GI} * CRG * (1- H_{ZW}/H_{SNmin})$$

where:

B_{NCW} *discount for an off-spec gross calorific value at a physical exit point from the transmission system [PLN]*

I_{GI} *actual quantity of gaseous fuel with off-spec gross calorific value that is off-taken at the physical exit point from the transmission system*

CRG *Reference Gas Price*

H_{ZW} *actual gross calorific value of the gaseous fuel off-taken at the physical exit point from the transmission system [MJ/m³]*

H_{SNmin} *minimum gross calorific value referred to in point 3.3.1[MJ/m³].*

20.26.7 If the gross calorific value, H_{ZW}, of the gaseous fuel delivered by the TSO at a physical exit point is greater than H_{SNmax}, as referred to in point 3.3.1, the transmission contract shall be deemed properly performed and the parties shall not make any additional settlements in this regard.

20.26.8 If the Network User agrees in writing to accept gaseous fuel with reduced gross calorific value, the Network User shall be entitled to a 50% discount for the quantity of gaseous fuel accepted, as referred to in point 20.26.6.

20.26.9 If the gaseous fuel delivered by the TSO at a physical exit point is off-spec with respect to at least one of the quality parameters specified in point 20.26, the TSO shall grant the Network User a discount in respect of each of the quality parameters referred to in point 20.26 that is off-spec, except for the discount referred to in point 20.26.11, and such discount shall be calculated according to the following formula:

$$B_{NSJW} = I_{GI} * 2 * CRG * (X_{SJW} - X_{SJNmax}) / MOD(X_{SJNmax})$$

where:

B_{NSJW} *discount for the exceeding the given quality parameter at the exit point from the transmission system [PLN]*

I_{GI} *quantity of gaseous fuel with off-spec given quality parameter that is delivered at a physical exit point from the transmission system*

CRG *Reference Gas Price*

MOD *Absolute value,*

X_{SJNmax} *the highest admissible value of the given quality parameter as set out in point 20.26,*

X_{SJW} *actual value of the given quality parameter of gaseous fuel delivered at the physical exit point from the transmission system*

20.26.10 The TSO shall grant the Network User a discount, which is calculated in accordance with the formula set out in point 20.26.9 with respect to each of the quality parameters referred to in point 20.26. This discount shall be calculated for each of the off-spec quality parameters individually.

20.26.11 In the event when the gaseous fuel transported by the TSO for off-take at a physical exit point from the transmission system is off-spec with regard to the parameters specified in point 20.26.2, the TSO shall grant a discount to the Network User, which shall be calculated according to the following formula:

$$B_{NSTW} = I_{GI} * 0,1 * CRG * (X_{STW} - X_{STNmax}) / MOD(X_{STNmax})$$

where:

B_{NSTW} *discount for an off-spec water dew point parameter [PLN],*

I_{GI} *quantity of gaseous fuel with off-spec water dew point parameter that is delivered at the physical exit point from the transmission system*

CRG *Reference Gas Price*

MOD *Absolute value,*

X_{STNmax} *the highest acceptable value of water dew point [K],*

X_{STW} *actual value of the water dew point of the gaseous fuel delivered at the physical exit point [K]*

20.26.12 In calculating the water dew point for different pressures the tables found in Appendix A to the Polish Standard PN-C-04752 should be applied.

20.26.13 In the event of any reservations regarding the quality of gaseous fuel transported, the Network User or the TSO may demand that such quality is analysed at an independent research laboratory that has accreditation of a certifying unit obtained in accordance with separate regulations. In the event that it is found that the quality of the gaseous fuel complies with the parameters specified in point 3.3.1 or point 20.26 or point 20.26.2, the costs of shall analysis shall be covered by the entity demanding that the analysis is performed, otherwise the costs of the analysis are covered by the other party.

20.27 The parties are required, in the event of assessing the capacity of transporting gaseous fuel of an inadequate quality, to immediately inform the other party of the possibility of such a situation occurring.

20.27.1 In the event of failing to maintain the minimum delivery pressure at a physical entry point to the transmission system, the TSO is entitled to a charge from the Network User on this account, and the amount of such charge shall be calculated according to the following formula:

$$O_{NMC} = 0{,}0004\sum_{i-1}^{n}\left(I_{GI}\cdot\Delta p_i\right)$$

where:

O_{NMC} *charge for an off-spec minimum pressure of the contractual capacity at the entry point [PLN],*

I_{GI} *quantity of gaseous fuel delivered at the physical entry point during the day when the contractual pressure parameter was off-spec*

Δp_i *difference between the average daily pressure of the gaseous fuel delivered at the physical entry point to the transmission system and the contractual pressure [MPa]*

N *gas days in which the contractual pressure parameter was off-spec*

20.27.2 In the event of a failure to maintain adequate pressure of the supply in the physical entry point to the transmission system, the TSO may request the Network User, apart from the charge specified in point 20.27.1, to cover the amounts of compensation or discounts that the TSO paid to other Network User on the account of the failure to maintain the pressure at the physical exit points.

20.27.3 In the event of a failure to maintain the minimum supply pressure at a physical entry point to the system, the TSO may impose restrictions on the acceptance of gaseous fuel at the physical entry point and offtake at physical exit points with respect to the System User on whose side the circumstances causing such a situation arose, to a level that enables it to maintain the minimum pressures specified for the relevant point on the TSO's website.

20.27.4 When imposing the restrictions, the TSO shall provide the System User with information on the starting date of the restrictions and their duration, as well as the maximum hourly and daily capabilities for the supply of gaseous fuel to and its off-take from the transmission system at the specified physical entry and exit points. In the event that the TSO provides the information on restrictions or total interruption in the performance of the gas transmission services, the System User, within two (2) hours of obtaining such information, shall be required to adjust the nomination at a given point and correspondingly at the remaining entry and exit points and to submit re-nominations to the TSO.

20.27.5 The restrictions introduced pursuant to point 20.27.3 shall be implemented by the System User according to the information submitted pursuant to point 20.27.4. In the event when the System User fails to conform to a restriction imposed on it, the TSO may interrupt the acceptance of gaseous fuel into the transmission system and its delivery at the exit points.

20.27.6 In case when contracts for multiple Shippers are executed at a given point, the charges referred to in point 20.24, point 20.26 and point 20.27 shall be divided

among the Shippers in proportion to the approved nominations of each of them at such point.

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

21.1 General provisions

21.1.1 The Exchange Information System (EIS) shall serve for the exchange of information related to the provision of transmission services between the TSO and the Network Users and OPRs, including the Shippers and the Network Users.

21.1.2 Detailed information concerning the access to the EIS, its operation, content and functionality shall be described in the user manual available at www.gaz-system.pl

21.1.3 Electronic exchange of information related to the performance of the concluded transmission contracts shall be based on the electronic document interchange standard (EDI), in the version prepared for the gas industry, named EDIG@S version 4.0 (as described in the document entitled Edig@s Message Implementation Guidelines, which is available through the website www.edigas.org).

21.1.4 The file formats are described in detail on the TSO's website. Information on the modification of the requirements applicable to the files to be transferred shall be announced on the website six months in advance.

21.2 Method of information interchange

21.2.1 The interchange of the files referred to in point 21.1.3 shall take place by e-mail or through the Internet.

21.2.2 The TSO, DSO, OPR, SSO, the owner of the storage facilities and the Shipper shall ensure protection and integrity of the files transferred.

21.3 The responsibility for the form and content of the information of the documents rests with the party sending the document.

21.4 Information provided by the TSO

21.4.1 The TSO shall publish the full wording of the TNC on its website, which contains standard terms and conditions specifying the rights and obligations of the System User.

21.4.2 The TSO shall publish the relevant information, as required under the legal regulations, and specifically the data concerning entry and exit points, as agreed with the competent authorities.

21.4.3 The TSO shall publish the transmission system chart, together with a list of entry and exit points on its website.

21.4.4 The TSO shall notify the System Users of any events that could have an impact on the provision of gas transmission services, as well as the operation of interoperating systems, including changes in the timing of work and the timing of previously unscheduled work.

21.4.5 The TSO shall advise the ISO of the nomination and re-nomination received from the Shipper in order to confirm the possibility of performing them in the interconnecting system.

21.4.6 The TSO shall send to the Shipper, by the twenty eighth (28^{th}) day of the following month, an electronic communication with the following billing data concerning the current gas month:

21.4.6.1 daily quantities of gaseous fuel delivered and off-taken at the respective entry and exit points,

21.4.6.2 information on the difference between the daily quantities of gaseous fuel in the approved nominations and the quantities of gaseous fuel delivered and off-taken at the respective entry and exit points,

21.4.6.3 daily imbalance by gas day,

21.4.6.4 values of DLN overruns, if any.

21.4.7 The TSO shall advise the Network User of the average pressure of gaseous fuel supply for each month in the gas month, by entry point.

21.4.8 The TSO shall provide the DSO with billing data for interconnection physical entry and exit points operated by the TSO and located at the interconnection of the transmission and distribution network, in accordance with the schedule set out in point 16.2.9, as well as operational data for the previous gas day by 08:00 am.

21.4.9 The value of the parameters referred to in point 21.4.8 is determined based on the measurements taken at points of the transmission system designated by the TSO.

21.4.10 The TSO shall present HRP_{OSD} to the DSO.

21.5 The information referred to in points from 21.4.5 to 21.4.9 shall be provided in formats specified by the TSO.

21.6 Information provided by the DSO

21.6.1 DSOs shall provide the following information to the TSO:

21.6.1.1 transportation forecast referred to in point 20.22,

21.6.1.2 information on the results of the verification of the nomination and re-nomination matching in interoperating systems, in accordance with point 15.5.2 and point 15.5.3, to the extent such verification is made,

21.6.1.3 information on quantities or volumes of gaseous fuel allocated to individual Shippers in accordance with point 16.2.10,

21.6.1.4 together with a curtailment plan applicable to the Customers connected to the distribution system, as approved by the President of ERO, the DSO shall provide the following information concerning the Customers covered by such plan: rank number in the curtailment plan, Customer name and registered address together with postal code, Customer's REGON number, name and address of the connected plant (off-take point for gaseous fuel), type of business activity, contracted capacity and a list of

interconnection physical exit points from the TSO's transmission system that are or may be used for supplying gaseous fuel to the Customer,

21.6.1.5 curtailment plans for individual Customers and the degrees of supply rationing, after their approval by the President of ERO, containing updated schedules with the daily and hourly quantities,

21.6.1.6 the total daily quantities of gaseous fuel used in the previous month by Customers covered by curtailment plans prepared by the DSO, broken down by types of gaseous fuel, by the tenth (10^{th}) day of each month,

21.6.1.7 during the period of applicability of the restrictions introduced by the Council of Ministers under the procedure of Article 56 of the Stockpiling Act, the DSO shall report the daily quantities of gaseous fuel for the previous gas day for the individual Customers covered by the curtailment plan prepared by the DSO, each day by 10am,

21.6.1.8 a notification on the occurrence of a disruption in the DSO's system, which could affect the conditions of the off-take of gaseous fuel from the TSO system, containing information on the reason for the occurrence of disruptions, their expected duration, the reduction in capacity at the points of interconnect with the TSO system, the values of the parameters that are off-spec with respect to the contractual conditions and a confirmation of the revised nominations arising from the disruptions.

21.6.2 The DSO shall deliver to the TSO, by the third (3^{rd}) business day of the following month, the necessary information concerning the stations that comprise the substitute exit points, which is required for the billing for the gas transmission services, i.e. the measurement data obtained from the facilities of the gas stations including the daily, monthly and hourly quantities and volumes of transmitted gaseous fuel.

21.6.3 The data referred to in point 21.6.1.6 and point 21.6.1.7 shall be delivered to the TSO electronically, in the file format specified by the TSO in the agreements referred to in point 3.8 and 3.9.

21.6.4 The DSO shall immediately inform the dispatcher service of the TSO of any failure of the distribution network that influences or may influence the functioning of the transmission network, and such notification shall in any case be made within four (4) hours of its occurrence.

21.7 Information to be provided by the SSO

21.7.1 SSOs shall supply the following to the TSO:

21.7.1.1 information on the matching of the nominations and re-nominations at the exit / entry points connected to the storage facilities in accordance with the provisions of point 15.5.2 and point 15.5.3,

21.7.1.2 at the request of the TSO within seven (7) days, the profiles of injection and withdrawal from the storage facilities and their updates,

21.7.1.3 telemetry data on pressure, quantity, volume and quality of the gaseous fuel injected to and withdrawn from the storage facilities,

21.7.1.4 data on the quantity of gaseous fuel withdrawn from and injected into storage on the previous gas day and the balance of the working volume of the storage facility for the previous gas day by 09:00 am of every day,

21.7.1.5 a notification on the occurrence of disruptions in the operation of the storage facilities, when such disruptions could affect the conditions under which these facilities interoperate with the transmission system, containing information on the reason for the occurrence of the disruptions, their expected duration, the reduction in capacity at the points of interconnect with the TSO system, the values of the parameters that are off-spec with regard to the contractual conditions and a confirmation of the revised nominations arising from the disruptions,

21.7.1.6 information on work planned in the storage facilities, when such work could affect the conditions under which these facilities interoperate with the transmission system, in order to agree the possible timing and duration of the work with TSO.

21.7.1.7 Information on the owners and the daily quantities of gaseous fuel withdrawn from the storage facilities, within seven (7) days of the day when the compulsory stocks of gaseous fuel referred to in the Stockpiling Act are mobilized, on the basis of the information submitted by the TSO pursuant to point 22.2.6.

21.7.2 In addition, in case when the SSO makes an allocation at entry/entry points associated with storage facilities, it shall provide the TSO with information on the quantities of gaseous fuel assigned to individual Shippers.

21.8 Information to be provided by the Shippers.

21.8.1 The Shippers supply the following to the TSO:

21.8.1.1 nominations and re-nominations of the quantity of gaseous fuel in accordance with the provisions of point 15.3 and 15.4,

21.8.1.2 information on any disruptions on the part of the Shipper’s Customers and suppliers, which could affect the operating conditions of the TSO's transmission system, including the reason for the occurrence of such disruptions, their expected duration, the reduction in capacity at the points of interconnect with the TSO system, the values of the parameters that are off-spec with respect to the contractual conditions and a confirmation of the revised nominations arising from the disruptions,

21.8.1.3 information on the security of gas supply measures available to the Shipper, as referred to in Annex II to Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC, as regards:

21.8.1.3.1 supply-side measures:

21.8.1.3.1.1 increased production flexibility,

21.8.1.3.1.2 increased import flexibility,

21.8.1.3.1.3 facilitating the integration of gas from renewable energy sources into the gas network infrastructure,

21.8.1.3.1.4 commercial gas storage — withdrawal capacity and volume of gas in storage,

21.8.1.3.1.5 diversification of gas supplies and gas routes,

21.8.1.3.1.6 use of long-term and short-term contracts,

21.8.1.3.1.7 contractual arrangements to ensure security of gas supply,

21.8.1.3.2 demand-side measures:

21.8.1.3.2.1 use of interruptible contracts,

21.8.1.3.2.2 fuel switch possibilities including use of alternative back-up fuels in industrial and power generation plants,

21.8.1.3.2.3 voluntary reduction of gas offtake,

21.8.1.3.2.4 increased efficiency,

21.8.1.3.2.5 increased use of renewable energy sources.

21.8.1.3.3 expected impact of the implementation of the above measures.

21.8.1.4 information on the Shipper’s Customers directly connected to the TSO's transmission system that are subject to the restrictions in the supply and off-take of the gaseous fuels – by 31 July of every year. This information should contain the Customer’s name and address, the identification of the exit point to which the given Customer is connected, as well as the contracted capacity,

21.8.1.5 information on the level of compulsory stocks and the characteristics of the storage facility pursuant to point 22.6,

21.8.1.6 information on the level of compulsory stocks of gaseous fuel, as verified or established under a decision of the President of ERO by 15 June of every year.

21.8.1.7 the actual level of compulsory stocks of gaseous fuel held and the location of their storage, based on the status as at the 15th September – by 20th September of every year.

21.8.1.8 operating procedures prepared pursuant to point 22.4.1.

21.8.2 The Shipper shall provide the TSO with the following information from the entry points to the transmission system, which are not utilised by the TSO, by the 3rd business day of the following month:

21.8.2.1 measurement data, containing the hourly, daily and monthly quantities (expressed in energy and volume units) and the delivery pressure of the gaseous fuel delivered for transmission,

21.8.2.2 average monthly gross calorific value of gaseous fuel, total sulphur content and the values of water dew point, if available.

21.8.3 The information referred to in points from 21.8.1 to 21.8.2 shall be provided in formats specified by the TSO.

22 PROCEDURES APPLICABLE IN EMERGENCY SITUATIONS

22.1 An emergency situation in the transmission system

22.1.1 In case of an emergency situation resulting in a threat to the security of the transmission system operation, the TSO shall take immediate action to eliminate the emergency situation and to restore proper operation of the transmission system.

22.1.2 In case of an emergency situation resulting in a shortage of gaseous fuel in the transmission system, the TSO shall, in particular, take the following actions:

22.1.2.1 take advantage of the regulatory instruments referred to in point 17.2,

22.1.2.2 take the necessary steps in cooperation with the interested entities, as specified in point 22.2 and point 22.4.

22.1.3 If the measures referred to in point 22.1.2 prove inadequate, the TSO shall report to the competent minister for the economy the necessity to impose restrictions in accordance with Article 53 in connection with Article 56 of the Stockpiling Act.

22.1.4 The TSO shall immediately inform the System Users, final Customers taking the gaseous fuel directly from the transmission system and the interoperating system operators that an emergency situation has taken place, which could affect the operation of their facilities, installations or networks and, in particular, of the expected duration and extent of the restrictions in the transmission of gaseous fuel.

22.1.5 In case of an emergency situation, the TSO shall not accept gaseous fuel for transmission or shall not deliver gaseous fuel to an exit point, if this could result in a threat to security of the transmission system operation, human health or lives or the environment, or could cause damage to property, and the TSO shall immediately inform the Shipper thereof.

22.1.6 In an emergency situation, the System Users shall be obliged to cooperate with the TSO to the necessary extent.

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

22.2 Procedure for mobilization of additional deliveries of gaseous fuel.

22.2.1 In case of disruptions in the supply of gaseous fuel, unexpected increase in its consumption, or in the event of a sudden, unexpected damage or destruction of facilities, installations or networks resulting in an interruption in their use, or their loss of their characteristics, which presents a threat to the security of the transmission system operation, the TSO shall take steps, in cooperation with the energy companies engaged in activity in respect of the importation of gaseous fuel for its subsequent resale to customers, other operators of gas systems, as well as Shippers, in order to ensure or restore proper operation of the transmission system.

22.2.2 In the cases referred to in point 22.2.1:

22.2.2.1 an energy company engaged in business activity in respect of the importation of gaseous fuel for its subsequent resale to customers, operators of storage facilities and natural gas liquefaction facilities, as well as entities responsible for the dispatch of the capacity in storage facilities and LNG facilities are required to remain in a state of readiness for the mobilization of compulsory stocks of gaseous fuel,

22.2.2.2 the TSO shall immediately inform the energy company engaged in business activity in respect of foreign trade and supply of gaseous fuel importers of gaseous fuel of the necessity and date of the mobilization of the compulsory stocks of gaseous fuel,

22.2.2.3 the energy company engaged in business activity in respect of the importation of gaseous fuel for its subsequent resale to customers and Shippers shall be required to comply with the instructions of the TSO.

22.2.3 The TSO shall mobilize compulsory stocks of gaseous fuel after obtaining the relevant approval from the competent minister for the economy. The mobilization of the compulsory stocks of gaseous fuel shall be effected through an instruction given by the TSO to the SSO specifying the required hourly quantities of gaseous fuel that need to be delivered to the transmission system from designated storage facilities.

22.2.4 In case when the nominations do not match the demand for gaseous fuel in the transmission system, the TSO shall have the right to instruct the Shipper to mobilize any additional volumes of gaseous fuel held in storage facilities pursuant to Article 51 item 2 clause 3 of the Stockpiling Act, and such instruction shall be communicated to the relevant SSO.

22.2.5 The TSO shall inform the Shipper of the mobilization of compulsory stocks for its benefit on the day of such mobilization. This information shall be passed on to the Shipper's dispatcher services via electronic means or by fax.

22.2.6 The TSO shall inform the SSO of the total quantity of the compulsory stocks mobilized from its storage facilities by 12.00 (noon) on the following day.

22.2.7 Immediately after obtaining the information from the SSO concerning the owners and quantities of gaseous fuel withdrawn from the storage facilities, the TSO shall pass on this information to:

22.2.7.1 the DSO whose shippers are concerned by this information,

22.2.7.2 the energy companies engaged in business activity in respect of the importation of gaseous fuel for its subsequent resale to customers that have the title to the off-taken gaseous fuel,

22.2.7.3 the Shippers for the benefit of whom the additional deliveries of gaseous fuel were mobilized.

22.2.8 The settlements between the owners of the gaseous fuel and the entities for the benefit of whom the additional deliveries of gaseous fuel were mobilized shall take place under the principles specified in Article 52 of the Stockpiling Act.

22.2.9 In the event of the mobilization of the compulsory stocks of gaseous fuel, the energy company engaged in business activity in respect of the importation of

gaseous fuel for its subsequent resale to customers shall be required to replenish such stocks up to the level established pursuant to Article 25 item 2 or item 5 of the Stockpiling Act within four (4) months, counting from the end of the month in which the additional supplies were mobilized. The Shipper shall inform the TSO about the replenishment of the compulsory stocks immediately after such replenishment.

22.2.10 In the event that the Shipper obtains an approval from the competent minister for economy for an extension of the period of compulsory stock replenishment in accordance with Article 26 item 4 of the Stockpiling Act, the Shipper shall immediately notify the TSO of such extension.

22.3 An emergency situation in an installation of the Shipper's Customer or supplier or in an interoperating system

22.3.1 In the event of an emergency situation that has occurred at a facility of the Shipper’s Customer or supplier or in an interoperating system, which could lead to restrictions in the delivery of gaseous fuel for transmission, or its off-take, the party to the transmission contract that is the first to become aware of such fact, shall immediately inform the other party thereof. The Shipper shall immediately advise the TSO of the expected duration and scope of restrictions.

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

22.4 Cooperation between the Shipper and the TSO in the event of a threat to energy security

22.4.1 The Shipper shall prepare operating procedures in the event of the occurrence of disruptions in the supply of gaseous fuel and, in particular, in the event of the unexpected increase in consumption of gaseous fuel by Customers, the occurrence of disruptions in the deliveries of gaseous fuel and the occurrence of an emergency situation in an installation belonging to the Shipper’s Customer or supplier. The procedures and their updates shall be immediately presented to the TSO, and in any case not later than within fourteen (14) days of the day of concluding the transmission contract or fourteen (14) days of the day of updating the procedure.

22.4.2 In case of any disruption in the supply of gaseous fuel to the transmission system or in the event of the unexpected increase in the consumption of gaseous fuel by the Shipper’s Customers, the Shippers take measures to counteract such threat, including specifically the measures described in the operating procedures referred to in point 22.4.1. Furthermore, the Shippers engaged in the trading of gaseous fuels shall immediately inform the TSO of the potential occurrence of a threat to energy security in a specific area of the country, or a threat to the safety of people or a risk of significant material losses.

22.4.3 Once all the measures have been taken with a view to satisfying the demand of their Customers for gaseous fuel, the Shipper shall inform the TSO of the circumstances referred to in point 22.4.2 and the measures taken in order to ensure the security of gas supply to its Customers, or the inability to ensure such security, sufficiently early for any measures aimed at ensuring the

security of supply of gaseous fuel to the Customers and proper operation of the transmission system to be taken.

22.4.4 After receiving the notification referred to in point 22.4.3 or in the event of a sudden, unexpected damage or destruction of equipment, facilities or networks resulting in an interruption in their use or the loss of their characteristics, which presents a threat to the security of the transmission system operation, the TSO shall undertake the necessary measures in order to ensure or restore proper functioning of such system, including in particular the measures described in point 22.2.

22.4.5 If, in the judgement of the TSO, the measures referred to above would not restore national fuel security in respect of gaseous fuel, the TSO, of its own initiative or on the grounds of information obtained from the Shipper, shall report to the competent minister for the economy on the necessity of introducing restrictions in gas off-take in accordance with the relevant curtailment plans.

22.4.6 During the period of restrictions in gas off-take, which may introduced by the Council of Ministers in accordance with the provisions of the Stockpiling Act, the TSO shall:

22.4.6.1 perform the duties connected with the introduction of restrictions by defining and announcing the degrees of supply rationing, according to the curtailment plan,

22.4.6.2 coordinate the actions of energy companies engaged in business activity in respect of trade and supply of gaseous fuel, DSOs, SSOs, LNG system operators in order to ensure the security of the transmission system and the implementation of the restrictions in gas off-take,

22.4.6.3 have at its disposal the entire capacity and volume of storage facilities and natural gas liquefaction facilities connected to the transmission system,

22.4.7 In its nominations, the Shipper shall take account of the restrictions that have been introduced in accordance with the provisions of Stockpiling Act.

22.4.8 The Shipper shall inform and commit to implementing the restrictions in gas off-take by the Shipper’s Customers located downstream of the exit points that are subject to the restrictions.

22.4.9 The Shipper shall inform and commit to implementing the restrictions in the delivery of gaseous fuel the Shipper’s suppliers that deliver gaseous fuel to the physical entry points that are subject to the restrictions.

22.5 Preparation and implementation of the curtailment plan.

22.5.1 Curtailment plans shall specify the maximum hourly and daily quantities of gaseous fuel off-take by particular Customers connected to the transmission system, for each level of supply rationing.

22.5.2 The Customers and Shippers being Customers taking gaseous fuel from the transmission system that are subject to restrictions in gas off-take, shall inform the TSO by 31 July each year, of the minimum quantity of gaseous fuel the off-

take of which does not constitute a threat to the safety of people and does not result in damage or destruction of any process facilities and corresponds to the maximum allowable off-take of gaseous fuel under the 10th degree of supply rationing.

22.5.3 The Shipper shall be required to provide the TSO, by 31 July, with information on the Shipper's Customers that are subject to restrictions in gas off-take, pursuant to the Stockpiling Act, and are connected to the TSO's transmission system.

22.5.4 The TSO may verify the information provided by the Customers concerning the minimum quantity of gaseous fuel the off-take of which does not constitute a threat to the safety of people and the damage or destruction of process facilities.

22.5.5 The verification shall be performed, at the request of the TSO, by certified auditors in the field of the energy industry, upon providing their certification and after supplying the company or person authorised thereby, with the authorisation to conduct the audit on the operations of the company issued by the operator.

22.5.6 The minimum hourly quantities of gaseous fuel the off-take of which does not result in a threat to the safety of people and which does not result in damage or destruction to the process facilities, as specified during the verification, shall be introduced to the curtailment plan as corresponding to the 10th degree of supply rationing.

22.5.7 After the curtailment plan has been approved by the President of ERO, the TSO shall inform the Shipper referred to in point 22.5.3 and the customers referred to in point 22.5.2 of the respective maximum quantities of gaseous fuel off-take under each degree of supply rationing that was established for them in the approved curtailment plan.

22.5.8 The maximum quantities of gaseous fuel under the specific degrees of supply rationing, as established in the approved curtailment plans shall become an integral part of the transmission contract.

22.5.9 Shippers and the Customers referred to in point 22.5.3 shall observe the restrictions of the gaseous fuel off-take putting a limitation on the maximum hourly and daily quantity of gaseous fuel to be off-taken pursuant to the announcements of the TSO published in the manner and under the principles specified in the Act on reserves.

22.5.10 DSOs or the companies fulfilling the function of operators, at the request of the TSO, shall provide the TSO with data for the daily off-take of gaseous fuel by Customers covered by the curtailment plans by the tenth (10th) day of every month for the previous month.

22.5.11 DSOs and the companies fulfilling the function of operators shall submit curtailment plants to the TSO within fifteen (15) days of their approval by the President of ERO.

22.6 Verification of the capability of delivering the compulsory stocks of gaseous fuel to the transmission system

22.6.1 The Shipper and other entities responsible for the determination of the level of compulsory stocks of gaseous fuel under the procedure of Article 25 item 1 and 2 of the Stockpiling Act, shall inform the TSO of:

22.6.1.1 volumes of compulsory stocks verified by the President of ERO, and

22.6.1.2 characteristics of the storage facility where the compulsory stocks of gaseous fuel are to be held, specifying:

22.6.1.2.1 interconnection physical entry ($MFPWE_{OSM}$) and exit points ($MFPWY_{OSM}$) through which the storage facility is connected to the transmission system,

22.6.1.2.2 quantities or volumes of gaseous fuel constituting compulsory stocks held in each storage facility,

22.6.1.2.3 the total utilised working volume of the relevant storage facility.

22.6.2 Entities that begin imports of gaseous fuel, with respect to whom the level of the compulsory stocks is determined under the procedure of Article 25 item 5 of the Stockpiling Act, shall inform the TSO of:

22.6.2.1 volume of compulsory stocks established by the President of ERO, and

22.6.2.2 characteristics of the storage facility where the compulsory stocks of gaseous fuel are to be held, specifying:

22.6.2.2.1 interconnection physical entry ($MFPWE_{OSM}$) and exit points ($MFPWY_{OSM}$) through which the storage facility is connected to the transmission system,

22.6.2.2.2 quantities or volumes of gaseous fuel constituting compulsory stocks held in each storage facility,

22.6.2.2.3 the total utilised working volume of the relevant storage facility.

22.6.3 The TSO shall advise the entity that provides the information referred to in point 22.6.1 or point 22.6.2 whether the technical parameters of a storage facility ensure the capabilities for delivering the compulsory stocks of gaseous fuel to the transmission system within a period that does not exceed forty (40) days, and such response shall be given within fourteen (14) days of the date of receiving the relevant information.

22.6.4 In the event when it is determined that the technical parameters of storage facilities do not ensure the capabilities for delivering the compulsory stocks of gaseous fuel to the transmission system within a period that does not exceed forty (40) days, the TSO shall also notify this fact to the President of ERO, such notification to be made within seven (7) days of discovering the above situation.

23 TRANSITORY, ADAPTING AND FINAL PROVISIONS

23.1 The day of the approval of this TNC by the President of ERO falls in the course of a gas year that ends at 6.00 am on 1 January 2013. The subsequent gas year in the meaning of this TNC shall be shortened and shall commence on 1 January 2013 and last until 30 September 2013.

23.2 In the capacity offering procedure for the gas year 2012 firm capacity shall only be allocated for the period from 1 January 2012 until 30 September 2013. Applications for revision of the contracted capacity shall cover the gas year running from 1 January 2013 until 30 September 2013.

23.3 Each subsequent gas year falling after 30 September 2013 shall commence from 1 October of the current year and shall last until 1 October the following year, pursuant to the definition stipulated in point 1.1.

23.4 Contract for the performance of transmission services concluded under the principles applicable hitherto shall become transmission contracts in the meaning of this TNC on the effective date of all the provisions of this TNC. The content of the transmission contract, capacity allocation (PP) or transmission ability allocation (PZ) for each FPWE and FPWY or PWE and PWY for which the transmission service was rendered under an existing contract for the performance of transmission services shall be confirmed in writing by the Parties.

23.5 Within twenty-one (21) days of the publication of this TNC in the ERO Bulletin, the TSO shall present the Shipper with a proposal for a transmission contract which shall, as applicable, amend or incorporate the existing gas transmission contracts, whose wording shall amend or incorporate, as appropriate, the existing gas transmission contracts, enabling them to be replaced by a single transmission contract for each Shipper consistent with the objectives of this TNC, and without prejudice to their rights and obligations under the existing contracts. The concluded transmission contracts shall include capacity allocations (PP) and transmission ability allocations (PZ), which shall stipulate the contracted capacity and the term in accordance with the existing contracts (separately for FPWE/PWE and FPWY/PWY), subject to point 23.7 and point 23.8.

23.6 The Shipper shall sign and return to the TSO the transmission contract which is compliant with the proposal presented by the TSO pursuant to point 23.5, within twenty one (21) days of the day it was received. The provision of Article 68^2 of the Polish Civil Code shall apply, as appropriate.

23.7 Under the contract referred to in point 23.5 the Shipper shall become entitled to transmission ability at the exit point to a distribution area ($WPWY_{OSD}$), corresponding to the aggregate capacity currently held by the Shipper for interconnection exit points to the distribution area ($MFPWY_{OSD}$) for which the existing contract(s) was (were) concluded, no greater, however, than the capacity ordered by the DSO for all the $MFPWY_{OSD}$ for the relevant distribution area. The Shipper shall become entitled to transmission ability at the entry point from a distribution area ($WPWE_{OSD}$) corresponding to the aggregate capacity currently held by the Shipper for the points covered by the existing contract(s), no greater, however, than the capacity ordered by the DSO for all the $MFPWE_{OSD}$ for the relevant distribution area.

23.8 Under the contract referred to in point 23.5 the Shipper shall become entitled to transmission ability at the exit and entry point to/from a storage facility (PWE_{OSM}, PWY_{OSM}), corresponding to the capacity (contracted capacity) currently held by the Shipper for the relevant point for which the existing contract was concluded, no greater, however, than the capacity (contracted capacity) acquired by the SSO for the $MFPWE_{OSM}$ and $MFPWY_{OSM}$.

23.9 The distribution system operator that is connected to the transmission system and provides distribution services in a distribution area shall be obliged to conclude an ITC constituting the basis for the capacity allocation mentioned in point 7.1.5 for the period from the effective date of all the provisions of this TNC until the end of the gas year 2012, and to submit an application for capacity allocation (PP) at $MFPWE_{OSD}$ and $MFPWY_{OSD}$ no later than by 30 August 2012.

23.10 The storage system operator shall be obliged conclude an ITC constituting the basis for the capacity allocation mentioned in point 7.1.6 for the period from the effective date of all the provisions of this TNC until the end of the gas year 2012, and to submit an application for capacity allocation at $MFPWE_{OSM}$ and $MFPWY_{OSM}$ no later than by 30 August 2012.

23.11 The agreements regulating the detailed terms and conditions of the cooperation with the operator of another transmission system and with the operator of a physical entry point from a domestic source, concluded under the currently applicable terms and prior to the effective date of all the provisions of this TNC shall be subject to adaptation to the requirements specified in point 3.8. For this purpose, the Parties shall sign agreements pursuant to the requirements stipulated in point 3.8 within six (6) months of the effective date of all the provisions of this TNC.

23.12 The agreements regulating the detailed terms and conditions of the cooperation with a distribution system operator and a storage system operator concluded under the currently applicable terms shall be incorporated into the relevant Interoperator Transmission Contracts.

23.13 The agreements regulating the detailed terms and conditions and methods of the cooperation with the OPR concluded under the currently applicable terms and prior to the effective date of all the provisions of this TNC shall be subject to adaptation to the requirements specified in point 3.10. For this purpose the Parties shall sign new agreements pursuant to the requirements stipulated in point 3.10 within six (6) days of the effective date of all the provisions of this TNC.

23.14 The fees specified in point 20.22.8 shall not be chargeable throughout the transition period until 30 November 2013.

23.15 New transmission contracts the performance of which in respect of capacity allocation (PP) or transmission ability allocation (PZ) commences on the effective date of all the provisions of this TNC shall be concluded pursuant to the provisions of this TNC.

23.16 In the year 2012, capacity allocation (PP) shall be executed under the terms of and in accordance with the procedure set out in this TNC for the period from the effective date of all the provisions of this TNC until the end of the 2012 gas year and for the gas year beginning from 1 January 2013 until 30 September 2013,

subject to the following exceptions:

23.16.1 With respect to the capacity allocation procedure for the gas year 2013, the applications admitted to the procedure shall be submitted in the period from 15 August 2012 to 15 September 2012 and shall successfully pass the process of the formal, legal and technical verification by 15 October 2012,provided that the DSOs and SSOs shall submit their applications for capacity allocation at MFPWE and MFPWY for the gas year lasting from on January 2013 until 30 September 2013 within 30 days of the date of the execution of the ITCs referred to in point 23.9 and point 23.10 .

23.16.2 If the aggregate capacity that is requested by the participants of the procedure at a given entry point exceeds the available capacity, the participants shall be invited by the TSO, by 30 October 2012, to take part in an auction;

23.16.3 The auction referred to in point 20.5, for the gas year 2013 shall be held on the following dates:

23.16.3.1 the participation in the auction shall be open to applicants that registered on the website of the TSO www.gaz-system.pl and obtained a login by 6 November 2012 (first Tuesday of November),

23.16.3.2 the auction for annual services shall be held on 7 November 2012; for semi-annual services on 9 November 2012; for quarterly services on 12 November 2012; for monthly services on 14 November 2012, and each time shall last from 9:00 am until its closing, however, no longer than until 10:00 pm.

23.16.4 By 30 October 2012 the TSO shall inform the Participant of:

23.16.4.1 capacity allocated to the Participant at physical entry and exit points under the capacity offering procedure, or

23.16.4.2 decision to hold an auction procedure for the physical entry and exit points in accordance with point 20.5, due to the reasons specified in point 7.7.8, or

23.16.4.3 need to execute the capacity allocation under the procedure stipulated in point 7.4.16.

23.16.5 Within 15 days of receiving the draft of the capacity allocation, the System User shall present the TSO with the unilaterally signed capacity allocation (PP).

23.17 The capacity allocation shall be made in accordance with the terms of this TNC and the procedure and time frame set out herein, for the period beginning on the effective date of all the provisions of his TNC.

23.18 As of the date of the publication of this TNC in the ERO Bulletin, the provisions of points 1-3 and points 5-9 shall be applicable to the extent that they concern newly issued connection conditions, new connection agreements and new transmission contracts executed by the TSO, including interoperator transmission contracts (ITC), the performance of which with regard to capacity allocation or transmission ability allocation is to begin from the effective date of all the provisions of this TNC.

23.19 With respect to all the applications for the definition of connection conditions and applications for the connection agreements that have been submitted but not processed before the date of the publication of this TNC the ERO Bulletin, the provisions of this TNC shall be applicable. If the application for the definition of connection conditions or the application for a network connection agreement has to be supplemented pursuant to the provisions of this TNC, the TSO shall request the applicant to supplement such application within an appropriate time limit, which must not be no shorter than 14 (fourteen) days of the date of delivery of the request.