

TRANSMISSION NETWORK CODE

OF THE POLISH SECTION OF THE TRANSIT GAS

PIPELINE SYSTEM JAMAL – EUROPE

Warsaw, January 2016

The English version is provided for the information purpose only.
If any discrepancy arises between this translation and the Polish original, the Polish original shall prevail.

| | |
|---|----|
| 1. DEFINITIONS AND UNITS..... | 4 |
| 2. GENERAL PROVISIONS | 12 |
| 3. DETAILED TECHNICAL CONDITIONS. CONDITIONS AND METHODS OF MANAGEMENT OF THE OPERATION AND MAINTENANCE OF THE SGT | 15 |
| 4. CRITERIA OF SECURITY OF SGT OPERATIONS..... | 24 |
| 5. COOPERATION BETWEEN GAS SYSTEM OPERATORS | 25 |
| 6. DEVELOPMENT OF THE SGT | 26 |
| 7. TRANSMISSION CONTRACT | 31 |
| 8. CONDITIONS OF USE OF THE SGT BY THE SHIPPER | 34 |
| 9. INTERRUPTIBLE WITHIN-DAY SERVICES..... | 42 |
| 10. SGT TRANSMISSION ABILITY ALLOCATION | 43 |
| 11. WORKS WITHIN THE SGT..... | 45 |
| 12. SUBMISSION OF TRANSMISSION CONTRACTS FOR EXECUTION | 47 |
| 13. ALLOCATION OF THE QUANTITIES OF GASEOUS FUEL | 54 |
| 14. BALANCING OF THE SGT | 55 |
| 15. BALANCING SERVICES MARKET | 58 |
| 16. SYSTEM CONGESTION MANAGEMENT | 62 |
| 17. EXCHANGE INFORMATION RELATED TO PRESENTATION OF CONTRACTS FOR EXECUTION, BALANCING AND SYSTEM CONGESTION MANAGEMENT | 71 |
| 18. PROCEDURES APPLICABLE IN EMERGENCY SITUATIONS..... | 73 |
| 19. IMPLEMENTING PROVISIONS | 74 |

PART I

GENERAL CONDITIONS FOR THE USE OF THE TRANSIT GAS PIPELINE SYSTEM (SGT)

1. DEFINITIONS AND UNITS

1.1. Definitions

| | |
|---|--|
| Allocation | The allotment of a certain quantity of gaseous fuel delivered for transmission at an entry point or off-taken from an exit point, to individual Shippers. |
| Physical balancing | The activities of the Transit Pipeline System Operator (OSGT), which are aimed at balancing the quantity of gaseous fuel delivered to and off-taken from the SGT. |
| Commercial balancing | The activities of the OSGT involving the definition and settlement of Shippers' imbalance. |
| System balancing | A business activity carried out by the OSGT as part of the provided transmission services, which consists in the balancing of the demand for gaseous fuel with the supplies of the same, including physical balancing and commercial balancing. |
| Reference Gas Price (CRG) | The weighted average purchase price of gaseous fuel by the OSGT for high-methane balancing area, published on the OSGT's website and determined in accordance with the methodology specified in the TNC. |
| Average Balancing Settlement Price (CSRB) | Volume-weighted average price from all transactions of Towarowa Giełda Energii S.A. session of the Day-Ahead Market (RDNG) for SGT, related to the present gas day. Until the launch of customised products for SGT on Towarowa Giełda Energii, the CSRB prevailing on a given day according to the provisions of the TNC shall apply as the CSRB. |
| Gross calorific value (H_{SN}) | The amount of heat that is released as a result of complete combustion of 1m ³ of gaseous fuel in air under normal conditions (at a pressure of 0.101325 MPa and temperature of 0°C) when the reaction takes place under a constant absolute pressure of 101.325 kPa, where all products of combustion, except for water, are in the liquid state, and the temperature of combustion products is the same as the temperature of substrates prior to combustion and amounts to 25°C. |
| Pressure | The pressure of gaseous fuel measured within the SGT under static conditions as an overpressure, which is the difference between the absolute static pressure of the gaseous fuel and atmospheric pressure. |
| Absolute pressure | The pressure of gaseous fuel measured within the SGT under static conditions as an absolute pressure. |
| Business days | The days from Monday to Friday, except statutory holidays. |
| Gas day | A period from 6:00 on a given day to 6:00 on the following day. |

| | |
|--|---|
| Daily Imbalance Quantity (DIN) | The difference between the quantity of gaseous fuel that was delivered by the Shipper at the entry points to SGT and off-taken by the Shipper from SGT at the exit points in a given gas day |
| Available transmission capacity / Available transmission ability | A portion of the technical capacity (transmission ability) of the SGT, that is not reserved in connection with contracts for transmission services concluded by the SGT Owner and is not reserved in connection with Transmission Contracts and the capacity allocation (PP) or transmission ability allocation (PZ) concluded by the OSGT with Shippers. |
| EEX | European Energy Exchange AG – the gas exchange functioning in the balancing area in Germany. |
| Physical entry point | The place of the delivery of gaseous fuel with specified physical location or group of these points (PWP). |
| Physical exit point | The place of the off-take of gaseous fuel with specified physical location or group of these points (PWP). |
| Gas Exchange | The operator of a commodity exchange within the meaning of the Commodity Exchanges Act of 26 October 2000 (Journal of Laws of 2014, Item 197) 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 2014, item 94, as amended) that organizes the trade in exchange commodities within the meaning of the Commodity Exchanges Act, including gaseous fuel. |
| SGT Network Code/ Network Code | A Transmission Network Code, within the meaning of Art. 9g sec. 1 of the Energy Law, which is applicable to the SGT. |
| Transmission Network Code (TNC) | The Transmission Network Code applied by the Transmission System Operator for the KSP. |
| Auction Calendar | A reference table which is published by the European Network of Transmission System Operators for Gas (ENTSOG) and displays all relevant timings for auctions taking place during the period of March until February of the following calendar year, including starting dates and standard capacity products to which they apply. |
| Marginal Buy Price (KCK) | Price determined for the calculation of daily imbalance charges, calculated as the multiplication of the factor 1.1 and the higher of the two following prices for a given gas day: a) a volume-weighted average price from all transactions of Towarowa Giełda Energii S.A. session of the Day-Ahead Market (customised product for KSP) decreased by transportation costs from the SGT to the KSP through the PWP (under the daily product on the firm basis), b) a volume-weighted average price from all transactions of the EEX session of the Day-Ahead Market (Daily Reference Price – GPL |

| | |
|---|--|
| | <p>index) increased by transportation costs to the SGT through the point Mallnow (under the daily product on a firm basis); the exchange rate to be used for currency conversion is the average exchange rate according to Table A of the National Bank of Poland for the day preceding the gas day the price relates to.</p> |
| Marginal Sell Price (KCS) | <p>Price determined for the calculation of daily imbalance charges, calculated as the multiplication of the factor 0.9 and the lower of the two following prices:</p> <p>a) a volume-weighted average price from all transactions of Towarowa Giełda Energii S.A. session of the Day-Ahead Market (customised product for KSP) decreased by transportation costs (under a the daily product on a firm basis) from the SGT to the KSP through the PWP,</p> <p>b) a volume-weighted average price from all transactions of the EEX session of the Day-Ahead Market (Daily Reference Price – GPL index) increased by transportation costs to the SGT through the point Mallnow (under the daily product on a firm basis); the exchange rate to be used for currency conversion is the average exchange rate according to Table A of the National Bank of Poland for the day preceding the gas day the price relates to.</p> |
| KSP | A high-pressure gas network owned by the OSGT. |
| Gas Month | A period from 6:00 of the first day of a given month to 6:00 of the first day of the following month. |
| Maximum selling price for gaseous fuel offered for balancing purposes (MCOSB) | The maximum price for gaseous fuel resulting from the offers on the Balancing Services Market accepted by the OSGT during the gas day as referred to in point 15.1.4.1 and point 15.1.4.3, provided that it is not lower than 100 % of CSRB. The MCOSB shall be published by the OSGT on the OSGT's website. |
| Imbalance | The difference between the quantity of gaseous fuel that has been delivered by the Shipper for transmission at an entry point and off-taken by the Shipper from the SGT at an exit point, as established in accordance with the principles of allocation set forth in the Network Code. |
| Nomination | A Shipper's declaration submitted to the OSGT and confirmed by the OSGT regarding the quantity of gaseous fuel to be delivered by the Shipper at a specified time at an entry point to the SGT and off-taken by the Shipper from the SGT at an exit point. |
| Contractual congestion | Restrictions on the capability to transport gaseous fuel arising from a contracted) capacity booking by Shippers 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. |
| Billing Point Operator (OPR) | An entity performing measurement and billing tasks at the entry points to or exit points from the SGT. |

| | |
|---|---|
| Transit Pipeline System Operator (OSGT) | Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. – the energy company engaged in the transportation of gaseous fuel and responsible for the network operation within the SGT. |
| Interoperating System Operator (ISO) | The operator of a system interoperating with the SGT. |
| Gaseous fuel | High-methane natural gas transported through the SGT. |
| Auction Platform | An online platform operated by the OSGT, which supports electronic auctioning of capacity, including bundled capacity. |
| Gas Trading Platform | An electronic platform where Shippers may place and accept buy and sell orders for gaseous fuel, and have the right to modify or withdraw such orders. |
| Notifying party (PZPT) | The party which notifies all the transactions concerning WPWE _{PPG} and WPWY _{PPG} concluded on a specific Gas Trading Platform, except for transactions concluded at the Gas Exchange, to the OSGT for the purposes of their execution, under an agreement with OSGT. |
| Linepack | The gaseous fuel that is kept under pressure in the SGT. |
| Transmission | The transport of gaseous fuel through the SGT between an entry point and an exit point. |
| Capacity (contracted capacity) | The maximum hourly quantity of gaseous fuel, expressed in energy units (kWh), as specified in the capacity allocation (PP), which may be delivered for transmission at a physical entry point to the SGT, or off-taken from the SGT at a physical exit point. Capacity (contracted capacity) is the base for settlement of the gaseous fuel transmission service provided by OSGT to Shippers |
| Technical capacity | The maximum firm capacity which may be made available taking into consideration the integrity and operational requirements of interoperating systems. |
| Capacity allocation (PP) | A part of the Transmission Contract that specifies the capacity (contracted capacity) the Shipper is eligible to at a 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. |
| Entry point (PWE) | The contractual place where gaseous fuel is delivered to the SGT specified in transmission contract. |
| Virtual Point | A point of unspecified physical location where the trade in gaseous fuel may take place in SGT. |
| Exit point (PWY) | The contractual place where gaseous fuel is off-taken from the SGT specified in transmission contract. |
| Point of Interconnection (PWP) | A point that comprises all the physical points located at the interconnection of the KSP with the SGT. |
| Billing report | A document prepared by the OSGT containing a set of |

| | |
|--|---|
| | <i>information concerning the transmission services provided to the Shipper in the respective settlement period (gas month).</i> |
| <i>Renomination</i> | <i>A Shipper's declaration on the revision of a nomination.</i> |
| <i>Gas year</i> | <i>A period of time from 6:00 on 1 October of the previous year to 6:00 on 1 October of a given year.</i> |
| <i>Balancing Services Market</i> | <i>The market which is run by the OSGT, whereby the OSGT shall acquire standard system services as necessary for balancing the SGT.</i> |
| <i>Force majeure</i> | <i>An extraordinary external event that is beyond the control of a party and permanently or temporarily prevents the performance of a contract, and the occurrence or consequences of which could not have been foreseen at the time of executing the contract, nor avoided or overcome, by such party despite exercising due care.</i> |
| <i>SGT</i> | <i>The transmission system known as the Transit Gas Pipeline System (System Gazociągów Tranzytowych) located on the territory of the Republic of Poland, which is owned by SGT EuRoPol Gaz S.A.</i> |
| <i>Interoperating system</i> | <i>Another transmission system which interoperates with the SGT.</i> |
| <i>Emergency situation</i> | <i>A situation resulting in the loss of technical operability of the SGT, or any of its interconnected networks, installations or facilities, 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.</i> |
| <i>SGT tariff</i> | <i>A set of prices and charges and the underlying conditions applicable to the settlements with Shippers for the SGT.</i> |
| <i>Balancing Services Market Participant (URB)</i> | <i>A Shipper who is a participant of the balancing services market under a separate agreement with the OSGT specified in point 15.1.2.</i> |
| <i>Transmission contract</i> | <i>A contract for provision of gas transmission service through the SGT executed between the OSGT and a Shipper.</i> |
| <i>Reverse-flow transmission service</i> | <i>A reverse-flow transmission service or virtual reverse-flow transmission service provided by the OSGT on firm or interruptible basis at the points indicated on the OSGT's website.</i> |
| <i>Standard system services</i> | <i>Services which are being purchased by OSGT on Balancing Services Market.</i> |
| <i>System User</i> | <i>An entity that delivers gaseous fuel to the SGT or is supplied with gaseous fuel from the SGT.</i> |
| <i>SGT User</i> | <i>An entity that has executed a contract for provision of gas transmission service with the SGT Owner before the day of the designation of Gas Transmission Operator GAZ-SYSTEM S.A. as the</i> |

| | |
|--------------------------|--|
| | OSGT. |
| Energy Law | <i>The Energy Law of 10 April 1997 - consolidated text (Journal of Laws of 2012, item 1059, as amended).</i> |
| Net calorific value | <i>The amount of heat that is released as a result of the complete combustion of 1 m³ of gaseous fuel (under the temperature of 20°C) when the combustion process takes place under a constant absolute pressure of 101.325 kPa, all products of combustion, including water, are in a vaporous state and the temperature of combustion products is the same and the temperature of substrates before the combustion and amounts to 20°C.</i> |
| Normal conditions | <i>The reference conditions for billing purposes, absolute pressure of 101.325 kPa and temperature of 273.15 K.</i> |
| GOST standard conditions | <i>The reference conditions: absolute pressure of 101.325 kPa and temperature of 293.15 K.</i> |
| SGT Owner | <i>Transit Gas Pipeline System EuRoPol Gaz S.A.</i> |
| Congestion management | <i>The activity carried out by the OSGT as part of the provided transmission services in order to ensure a safe operation of the SGT and to maintain the required technical parameters of gaseous fuels in the event the occurrence of technical or contractual congestion.</i> |
| Transmission ability | <i>The maximum hourly quantity of gaseous fuel specified in the transmission ability allocation (PZ) and expressed in energy units (kWh/h), which may be delivered for transmission at an entry point and off-taken at an exit point. Transmission ability constitutes a basis for transmission service execution including commercial balancing.</i> |
| Shipper (ZUP) | <i>A natural or legal person, as well as an entity not having legal personality, but having legal capacity, which has entered into a Transmission Contract with the OSGT.</i> |

1.2. Applicable units.

1.2.1. The units of measure used in this Network Code are:

| | |
|----------------|--|
| m ³ | cubic metre (under GOST standard conditions, unless expressly indicated otherwise) |
| °C | degree Celsius |
| h | hour |
| K | Kelvin |
| km | kilometre |
| kWh | kilowatt-hour |

| | |
|-----|-------------|
| MJ | megajoule |
| mg | miligramme |
| µg | microgramme |
| MPa | megapascal |
| kPa | kilopascal |

1.2.2. Any reference to a “quantity of gaseous fuel” in this Network Code means a reference to such “quantity of gaseous fuel expressed in the units of energy (kWh)”, unless specifically indicated otherwise. The “volume of gaseous fuel” is expressed in cubic metres (m³).

1.3. List of acronyms:

| | |
|-------------------|--|
| GRP | Reference Gas Price |
| CSRB | Average Balancing Settlement Price |
| DIN | Daily imbalance quantity |
| KCK | Marginal Buy Price |
| KCS | Marginal Sell Price |
| MCOSB | Maximum selling price for gaseous fuel for balancing purposes |
| MOD | Absolute value |
| NPV | Net present value |
| OPM _D | Fee for the delivered gaseous fuel which is paid by the Shipper to the OSGT |
| OPM _P | Fee for the off-taken gaseous fuel which is paid by the OSGT to the Shipper |
| ONB | Charge related to financial neutrality of balancing |
| ONOB | Fee for the part of the system services not rendered |
| O _{NSJW} | Charge for an off-spec quality parameter |
| O _{NSTW} | Charge for an off-spec water dew point parameter |
| Op | Quantity of gaseous fuel constituting the difference between the quantity of gaseous fuel specified in the URB's nomination at the time of acceptance of the offer and the quantity of gaseous fuel specified in the URB's nomination or re-nomination submitted in accordance with point 15.3.1 and confirmed by the OSGT |
| OPR | Billing Point Operator |
| OSGT | Transit Gas Pipeline System Operator |
| TSO | Transmission System Operator |
| ISO | Interoperating System Operator |
| PP | Capacity allocation |
| PZ | Transmission ability allocation |
| PWE | Entry Point |
| PWP | Point of Interconnection |
| PWY | Exit Point |
| PZPT | Transaction Notifying Party |
| Q _{max} | The maximum actual flow rate expressed in the units of volume per hour |
| IES | Information Exchange System |
| URB | Balancing Services Market Participant |
| ERO | Energy Regulatory Office |
| ZUP | Shipper |

1.4. Legal basis for the application of the SGT Network Code.

- 1.4.1. The SGT Network Code has been drafted by the OSGT pursuant to the requirements of Article 9g of the Energy Law and sets out detailed conditions for the use of the SGT by Shippers and the conditions and methods of carrying out the operation and maintenance of the SGT and its development planning .
- 1.4.2. The SGT Network Code takes into consideration the requirements specified in the provisions of the Energy Law, Regulation of the Minister of Economy on detailed conditions of gas system operations (i.e. Journal of Laws of 2014, item 1059), 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 2013, item 820), 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 SGT Network Code has been drafted taking into consideration the rules specified in the network codes referred to in 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.

2. GENERAL PROVISIONS

2.1. Introduction.

2.1.1. The SGT Network Code (the Network Code) regulates the principles of the provision of transmission services in the SGT by Gas Transmission Operator GAZ-SYSTEM S.A. designated as the Operator of the Transit Pipeline System (OSGT) by the President of the Energy Regulatory Office (ERO).

2.1.2. The SGT Owner and the OSGT entered into an agreement concerning the delegation of the operator's responsibilities in respect of the Polish section of the Yamal-Europe Transit Gas Pipeline System (the "Operatorship Agreement").

2.1.3. The Network Code shall be binding upon the OSGT and Shippers. The Network Code shall be also binding upon the SGT Owner (to the extent that the relevant provision of the Network Code refers thereto) and shall not be in conflict with the operatorship agreement with the OSGT entered into by the SGT Owner.

2.1.4. The OSGT shall offer the transmission services for gaseous fuel within the limits of available capacity.

2.1.5. The OSGT shall provide gas transmission services to Shippers under a Transmission Contract and subject to the terms and conditions set forth in the Network Code, within the limits of the capacity (contracted capacity) which has been made available to the OSGT.

2.1.6. The SGT Network Code comprises the following:

2.1.6.1. Part I – General conditions for the use of the SGT, the operation and planning the development of the network;

2.1.6.2. Part II – Balancing and congestion management in the SGT.

2.1.7. The Network Code is posted on the website of OSGT www.gaz-system.pl and is delivered to the parties upon the execution of the Transmission Contract and made available to any entities that are applying for a connection to the SGT.

2.2. The OSGT, applying objective and transparent principles which ensure an equal treatment of system users according to the Article 9c of Energy Law, and taking into account the environmental considerations, shall ensure, among others:

2.2.1. control of gas flows,

2.2.2. safety of the operation of the SGT and the control of the gas flow by the OSGT with due regard to the rights of the SGT Owner to the SGT, by the means of, among other things, the management, supervision and control of the maintenance activities, repairs and operations of the SGT,

2.2.3. dispatcher cooperation with the services of operators of other sections of the Yamal – Europe gas pipeline,

2.2.4. balancing and congestion management of the SGT,

- 2.2.5. delivery of information for System Users and operators of other transmission systems concerning the terms and conditions of transmission services;
- 2.2.6. the cooperation with other operators of gas systems with the participation of the SGT Owner.
- 2.3. OSGT provides all necessary information to the Agency for the Cooperation of Energy Regulators and to other relevant authorities in accordance with applicable law imposing on OSGT the legal obligation to provide such information, including the Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (OJ L 2011.326.1 – hereinafter referred to as “REMIT”) and implementing acts to REMIT.
- 2.4. The Shipper shall use the gas transmission service subject to the principles set out in the Energy Law, the Network Code and the Transmission Contract. The Shipper shall be obliged to pay to the OSGT fees and charges that are set forth in the SGT Tariff and in Part II of the Network Code.
- 2.5. The Shipper shall be obliged to observe the provisions of the Network Code, in particular, shall:
- 2.5.1. deliver gaseous fuel for transmission and off-take from the SGT in quantities specified in the confirmed nominations for the entry and exit points in accordance with the provisions of point 12,
- 2.5.2. ensure that the gaseous fuel delivered for transmission at the physical entry point to the SGT conforms to the quality requirements set out in point 3.4 and the pressure levels set out in point 3.4.1.1,
- 2.5.3. refrain from exceeding the capacity and transmission ability specified in the capacity allocation (PP) and transmission ability allocation (PZ),
- 2.5.4. make payments in accordance with the provisions of the Transmission Contract,
- 2.5.5. take account of the restrictions specified in SGT Network Code in the submitted nominations,
- 2.5.6. immediately notify the OSGT of any change in the formal/legal and commercial conditions that constitute the basis for the conclusion of the Transmission Contract, as specified in point 7,
- 2.5.7. ensure the possibility of 24-hour contact with the Shipper in the event of the occurrence of any unexpected events that may affect the provision of the transmission service,
- 2.5.8. immediately obey the instructions of the OSGT's dispatcher services and assure fulfilment of such instructions by the entities delivering gaseous fuel to or taking it from the SGT for the Shipper.
- 2.6. Complementary documents.
- 2.6.1. SGT diagram.
- 2.6.2. Application forms for the definition of the conditions for connection to the SGT.

- 2.6.3. Application form for the provision of transmission service.
- 2.6.4. Specimen Transmission Contract.
- 2.6.5. Application form for the capacity allocation (PP) and transmission ability allocation (PZ).
- 2.6.6. Specimen billing report.
- 2.6.7. SGT tariff.
- 2.6.8. The complementary documents are posted on the OSGT's website at www.gaz-system.pl.
- 2.7. Application of the Network Code.
- 2.7.1. The amended or new provisions of the Network Code shall be binding upon, among others, the OSGT, Shippers and the SGT Owner, upon their approval by the President of ERO and the promulgation in the ERO Bulletin as of the date specified in the relevant decision of the President of ERO.
- 2.7.2. The consolidated text of the Network Code containing all the introduced changes and any subsequent changes to the Network Code shall be posted on the OSGT's website and made available for review at the OSGT's registered office.
- 2.7.3. The SGT Owner shall forward the consolidated text of the Network Code containing all the changes introduced thereto to the entities that are the parties to an agreement for connection to the SGT.
- 2.7.4. In the event of refusal to accept changes to the SGT Network Code or a new SGT Network Code, the Shipper shall have the right to terminate the Transmission Contract by serving a notice within fourteen (14) days from the date of the publication of the changes to the SGT Network Code or a new SGT Network Code and subject to, depending on the Shippers' discretion, either: (i) fourteen (14) days' notice period or (ii) other (i.e. either shorter or longer) notice period indicated by the Shipper which, however, must not lapse later than on the day preceding the entry of the changes to the SGT Network Code, or the new SGT Network Code, into force; or (iii) without any notice period and with effect at the end of the gas day preceding the entry of the changes to the SGT Network Code, or the new SGT Network Code, into force. In case when the change to the SGT Network Code or a new SGT Network Code enters into force during the notice period, the Shipper shall apply such amended SGT Network Code or the new SGT Network Code as of its effective date throughout the notice period.

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

3.1. The characteristic of the SGT.

3.1.1. The SGT comprises the following:

3.1.1.1. DN 1400 pr 8,4 MPa pipeline with a length of approximately 684 km, i.e. from the Polish-Belorussian border in the vicinity of the village of Kondratki to the German-Polish border on the Odra river;

3.1.1.2. transit gas compressor stations in Kondratki, Zambrów, Ciechanów, Włocławek and Szamotuły;

3.1.1.3. Kondratki metering station at the Polish-Belorussian border;

3.1.1.4. System Regulating-and-Measuring Station (SSRP) in Włocławek;

3.1.1.5. interconnection fittings for the Lwówek Station.

3.1.2. On the territory of the Republic of Poland, the SGT interoperates with gas pipelines owned by the Transmission System Operator – GAZ-SYSTEM S.A., i.e. the KSP.

3.2. List of system points.

3.2.1. The SGT diagram and the list of physical entry points (FPWE), physical exit points (FPWY), entry points and exit points are posted on OSGT's website www.gaz-system.pl.

3.2.2. The following points shall be defined within the SGT:

3.2.2.1. physical entry points (FPWE) and physical exit points (FPWY),

3.2.2.2. entry points (PWE) and exit points (PWY), including:

3.2.2.2.1 points with specified physical location – single points or groups of points,

3.2.2.2.2 Virtual Points i.e. points of unspecified physical location where the trade in gaseous fuel may take place:

3.2.2.2.2.1 Gas Exchange point – for transactions executed in Gas Exchange (WPWE_{GG} or WPWY_{GG}),

3.2.2.2.2.2 Gas Trading Platform point - for transactions concluded on the Gas Trading Platform and notified by PZPT (WPWE_{PPG} and WPWY_{PPG})

3.2.2.2.2.3 OTC market point - for transactions executed in the OTC market (WPWE_{OTC} or WPWY_{OTC}),

3.2.2.2.2.4 point for transactions executed with the OSGT in the Balancing Services Market (WPWE_{OSGT} or WPWY_{OSGT})

3.2.2.2.3 the SGT Exit Point – a point operated for own needs of the SGT.

3.2.3. The capacity made available to Shippers at the Point of Interconnection (PWP) corresponds to the aggregate the available transmission capacity at all the physical exit points at the interconnection between the SGT and the KSP, taking into account the technical capabilities for the off-take of gaseous fuel in the KSP.

3.3. Transfer of risk.

3.3.1. The transfer of risk related to the transmission of gaseous fuel for the benefit of the Shipper onto the OSGT shall take place at the point of the delivery of such gaseous fuel to the SGT at the border of the Republic of Poland.

3.3.2. The transfer of the risk related to the transported gaseous fuel onto the Shipper shall take place, as appropriate, at the border of the Republic of Poland upstream of the Mallnow station, or at physical exit points located on the territory of the Republic of Poland.

3.4. Quality parameters of gaseous fuel.

3.4.1. Quality parameters.

3.4.1.1. Gaseous fuel transported through the SGT shall conform to the following requirements:

| Quality parameter | Unit of measure | Value |
|--|--------------------|------------------|
| Gross calorific value* | MJ/m ³ | 39.895 ± 0.4187 |
| | kWh/m ³ | 11.082 ± 0.1163 |
| Net calorific value** | MJ/m ³ | 33.4944 ± 0.4187 |
| | kWh/m ³ | 9.3040 ± 0.1163 |
| Methane | % mol | ≥ 92.00 |
| Ethane | % mol | ≤ 4.00 |
| Propane, butane and heavier hydrocarbons | % mol | ≤ 2.00 |
| Nitrogen | % mol | ≤ 2.00 |
| Carbon dioxide | % mol | ≤ 1.00 |
| Oxygen | | traces |
| Mercaptan sulphur | mg/m ³ | ≤ 5.6 |
| Hydrogen sulphide | mg/m ³ | ≤ 2.0 |
| Total sulphur | mg/m ³ | ≤ 20.0 |
| Water dew point at the pressure of 3.92 MPa | °C | ≤ -8 |
| Hydrocarbon dew point under working pressure | °C | ≤ 0 |

| | | |
|---|-----|-------|
| Hydrocarbon dew point under a pressure of 2.7 MPa | °C | ≤ 0 |
| Absolute pressure at a physical entry point | MPa | ≥ 6.1 |
| Absolute pressure at a physical exit point | MPa | ≥ 6.1 |

* - value for normal conditions

** - value for GOST standard conditions

3.4.2. Gas pressure.

3.4.2.1. In the event when the Shipper fails to maintain the required pressure of gaseous fuel at a physical entry point, the OSGT shall have the right to refuse to accept the delivery of such gaseous fuel to the SGT.

3.5. Measurements of pressure, quantity, volume and quality parameters of gaseous fuel in the SGT.

3.5.1. The measurements of the quality, volume and quantity of gaseous fuel shall be taken at physical entry points and physical exit points to/from the SGT.

3.5.2. The measurements of the volume of gaseous fuel shall be taken with the use of constriction and ultrasonic flow-meters, provided that the measurement taken with an ultrasonic flow-meter shall be the primary measuring system used for the determination of the volume of gaseous fuel. The readings of constriction flow-meters shall be used for comparison with the readings of the primary measuring system. In the event of the lack of a measurement taken by an ultrasonic flow-meters, a measurement taken by turbine gas meters shall be acceptable.

3.5.3. The measurement paths(pipelines) at the points indicated in point 3.5.1 shall be numbered and the measurement shall be taken at a single of multiple paths, depending on the quantity of gaseous fuel delivered to the SGT.

3.5.4. The characteristics and types of measurement instruments used at the physical points listed in point 3.5.1 shall be analogous.

3.5.5. The measurement of the quality gaseous fuel shall be performed by the means of a processing chromatograph at least four (4) times per hour. This being the case, prior to the analysis of the gaseous fuel delivered for measurement purposes, an analysis of gaseous fuel with established chemical composition (calibration gas) similar to the delivered gaseous fuel shall be performed.

3.5.6. The quantity of gaseous fuel expressed in the units of energy (kWh) shall be determined on the basis of the measurements of the volume under normal conditions and gross calorific value of such gaseous fuel, taken in the manner described in point 3.5. The amount of energy (kWh) in a given period shall be calculated based on meter readings. The energy flow calculations shall be performed according to the following formula:

$$E = V_n \cdot H_g$$

where:

- E - quantity of gaseous fuel in the units of energy [kWh]
- V_n - volume of gaseous fuel under normal conditions [m³]
- H_s - gross calorific value [kWh/m³]

After transformation this formula takes the following form:

$$E = V_m \cdot \left[\frac{P_1 \cdot T_n}{P_n \cdot T_1} \cdot \frac{1}{K} \right] \cdot \left[\frac{\sum_{j=1}^n x_j \cdot H_{s_j}}{z_{mix}} \right] \quad (2)$$

where:

- V_m - volume of gaseous fuel under normal conditions [m³]
- P_1 - absolute pressure of gaseous fuel [MPa]
- P_n - normal pressure [MPa]
- T_1 - temperature of gaseous fuel [K]
- T_n - normal temperature [K]
- K - relative compression factor
- H_{s_j} - gross calorific value of j-th component [kWh/m³]
- X_j - molar fraction of j-th component
- Z_{mix} - compression factor

3.5.7. The determination of the quantity of hydrogen sulphide, mercaptan sulphur and total sulphur content in the gaseous fuel delivered to the SGT shall be made by the means of an automatic analyser capable of recording the analysis results. The frequency of the analysis shall not be less than once (1) in two (2) hours. However, in case of measurement results close to the acceptable limits for sulphur compounds, the analysis shall be performed at least once (1) in an hour.

3.5.8. The gross calorific value and net calorific value of gaseous fuel shall be determined by the calculation method on the basis of the composition recorded by the chromatograph, in accordance with ISO 6976:2008 which is referred to in point 3.6.1.5.

- 3.5.9. The determination of the quality parameters and pressure referred to in point 3.4.1.1 shall be made for each physical entry and exit point, and for the group of physical points, including PWP, the quality parameters shall be established as an average value weighted by the total volume of gaseous fuel measured at the physical points comprised in this group. The average values referred to above shall be established as daily values.
- 3.5.10. The water dew point and of the hydrocarbons dew point shall be measured on a continuous basis using automatic analysers capable of recording the measurement results.
- 3.5.11. The density of gaseous fuel shall be calculated on the basis of its chemical composition, in accordance with the results of the chromatograph-made analysis.
- 3.5.12. The quality parameters of gaseous fuel, which are determined from time to time, shall be deemed to be true and correct until the subsequent measurement is taken. In the event of the deviation of quality parameters from the acceptable range, the deviation shall be deemed to have occurred starting from the day on which the performed measurement revealed the inconsistency with the parameters specified in point 3.4.
- 3.5.13. Quality parameters of gaseous fuel, which are established by the means of by measurement instruments operating in a continuous mode, shall be deemed as true and correct, unless the erroneous measurement or a lack of measurement has been discovered. In the event of the erroneous measurement or a lack of measurement, the average value established on the basis of the measurements taken during the past six (6) hours of correct measurement shall be deemed to be true and correct.
- 3.5.14. The results of daily measurements of the quantity of gaseous fuel that are recorded by the principal measurement system and the control measurement system shall be deemed consistent when the difference between the respective results does not exceed:
- 3.5.14.1. in case of the operation of a single measurement path $\pm 0.7\%$ of the measured value;
- 3.5.14.2. in case of the operation of two or more measurement paths $\pm 0.5\%$ of the measured value.
- 3.5.15. If the difference between the results of measurement of the quantity of gaseous fuel recorded by the primary measuring system and by the control measuring system during a day does not exceed the scope, indicated in point 3.5.14, the quantity of gaseous fuel recorded by the primary measuring system shall be assumed as the basis for billing purposes.
- 3.5.16. If the difference between the results of measurement of the quantities of gaseous fuel recorded by the primary measuring system and by the control measuring system during a day exceeds the range, specified in point 3.5.14, the quantity of gaseous fuel recorded by the properly operating measuring system, whose true and correct measurement has been verified, shall be taken as the basis for billing purposes.
- 3.5.17. The acceptable error of measurement instruments, computing equipment and devices shall correspond to the accuracy class of devices that is guaranteed by the manufacturer, and specifically:
- 3.5.17.1. for measurement instruments (electronic system):

| | |
|--|--|
| pressure differential converters with the range from 62 mbar to 620 mbar | +/- 0.1 % of the measurement range |
| pressure differential converters with the range from 6.2 mbar to 62 mbar | +/- 0.15% of the measurement range (excluding static pressure) +/- 0.25% of the measurement range (under a static pressure of 6.1 MPa) |
| pressure converter | +/- 0.1 % of the measurement range |
| temperature transducer | +/- 0.1 °C absolute |
| temperature measurement sensor | +/- 0.1 °C absolute |
| converter error rate | +/- 0.01 % |
| ultrasonic gas meter | +/- 0.2% of the value measured within the range from 0.2 Q _{max} to Q _{max} |
| turbine gas meter | +/- 0.5% of the measured value |
| Chromatograph Methane Other components 0.01 – 1.00 % 1.01 – 5.00% 5.01 – 25.00% gross calorific value | +/- 0.1% +/- 0.01 % +/- 0.03% +/- 0.05% +/- 0.2% |
| Instrument for the measurement of: water dew point hydrocarbon dew point Instrument for the measure of the sulphur compounds content: hydrogen sulphide total sulphur and mercaptan sulphur | +/- 1 °C +/- 2 °C +/- 3% +/- 5% |

3.5.17.2. operating range of the instruments:

| | |
|----------------------|-------------------------|
| pressure drop | 30% - 95 % of the range |
| ultrasonic gas meter | 10% - 95 % of the range |

| | |
|-------------|------------------------|
| Pressure | 30% - 90% of the range |
| Temperature | 30% - 90% of the range |

3.5.18. In case when any deviations are discovered during an inspection, checking or calibration of a measurement instrument, and such deviations exceed the acceptable levels, the party in charge of the operation of such instrument shall remove technical irregularities of measurement instruments and shall readjust such instruments. If the removal of technical irregularities of measurement instruments and devices is impossible, such instruments and devices shall be replaced with new ones.

3.6. Technical requirements for facilities, installations and networks together with the necessary supporting infrastructure.

3.6.1. Measurement instruments, measuring stations – conform to the requirements specified in:

3.6.1.1. ISO5167-1/2:2003 - Measurement of fluid flow by means of pressure differential devices inserted in circular cross-section conduits running full;

3.6.1.2. AGA9 - Measurement of gas by multipath ultrasonic meters,

3.6.1.3. ISO/FDIS 17089. – Measurement of fluid flow in closed conduits — Ultrasonic meters for gas — Part 1: Meters for custody transfer and allocation measurement,

3.6.1.4. SGERG 88 (ISO 12213-3). – Calculation of compression factor,

3.6.1.5. ISO 6976 2008- Natural gas -- Calculation of calorific values, density, relative density and Wobbe index from composition,

3.6.1.6. ISO – 10715-97- Natural gas – Sampling guidelines,

3.6.1.7. ZN-G-4007:2001 – Electronic devices;

3.6.1.8. ZN-G-4005:2001 – Turbine gas meters.

3.6.2. The gas pipelines shall conform to the requirements specified in:

3.6.2.1. DIN 2470-2 – Steel Gas Pipelines For Permissible Working Pressures Exceeding 16 Bar – Requirements For Pipeline Components;

3.6.2.2. DIN 3230-5 – Technical delivery conditions for shut-off devices – shut-off devices for gas installations and for gas pipelines – requirements and tests,

3.6.2.3. pr EN 10208-2 – Steel pipes for pipelines for combustible fluids. Technical delivery conditions. Pipes of requirement class B,

3.6.2.4. ISO/DIS 3183-2011 Petroleum and natural gas industries. Steel pipe for pipeline transportation systems (eqv pr EN 10208-2) – Part 2: Pipes of quality level B,

3.6.2.5. PN-90/M-34502 – Gas pipelines and gas installations. Strength calculations,

- 3.6.2.6. DIN 30677.2 - External corrosion protection of buried valves. Heavy - duty thermoset plastic coatings.,
- 3.6.2.7. EN 288-2 – Specification and qualification of welding procedures for metallic materials. Part 3: Welding procedure test for arc welding of steel,
- 3.6.2.8. EN 288-2 – Specification and qualification of welding procedures for metallic materials. Part 2: Welding procedure specification for arc welding,
- 3.6.2.9. EN 288 - 10 Specification and qualification of welding procedures for metallic materials. Part 10: Approval of welding procedures for site welding of pipelines;
- 3.6.2.10. Certificates issued by Bureau Veritas Poland for the linear part of gas pipeline:
- | | | |
|-------------|---------------------------|----------------------------|
| 3.6.2.10.1 | Safety Certificate | E&P – 4950369 – BA/SC 003, |
| 3.6.2.10.2 | Safety Certificate | E&P – 4950369 – BA/SC 001, |
| 3.6.2.10.3 | Safety Certificate | E&P – 4950369 – BA/SC 002, |
| 3.6.2.10.4 | Safety Certificate | 4950369 – BA/02, |
| 3.6.2.10.5 | Certificate of Conformity | IDD-4950369– BA/01, |
| 3.6.2.10.6 | Certificate of Conformity | E&P – 4950369 – BA/02, |
| 3.6.2.10.7 | Certificate of Conformity | E&P – 4950369 – BA/03, |
| 3.6.2.10.8 | Certificate of Conformity | E&P – 4950369 – BA/11, |
| 3.6.2.10.9 | Certificate of Conformity | E&P – 4950369 – BA/04, |
| 3.6.2.10.10 | Certificate of Conformity | E&P – 4950369 – BA/12, |
| 3.6.2.10.11 | Certificate of Conformity | E&P – 4950369 – BA/05, |
| 3.6.2.10.12 | Certificate of Conformity | E&P – 4950369 – BA/13, |
| 3.6.2.10.13 | Certificate of Conformity | E&P – 4950369 – BA/06, |
| 3.6.2.10.14 | Certificate of Conformity | E&P – 4950369 – BA/10, |
| 3.6.2.10.15 | Certificate of Conformity | E&P – 4950369 – BA/09, |
| 3.6.2.10.16 | Certificate of Conformity | E&P – 4950369 – BA/08, |
| 3.6.2.10.17 | Certificate of Conformity | E&P – 4950369 – BA/07, |
| 3.6.2.10.18 | Certificate of Conformity | E&P – 4950369 – BA/15. |
- 3.6.3. The gas compressor stations shall conform to the requirements specified in:
- 3.6.3.1. The Building Law Act of 7 July 1994,
- 3.6.3.2. ASME B31.8-1992. Gas Transmission and Distribution Piping Systems,

- 3.6.3.3. PN-90/M-34502. Gas pipelines and gas installations. Strength calculations,
- 3.6.3.4. PN-92/M-34503. Gas pipelines and gas installations. Gas pipeline tests,
- 3.6.3.5. PN-93/E-05009 Electrical installations.
- 3.6.3.6. Certificates issued by the Polish Register of Shipping for gas compressor stations:
 - 3.6.3.6.1 Certificate of Conformity No. PP/5/891100/2001,
 - 3.6.3.6.2 Certificate of Conformity No. DP/16/891300/2007,
 - 3.6.3.6.3 Certificate of Conformity No. DP/11/891400/2005,
 - 3.6.3.6.4 Certificate of Conformity No. PP/8/891200/2003,
 - 3.6.3.6.5 Certificate of Conformity No. DP/12/891500/2005,
 - 3.6.3.6.6 Safety Certificate No. PC-04/2001,
 - 3.6.3.6.7 Safety Certificate No. DC-13/2007,
 - 3.6.3.6.8 Safety Certificate No. DC-15/2007,
 - 3.6.3.6.9 Safety Certificate No. PC-05/2003,
 - 3.6.3.6.10 Safety Certificate No. PC-08/2006.
- 3.6.4. Legal regulations that provide for absolute obligation to apply other standards than the technical standards referenced in this Network Code shall prevail over the above technical standards.

4. CRITERIA OF SECURITY OF SGT OPERATIONS

4.1. The safety of the SGT operation shall rely on the following safety criteria:

4.1.1. ensuring sufficient capacity of the SGT enabling the performance of transmission contracts concluded by the SGT Owner before the day of the designation of Gas Transmission Operator GAZ-SYSTEM S.A. as the OSGT, as well as the transmission contracts concluded by Shippers;

4.1.2. the maintenance of gas pressure, determined in point 3.4.1.1, in individual physical points;

4.1.3. maintaining the quality parameters of gaseous fuel in the SGT in accordance with the Network Code.

4.2. In order to ensure the achievement of the safety criteria of the SGT operation, the OSGT shall take the following measures:

4.2.1. manage the operation of the SGT, by the means of, among other things, the nomination acceptance and approval procedures specified in this Network Code;

4.2.2. check the quality parameters of gaseous fuel in the SGT;

4.2.3. ensure that appropriate resources are continuously on duty in order to provide immediate response in the event of the occurrence of any emergency situation.

5. COOPERATION BETWEEN GAS SYSTEM OPERATORS

- 5.1. The OSGT shall cooperate with other operators of gas transmission systems or energy companies in order to ensure a reliable and effective operation of the SGT and other gas systems and to coordinate their development.
- 5.2. The detailed conditions and methods of cooperation with interoperating systems operators shall be specified in separate interconnection agreements.
- 5.3. The interconnection agreements shall specify, in particular, the following:
 - 5.3.1. the principles of transfer of information about nominations and re-nominations;
 - 5.3.2. the principles of transfer of measurement results and the allocation of gaseous fuel;
 - 5.3.3. the procedures applicable in the event of the occurrence of an emergency or any other event that presents a risk affecting the operation of the of interoperating gas systems;
 - 5.3.4. the procedures applicable in the event of restrictions imposed on the transmission of gaseous fuel.
- 5.4. The OSGT shall have the right to pass on information concerning nominations and re-nominations submitted by Shippers for the points of interconnection between the SGT and the respective interoperating system and information concerning the results of measurements and allocations for the points of interconnection between the SGT and the respective interoperating system to the operators of such interoperating systems.
- 5.5. The OSGT shall provide the SGT Owner with aggregated information on the nominations, renominations and allocations as well as measurement data and information concerning the quality of gaseous fuel, to the extent required by the SGT Owner to carry out settlements.
- 5.6. For the purposes of determining the available hourly capacity and transmission ability, the amount of capacity and technical ability made available by the SGT Owner for a given day shall be divided by twenty four (24), taking into account the time change, if any (23 or 25, as applicable).

6. DEVELOPMENT OF THE SGT

6.1. Development planning.

6.1.1. The development of the SGT in view of the of current and future demand for gaseous fuel shall be based on the criteria defined in the documents on the national energy policy and the recommendations of the competent authorities of the European Union, taking into account the technical conditions of the SGT as an element of the trans-European energy network, which falls within the scope the provisions of Intergovernmental Agreement between Russian Federation and Republic of Poland of 1993, as amended.

6.2. Connection to the SGT.

6.2.1. In order to maximise the use of the existing SGT infrastructure, as a fundamental rule, priority shall be given to connections to the existing physical entry points or physical entry points.

6.2.2. If it is not possible to establish the connection at an existing physical point, the SGT Owner shall specify the conditions of connection for a new physical point, subject to the existence of technical and economic conditions.

6.2.3. The existing physical points of interconnection with the SGT include:

6.2.3.1. SSRP Włocławek;

6.2.3.2. Lwówek Station.

6.2.4. The connection of entities to the SGT shall be effected by the SGT Owner.

6.2.5. In the process of connection of an entity to the SGT shall comprise the following distinctive steps:

6.2.5.1. the submission of an application by the applying entity for the specification of the conditions of connection and a formal assessment of such application;

6.2.5.2. the specification of the conditions of connection by the SGT Owner, following consultation with the OSGT;

6.2.5.3. the conclusion of a connection agreement with the SGT Owner;

6.2.5.4. the performance of the connection agreement.

6.2.6. The SGT Owner shall refuse the connection to the SGT in case the lack of conditions of connection to the SGT, as specified in the Energy Law . This does not exclude the application of the provisions of Art. 7 Section 9 of the Energy Law.

6.2.7. The SGT Owner shall inform the concerned entity applying for the connection 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.

- 6.2.8. In the event of the refusal to specify the conditions of connection to the SGT due to the reasons referred to in the Energy Law, the SGT Owner, on request of the entity applying for the connection, shall present the information about the measures to be taken in respect of the SGT development in order to establish the connection to the SGT.
- 6.2.9. Detailed conditions of connection of entities to the SGT are specified in the Energy Law and the related implementing regulations.
- 6.2.10. Any additional information concerning the connection to the SGT and specimen documents related to the connection procedure shall be available on the OSGT's website.
- 6.2.11. Any disputes concerning the refusal to enter into an agreement for connection to the SGT shall be resolved by the President of ERO, on request of the entity seeking to establish such connection.
- 6.3. Application for the specification of conditions of connection to the SGT.
- 6.3.1. The applicant shall file the application for the determination of the conditions of connection to SGT by using the obligatory form titled "Application for determination of the conditions of connection".
- 6.3.2. The application for the specification of the conditions of connection shall be filed with the SGT Owner.
- 6.3.3. Together with the application for the definition of connection conditions, the applicant shall be required to present relevant documents to enable the technical and economic analysis of the connection conditions, including documents confirming the yearly quantities of gaseous fuel to be delivered to the entry point to the SGT and the exit point from the SGT being subject to the connection procedure.
- 6.4. The conditions of connection to the SGT.
- 6.4.1. The application shall be considered taking into account the available transmission capacity, currently provided transmission service and existing connection agreements.
- 6.4.2. The application review process shall include
- 6.4.2.1. the review of its correctness and the completeness of the enclosed documents, and the determination of the location for the connection of facilities, installations or networks. In case when the application does not meet the applicable formal requirements, the SGT Owner shall, within seven (7) days of the receipt of the application, shall notify the applicant about the necessity to supplement the application or to deliver missing documents within a period that must not be shorter than twenty one (21) days. The application which has not been supplemented within the designated time-limit shall not be considered;
- 6.4.2.2. a technical and economic analysis whereby the SGT Owner shall assess whether the connection to the SGT is possible and shall specify the conditions of connection within the legally binding time-limit.
- 6.4.3. In the event when the issue of the conditions of connection depends on the obtaining of conditions of connection from another energy company, the time limits specified in

point 6.4.2.2 will be extended by a period which is necessary to obtain these conditions from another energy company.

6.4.4. The SGT Owner shall immediately inform the applicant about a different time limit for the issuance of the connection conditions in the event when, due to material reasons, the time limits specified in point 6.4.2.2 cannot be met.

6.4.5. The technical and economic analysis shall be carried out by the SGT Owner on the basis of information provided in the application and shall include:

6.4.5.1. the definition and analysis of alternative connection options;

6.4.5.2. the evaluation of the costs of transmission, investment expenditures on the construction of the connection and the development of the SGT, including the specification of the connection fee;

6.4.5.3. the analysis of economic conditions of connection to the SGT and supply of gaseous fuel.

6.4.6. Any change in the connection conditions shall only be possible by way of submitting a new application to the SGT Owner for the issuance of connection conditions.

6.4.7. When considering the application, the SGT Owner shall take into account the existing Transmission Contracts concluded with the SGT Users and Shippers, the capacity allocations (PP) and transmission ability allocations (PZ) 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, subject to point 6.4.8.

6.4.8. If, on the same day, at least two (2) applications for connection in the same point are filed, the SGT Owner shall consider all such applications together and shall determine the conditions of connection to the SGT for each entity applying for the connection at this point and shall proportionally divide the available transmission ability of the SGT.

6.4.9. The SGT Owner shall have the right to determine whether the facilities, installations or networks to be connected to the SGT owned by entities applying for connection satisfy the technical and operational requirements which ensure:

6.4.9.1. safety of the SGT operation and the performance of transmission contracts with the SGT Users and Shippers,

6.4.9.2. protection of the SGT against damage caused by any inappropriate operation of the connected facilities, installations and networks,

6.4.9.3. 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,

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

6.4.9.5. satisfaction of environmental requirements, as stipulated in legal regulations,

6.4.9.6. ability to take measurements of the necessary values and parameters required for the operation of the SGT and billing for the transmission of gaseous fuel.

- 6.4.10. Specifically, it shall be deemed that technical conditions for connection to the SGT do not exist when the provision of the transmission service to the entity applying for the connection undermines the reliability of transmission or quality of gaseous fuel or could prevent the performance of existing transmission contracts with SGT Users and Shippers, or other of obligations in respect of the protection of the interests of System Users or environmental protection.
- 6.4.11. Specifically, it shall be deemed that economic conditions for connection to the SGT do not exist when the connection results in a detrimental change in the level of prices or charges for the provision of the transmission service to other parties.
- 6.4.12. The connection conditions shall specify, in particular, the following:
- 6.4.12.1. the place of connection of facilities, installations or networks, and their technical parameters,
 - 6.4.12.2. the extent of necessary adaptations in the SGT related to the connection to the SGT,
 - 6.4.12.3. the technical parameters of the connection line to the SGT,
 - 6.4.12.4. the group and sub-group of the gaseous fuel in accordance with PN C 04750/2011 "Gaseous fuels, classification, labelling and requirements",
 - 6.4.12.5. the minimum and maximum pressures for the supply and off-take of gaseous fuel,
 - 6.4.12.6. the requirements applicable to the measurement system and the location where it is to be installed,
 - 6.4.12.7. the connection capacity,
 - 6.4.12.8. the characteristics of the delivery and off-take of gaseous fuel, including the minimum and maximum hourly and yearly quantities to be delivered or off-taken, expressed in the units of volume (m³) and energy (kWh).
 - 6.4.12.9. the place of the delivery and off-take of the gaseous fuel,
 - 6.4.12.10. point delimiting the ownership of the SGT and the facilities, installations or networks owned by the entity to be connected,
 - 6.4.12.11. the 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,
 - 6.4.12.12. the expected starting date for the off-take of gaseous fuel and the quantities of gaseous fuel to be off-taken, expressed in the units of volume (m³) and energy (kWh).
 - 6.4.12.13. the purpose of gas use.

6.5. Agreement for connection to the SGT.

6.5.1. The entity shall be connected to the SGT on the basis of an agreement for connection to the SGT (hereinafter referred to as the connection agreement), to be executed by and between the SGT Owner and the entity being connected.

6.5.2. The connection agreement shall be executed on the basis of the application to be filed by the entity that holds valid conditions of connection to the SGT. The SGT Owner shall send a draft connection agreement to such entity without undue delay and in any case not later than within thirty (30) days of receiving the application for a connection agreement.

6.5.3. If, after the issue of the conditions of connection to the SGT, the technical capabilities for the supply of gaseous fuel have ceased to exist as a result of execution of a connection agreement with another entity by the SGT Owner, the SGT Owner may refuse to execute the connection agreement.

6.5.4. The connection agreement shall constitute the basis for the SGT Owner for undertaking any engineering, construction and assembly works in accordance with the scope specified in the agreement.

7. TRANSMISSION CONTRACT

7.1. General conditions.

7.1.1. The transmission services, including balancing, shall be provided pursuant to the Transmission Contract and the capacity allocation (PP) and/or transmission ability allocation (PZ).

7.1.2. The Transmission Contract shall be of a framework nature and provide the basis for the execution of annexes to the transmission contract in the form of a capacity allocation (PP) and/or transmission ability allocation (PZ).

7.1.3. "The capacity and transmission ability allocation (PP/PZ)" shall be attached as an Annex to the Transmission Contract. The Annex "capacity and transmission ability allocation (PP/PZ)" shall be executed based on the annex template published on the OSGT's website. The Annex "capacity and transmission ability allocation PP/PZ" defines the capacity allocation (PP) and/or the transmission ability allocation (PZ), including the amount of capacity (contracted capacity) allocated to the Shipper, type of allocated capacity (contracted capacity), i.e. on a firm or interruptible basis, and the product (time for which the capacity (contracted capacity) is allocated). The execution of the Annex "capacity and transmission ability allocation" takes place in electronic form by providing the Shipper access to the digital document in the IES by the OSGT.

7.1.4. The Shipper agrees to the disclosure of all the necessary data concerning the performance of the Transmission Contract, including measurement and billing data, to the ISO.

7.2. Application for a Transmission Contract.

7.2.1. The application for a Transmission Contract shall be submitted via the IES after registering in the IES and obtaining a login and password to the IES in accordance with the IES rules.

7.2.2. An entity seeking to execute a Transmission Contract shall be required to provide through the IES, together with an application for a Transmission Contract, the scans of originals of the following documents and certificates, or copies thereof authenticated by individuals authorised to represent the entity, or a legal counsel or attorney:

7.2.2.1. 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 register obtained in accordance with the principles specified in the regulations of the country where the applicant has its registered office,

7.2.2.2. 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 7.2.2.1,

7.2.2.3. 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 7.2.2.1,

7.2.2.4. 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 7.2.2.1,

7.2.2.5. entities carrying out an activity in the territory of the Republic of Poland shall present a licence promise, copy of the licence or a declaration signed by persons authorised to represent the entity that the activities carried out by the entity do not require a licence, as provided for by the Energy Law,

7.2.2.6. In addition to the documents referred to in point 7.2.1, an entity without a registered office on the territory of the Republic of Poland shall also present, together with the application for a Transmission Contract, the sworn Polish translations of the documents referred to in point 7.2.2.1, point 7.2.2.2 and point 7.2.2.3, which are not executed in the Polish language.

7.2.3. After receiving the application for a Transmission Contract, the OSGT shall review the application to verify the completeness and validity of the data contained therein and in the enclosed documents. The OSGT 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 OSGT shall advise the applicant of either its acceptance or rejection, or request the applicant to supplement the application.

7.2.4. The OSGT shall request the applicant, through the IES, to supplement the application for a Transmission Contract in case when any essential data are missing or the application is incomplete. The applicant should deliver the supplemented application for a Transmission Contract, through the IES, 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 OSGT shall leave the application unconsidered.

7.2.5. The information about the application having been left unconsidered, rejected, or about the refusal to execute the Transmission Contract shall be without undue delay communicated by the OSGT to the applicant in writing, together with the grounds therefor.

7.2.6. In case of accepting the application, the OSGT shall send the draft of the Transmission Contract to the applicant, against a written 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.

7.2.7. The applicant shall submit the signed draft of the Transmission Contract to the OSGT against a confirmation of receipt within thirty (30) days of the delivery date of such draft with the originals of the documents and certificates referred to in point 7.2.2 or copies thereof authenticated by individuals authorised to represent the entity, or a legal counsel or attorney.

7.2.8. If the applicant fails to deliver a signed draft Transmission Contract or does not report any reservations as to the content of draft Transmission Contract within the deadline specified in point 7.2.7, its application for Transmission Contract shall be deemed withdrawn and the applicant shall be informed thereof by the OSGT in writing without undue delay. In case when the applicant reports some reservations as to the content of

the draft Transmission Contract, the OSGT shall communicate its position to the applicant regarding the reported reservations within fourteen days of receiving the same.

- 7.2.9. The OSGT shall send the signed Transmission Contract to the applicant against a confirmation of receipt within twelve (12) days of the date of delivery of the Transmission Contract signed by the applicant.
- 7.2.10. In the event of the rejection of the application or the refusal to sign the Transmission Contract, the OSGT shall immediately notify the President of ERO stating the grounds for such refusal.
- 7.3. The Shipper shall provide a financial security in the amount and form specified in the Transmission Contract to secure the claims of OSGT under the Transmission Contract.
- 7.4. Transmission Contract.
- 7.4.1. In order to ensure non-discriminatory treatment of all entities applying for the conclusion of a Transmission Contract, the OSGT shall use a standard form of the Transmission Contract, which shall be published on the OSGT's website.
- 7.4.2. Upon the conclusion of the Transmission Contract, the applicant receives the status of a Shipper.
- 7.4.3. The Transmission Contract signing by the applicant is synonymous with the acceptance of all the conditions of the transmission contract and all the provisions of the SGT Network Code.
- 7.4.4. The Transmission Contract, and the Annex "capacity and transmission ability allocation (PP/PZ)" shall be executed in the Polish language. Upon a request of the Shipper, the OSGT shall execute the transmission contract together with "capacity and transmission ability allocation (PP/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.
- 7.4.5. Unless a capacity allocation (PP) and/or transmission ability allocation (PZ) is made, the Shipper shall not be eligible to any capacity (contracted capacity) or transmission ability at entry points or exit points to/from the SGT under the Transmission Contract. On the basis of the transmission contract, the Shipper may apply for the capacity allocation (PP) and transmission ability allocation (PZ).
- 7.4.6. The Shipper may apply for capacity allocation (PP) and/or transmission ability allocation (PZ) upon the execution of the Transmission Contract, or jointly with the application for a Transmission Contract.

8. CONDITIONS OF USE OF THE SGT BY THE SHIPPER

8.1. Types of services provided.

8.1.1. The basic service provided by the OSGT shall consist in the transportation of gaseous fuel through the SGT (the transmission service).

8.1.2. With respect to the possibility of restricting the service performance, the transmission services shall be classified as follows:

8.1.2.1. firm service – when a firm performance of the ordered transmission service is guaranteed to the Shipper, except for any works that result in the reduction of the transmission capacity, the occurrence of emergency situations or the introduction of restrictions in accordance with the provisions of Part II of the Network Code, including reverse-flow transmission service provided on a firm basis;

8.1.2.2. interruptible service – when the performance of the ordered service is guaranteed to the Shipper in accordance with the provisions of point 8.3, subject to the reservation that the OSGT may restrict or completely interrupt the performance of the gas transmission service, including virtual reverse-flow transmission service provided on an interruptible basis.

8.1.3. In case when firm capacity (contracted capacity) is acquired by the Shipper at a given physical point where such Shipper previously acquired interruptible capacity (contracted capacity) for the same period under yearly, quarterly or monthly products, the Shipper shall have the right to release the interruptible capacity (contracted capacity) under such yearly, quarterly or monthly products in the amount corresponding to the acquired firm capacity. The declaration on releasing the interruptible capacity (contracted capacity) shall be delivered by the Shipper to the OSGT within three (3) business days from the day the capacity to be released was acquired indicating the amount of capacity (contracted capacity) which is being released. The respective changes to the capacity allocation (PP) shall be effective from the moment when the revised "capacity and transmission ability allocation (PP/PZ)" is made available by the OSGT in a digital format in the IES. The remaining capacity (contracted capacity), which has not been released by the Shipper for the given product, shall be adjusted to respective products with shorter term, matching the outstanding term.

8.2. Capacity allocation (PP)

8.2.1. With respect to the term of making available of the capacity (contracted capacity), the following products shall be offered:

8.2.1.1. yearly – where the capacity (contracted capacity) is made available for the term of one gas year, at a constant rate for each hour during such gas year, which corresponds to the long-term contract under the SGT Tariff;

8.2.1.2. quarterly – where the capacity (contracted capacity) is made available for the term of one quarter in a gas year (subsequent quarters of the gas year start, respectively, on 1 October, 1 January, 1 April or 1 July), at a constant rate for each hour during such quarter, which corresponds to the short-term contract under the SGT Tariff;

- 8.2.1.3. monthly – where the capacity (contracted capacity) is made available for the term of one (1) month in a gas year (subsequent months start on 1st day of each gas month), at a constant rate for each hour during such month, which corresponds to the short-term contract under the SGT Tariff;
- 8.2.1.4. daily – where the capacity (contracted capacity) is made available for the term of one gas day, at a constant rate for each hour during such gas day, which corresponds to the short-term contract under the SGT Tariff;
- 8.2.1.5. within-day – where the capacity (contracted capacity) is made available for the term from the given hour in the gas day to the end of the gas day, which corresponds to the short-term contract under the SGT Tariff.
- 8.2.2. The OSGT shall offer the technical capacity of the physical entry and exit points on a firm basis in accordance with the following breakdown:
- 8.2.2.1. a maximum of 90% of technical capacity of the physical point is offered in a gas year (R) for yearly products provided for gas years from R+1 to R+5,
- 8.2.2.2. a maximum of 80% of technical capacity of the physical point is provided in a gas year (R) for yearly products offered for gas years from R+6 to R+15,
- 8.2.2.3. at least 10% of technical capacity and the capacity (contracted capacity) not allocated through auction of products referred to in 8.2.2.1 and 8.2.2.2 of the physical point is offered for quarterly products offered for the next gas year,
- 8.2.2.4. unsold capacity of products referred to in 8.2.2.3, is offered as part of monthly, daily or within-day products.
- 8.2.3. The technical capacity of FPWE and FPWY and PWP, offered as unbundled capacity, shall be offered as a yearly or quarterly product for the gas year following the gas year of the auction, or as monthly, daily and within-day products in the gas year of the auction, or as monthly, daily and within-day product in the gas year following the gas year during which the technical capacity is offered in the case when the offering takes place, respectively, in the last gas month of the gas year or in the last gas day of the gas year. In case when a Transmission Contract for unbundled capacity exists on the other side of FPWE, FPWY and PWP, the technical capacity may be offered as unbundled capacity only to the maximum extent and for the maximum term resulting from such Transmission Contract.
- 8.2.4. The OSGT shall also offer a reverse-flow capacity (contracted capacity) as a reverse-flow transmission services.
- 8.3. Interruptible capacity (contracted capacity) .
- 8.3.1. In the event when there is no possibility of providing firm capacity (contracted capacity), interruptible capacity (contracted capacity) shall be made available by the OSGT.
- 8.3.2. The Shipper may use both firm and interruptible capacity (contracted capacity) at a given physical entry point or physical exit point.
- 8.3.3. When making the capacity available on an interruptible service basis, the OSGT shall have the right to reduce the interruptible capacity at a given physical entry point or

physical exit point in accordance with the provisions of point 12.1.23, point 12.1.24 and point 8.3.4.

8.3.4. With respect to a given physical point, the reductions referred to in point 8.3.3 shall be introduced by the OSGT starting from the capacity offered under shorter-term products (i.e. first within-day, then daily, monthly, quarterly and, lastly, yearly) and taking into account the time of concluding the capacity allocation for the given product. . In case of the capacity offered under products with the same term, the reduction shall be prorated in accordance with the quantities of gaseous fuel stated in the nomination.

8.3.5. The information on the reduction for given hour shall be communicated by the OSGT without undue delay but in any case not later than forty five (45) minutes after the beginning of the hour when submission of renomination is possible for this hour.

8.3.6. The Shipper shall be required to conform to the restrictions introduced by the OSGT.

8.3.7. The duration of the capacity restrictions in a given gas day shall correspond to the total number of hours for which the restrictions were introduced.

8.4. Reverse-flow capacity.

8.4.1. The reverse-flow transmission services shall be offered by the OSGT at a limited number of physical points identified in the OSGT's website (www.gaz-system.pl).

8.4.2. The reverse-flow transmission service shall be provided either as :

8.4.2.1. firm capacity – the reverse-flow transmission service, or

8.4.2.2. interruptible capacity – the virtual reverse-flow transmission service.

8.5. General principles for offering the capacity (contracted capacity).

8.5.1. The capacity (contracted capacity) of physical entry points and physical exit points to/from the SGT shall be made available under a Transmission Contract and a capacity allocation (PP), as well as on the basis of nominations in the cases referred to in point 9.

8.5.2. Both capacity (contracted capacity) and transmission ability are expressed in units of energy (kWh/h) and have the same value.

8.5.3. The capacity (contracted capacity) allocation shall be made separately for the physical entry and the physical exit point.

8.5.4. The available transmission capacity of the physical entry and exit points at interconnections with the transmission systems of the Member States of the European Union and the Point of Interconnection (PWP), to the extent agreed with the interconnecting system operator, shall be made available on a bundled basis. The amount of capacity made available on a bundled basis shall be published by the OSGT on its website.

8.5.5. As a result a jointly held bundled capacity allocation procedure, the same amount of capacity (contracted capacity) shall be contracted in both systems at the same time ("offering capacity on a bundled basis").

- 8.5.6. Bundled capacity shall be made available under a non-discriminatory and transparent procedure to be carried out in conformity with the principles set forth in the network codes of the interoperating system operators (ISOs). The schedule for offering bundled capacity shall be published specified in the Auction Calendar.
- 8.5.7. The OSGT shall determine the available transmission capacity taking into consideration:
- 8.5.7.1. currently provided transmission service,
 - 8.5.7.2. capacity allocated under the capacity allocation (PP)
 - 8.5.7.3. existing agreements for connection to the SGT, unless the expected date for the conclusion of the gaseous fuel supply agreement specified under these agreements has lapsed,
 - 8.5.7.4. capacity (contracted capacity) retained to be made available as a bundled product,
 - 8.5.7.5. principles referred to in point 8.2.1.5.
- 8.5.8. The capacity allocation shall be made as follows:
- 8.5.8.1. in case of yearly products, for the period corresponding to any of the fifteen (15) consecutive gas years following the gas year when the capacity allocation is made for firm capacity (contracted capacity) and for the following year for interruptible capacity, subject to the provisions of point 8.2.3;
 - 8.5.8.2. in case of quarterly products, for the period of quarter of the gas year following the gas year when the capacity allocation is made;
 - 8.5.8.3. in case of monthly products, for the gas month falling after the month in which the capacity allocation is made.
 - 8.5.8.4. in case of daily product, for the gas day following the day when the capacity is allocated;
 - 8.5.8.5. in case of within-day product, for the period from given hour in the gas day to the end of the gas day.
- 8.5.9. Only Shippers may apply for capacity allocation.
- 8.6. The allocation of capacity (contracted capacity) under the auction procedure.
- 8.6.1. The allocation of yearly, quarterly, monthly and daily products within the available capacity on a firm or interruptible basis, as well as within-day products within the available capacity on a firm basis at FPWE, FPWY, and PWP, takes place through an auction.
- 8.6.2. Prior to the auction, the OSGT will publish on its website information on:
- 8.6.2.1. the name of the physical entry or exit point, the available capacity of which will be made available through the auction,

- 8.6.2.2. the products made available through the auction and the amount of available capacity made available for each product,
 - 8.6.2.3. the date of the auction,
 - 8.6.2.4. the value of small and big price steps – for ascending clock auctions, or
 - 8.6.2.5. the minimum price – for uniform-price auctions.
- 8.6.3. The information referred to in 8.6.2 will be published by the OSGT at the latest:
- 8.6.3.1. one (1) month prior to an auction of yearly products,
 - 8.6.3.2. two (2) weeks prior to an auction of quarterly products,
 - 8.6.3.3. one (1) week prior an auction of daily products,
 - 8.6.3.4. at the start of an auction of daily products,
 - 8.6.3.5. upon completion of an auction for daily products and each time before the start of each auction for within-day products.
- 8.6.4. Auctions are held on the dates set out in the Auction Calendar.
- 8.6.5. Auctions of yearly, quarterly and monthly products are conducted using an ascending clock auction algorithm. Auctions of daily and within-day products are conducted using a uniform-price auction algorithm.
- 8.6.6. If the demand for capacity (contracted capacity) at the physical entry points or physical exit points does not exceed the available capacity, the OSGT allocates to all Shippers the capacity (contracted capacity) specified in the first bidding round of the given auction.
- 8.6.7. Internet platform for conducting auctions
- 8.6.7.1. Auctions are conducted on the Auction Platform, following the rules of the Auction Platform.
 - 8.6.7.2. When the auction is not held on the Auction Platform, the OSGT shall hold the auction on a Internet platform agreed with and approved by the President of ERO. The information on the Internet platform where the auctions are to be held shall be published by the OSGT on its website not later than simultaneously with the information referred to in point 8.6.2. The auction shall be held according to the rules of the Internet platform. Auctions on an Internet platform shall be carried out according to the provisions of Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council (OJ EU L 273/5).
- 8.6.8. The designation or change of the individual authorised to represent the Shipper in an auction shall be made through the submission of the power of attorney form. The power of attorney form shall be published by the OSGT on its website.

- 8.6.9. Upon the presentation of the power of attorney referred to in point 8.6.8, and after the choice of the form of financial security, the Shipper shall obtain a login and password for the OSGT's internet platform which enables the participation in the auction.
- 8.6.10. The level of capacity specified in the bidding round of the given auction for a given physical entry point or physical exit point shall be a natural number and must not exceed the technical capacity of such point.
- 8.6.11. When a firm capacity allocation relates to an physical entry point at an 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 Shipper shall be required to present the OSGT, at least twenty-one (21) days prior to the beginning of the auction, with documents evidencing that the supply of gaseous fuel to the physical entry point has been secured. The documents evidencing the above may specifically include 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 physical entry points to the SGT.
- 8.6.12. The documents or excerpts from the documents referred to in section 8.6.11 should contain at least the following details:
- 8.6.12.1. the term of the agreement together with any clauses limiting its performance including any termination conditions,
- 8.6.12.2. the contracted capacities (together with the definition of the term used in a given document) in each year of the term of the agreement or existence of the obligation,
- 8.6.13. The documents referred to in point 8.6.11 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 an authorised representative of the entity. The documents referred to in point 8.6.12 shall be submitted in the Polish language or include a sworn translation to the Polish language. The excerpts of the documents referred to in point 8.6.11 should contain a declaration by authorised representatives of the entity confirming that the details contained in the excerpt are consistent with the content of the respective document. The documents referred to in point **Błąd! Nie można odnaleźć źródła odwołania.** and point 8.6.12, shall be delivered to the OSGT as a hard copy or electronically scanned document through the IES.
- 8.6.14. When the contracted capacities under the presented documents 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.
- 8.6.15. In case of a failure to present the documents referred to in point 8.6.11, or when the submitted documents do not conform to the requirements set forth in point 8.6.13, the OSGT shall request the applicant, within five (5) business days of receiving the documents, to supplement the relevant documents and information within five (5) business days of the delivery of such request, under the pain of non-admission to the auction for products offered for the points referred to in point 8.6.11.
- 8.6.16. When the documents referred to in point 8.6.11 imply that the Shipper has secured the supply of gaseous fuel to the physical entry point in a specific quantity that is lower than

the capacity offered at such point, the OSGT shall admit such Shipper to the participation in the auction up to the capacities resulting from the presented documents.

8.6.17. Taking part in an auction for capacity allocation for the Point of Interconnection (PWP), the Shipper shall be required to have a valid contract for transmission services between such Shipper and the TSO, executed in accordance with the provisions of the applicable TNC.

8.6.18. The interruptible capacity for yearly, quarterly and monthly products shall be offered to Shippers once 90% of technical capacity of given physical point has been allocated on firm basis.

8.6.19. The interruptible capacity for daily and within-day products shall be offered to Shippers once 100% of technical capacity of given physical point has been allocated on firm basis.

8.6.20. In the event when, in the process of capacity allocation through an auction it is necessary to use mechanisms involving pricing steps, i.e. in case when the demand for capacity exceeds the capacity offered in the auction, the OSGT shall charge an auction margin in the amount established upon the completion of the respective auction procedure.

8.6.21. The OSGT shall charge the auction margin earned as a result of the auction of a given capacity product in each settlement period on the basis of a basic invoice. The revenues from the auction margin shall be subject to the scrutiny by the President of ERO and shall be used by the OSGT for development of the transmission system with a view to eliminating any system congestion at the interconnections between the transmission system and transmission systems of other countries.

8.6.22. The OSGT shall report to the President of ERO, on a quarterly basis, on the revenue generated from the auction margin paid by the Shippers and on the use of the said funds for the planned or on-going development of the transmission system with a view to eliminating any system congestion at the interconnections between the transmission system and transmission systems of other countries.

8.7. Conclusion of the capacity allocation (PP).

8.7.1. Conclusion of capacity allocation (PP) takes place electronically.

8.7.2. The Annex "capacity and transmission ability allocation (PP/PZ)" shall make part of the Transmission Contract. The "capacity and transmission ability allocation (PP/PZ)" shall specify the following:

8.7.2.1. the capacity (contracted capacity) and transmission ability the Shipper is eligible to,

8.7.2.2. the type of capacity (contracted capacity) and transmission ability, i.e. firm, firm reverse-flow, interruptible, interruptible reverse-flow,

8.7.2.3. the product according to point 8.2 and the period for which it has been allocated.

- 8.7.3. The allocated capacity (contracted capacity) shall be the basis for the application of charges in respect of the transmission of gaseous fuel.
- 8.7.4. The OSGT shall inform the Shipper about the allocated capacity immediately, pursuant to the provisions of the Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament.
- 8.7.5. Once the "capacity and transmission ability allocation (PP/PZ)" is provided to the Shipper in the IES in a digital form, it shall be deemed that the OSGT and the Shipper have effectively amended the capacity allocation (PP). The information shall be deemed delivered at the moment when relevant documents are made available in an electronic form in the IES.
- 8.8. Change of the capacity allocation (PP).
- 8.8.1. The increase of the capacity (contracted capacity) shall be effected through participation in an auction.
- 8.8.2. The reduction of the capacity (contracted capacity) may be effected through the process of releasing capacity (contracted capacity), referred to in 8.1.3, or through the process of surrendering, referred to in 16.3.10, or through the rules referred to in 16.3.5.
- 8.8.3. Any change of the capacity (contracted capacity) shall require a confirmation in the form of an updated annex "capacity and transmission ability allocation (PP/PZ)", through providing electronic documents in IES, otherwise being null and void, and in case when the capacity allocation is made under an auction procedure, by providing the capacity allocation (PP) in the IES in accordance with point 8.7.5.

9. INTERRUPTIBLE WITHIN-DAY SERVICES.

- 9.1. Within-day capacity (contracted capacity) and transmission ability on an interruptible basis shall be made available pursuant to a Transmission Contract, capacity allocation (PP) and a nomination confirmed by the OSGT. In respect of the capacity and transmission ability allocation for within-day products on an interruptible basis, the provisions of point 8.5 shall apply as appropriate, unless otherwise provided for under point 9.
- 9.2. The Shipper that intends to use capacity and transmission ability for within-day products on an interruptible basis shall indicate such intention in the application for Transmission Contract or submit an application for capacity allocation (PP) during the term of the Transmission Contract stipulating therein, as appropriate, 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 for the purposes of calculating the value of the financial security.
- 9.3. The allocated capacity for within-day products on an interruptible basis shall correspond to the maximum hourly quantity of gaseous fuel set out in the nomination confirmed by the OSGT.

10. SGT TRANSMISSION ABILITY ALLOCATION

10.1. General conditions.

10.1.1. The basis for rendering gas transmission services by the OSGT, including the commercial balancing referred to in point 14, is the transmission ability allocation (PZ).

10.1.2. The allocated ability (PZ) is expressed in units of energy (kWh/h) in natural numbers.

10.2. Transmission ability allocation (PZ) at PWE and PWY.

10.2.1. The capacity allocation (PP) for physical entry points and physical exit points shall also constitute the ability allocation (PZ) for the respective points. In this respect, and in the same form, the allocation of transmission ability (PZ) shall occur simultaneously with the allocation of capacity (PP). The transmission ability allocation (PZ) shall be made for the same time and have the same value (kWh/h) as the capacity allocation (PP).

10.3. Transmission ability allocation for $WPWE_{GG}$, $WPWY_{GG}$, $WPWE_{PPG}$, $WPWY_{PPG}$, $WPWE_{OTC}$, $WPWY_{OTC}$, $WPWE_{OSGT}$, $WPWY_{OSGT}$.

10.3.1. A Shipper or Applicant may request transmission ability allocation (PZ) for points $WPWE_{GG}$ and $WPWY_{GG}$ and $WPWE_{OTC}$ and $WPWY_{OTC}$ after concluding the Transmission Contract or submitting a request for a Transmission Contract.

10.3.2. A Shipper shall be entitled, under the Transmission Contract and transmission ability allocation (PZ), to use the transmission ability at:

10.3.2.1. entry and exit points to/from the Gas Exchange ($WPWE_{GG}$ and $WPWY_{GG}$), after fulfillment of additional conditions which are laid down in the rules of the Gas Exchange

10.3.2.2. entry and exit points to/from a Gas Trading Platform ($WPWE_{PPG}$ and $WPWY_{PPG}$), and

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

10.3.3. There are no limits for the transmission ability allocated for virtual points, i.e. $WPWE_{GG}$, $WPWY_{GG}$ and $WPWE_{OTC}$ and $WPWY_{OTC}$ and $WPWE_{OSGT}$ and $WPWY_{OSGT}$.

10.3.4. Allocation of transmission ability for $WPWE_{GG}$, $WPWY_{GG}$ and $WPWE_{OTC}$ and $WPWY_{OTC}$ is for an indefinite period.

10.3.5. The transmission ability at a virtual entry and exit point for transactions with the OSGT ($WPWE_{OSGT}$ and $WPWY_{OSGT}$) for the term of the agreement for participation in the Balancing Services Market shall be acquired by the Shipper exclusively upon the execution of the agreement for participation in the balancing services market referred to in point 15.1.2. The transmission ability allocation (PZ) for $WPWE_{OSGT}$ and $WPWY_{OSGT}$ shall become an Annex to the Transmission Contract upon the publication of the updated transmission ability allocation in the IES.

10.4. Request for transmission ability allocation (PZ)

- 10.4.1. Transmission ability allocation for $WPWE_{GG}$, $WPWY_{GG}$, $WPWE_{OTC}$, $WPWY_{OTC}$ requires the Shipper to submit a request for transmission ability allocation.
- 10.4.2. The applicant shall submit to the OSGT such request for allocation of ability (PZ) via the IES.
- 10.4.3. The OSGT shall process the request within fourteen (14) days from the date of its receipt. After processing the request for transmission ability allocation (PZ), the OSGT shall notify the applicant of accepting or rejecting the request, or call the applicant to supplement it. In case of a failure to supplement the request according to the OSGT's call, the request shall be left unconsidered.
- 10.4.4. The information about the request being left unconsidered or the rejection of the request for transmission ability allocation (PZ) shall be communicated by the OSGT to the applicant in writing, and shall state the reason therefor.
- 10.4.5. If a request for transmission ability allocation (PZ) is rejected, the OSGT shall immediately notify the interested entity and the President of ERO in writing, indicating the reasons for refusal.
- 10.4.6. If the Shipper submits a request for transmission ability allocation (PZ) at the entry point $WPWE_{GG}$ or the point of entry from the OTC market ($WPWE_{OTC}$), the OSGT shall allocate the requested transmission ability also for the exit point $WPWY_{GG}$ or the exit point to the OTC market ($WPWE_{OTC}$).
- 10.4.7. If the Shipper submits a request for transmission ability allocation (PZ) at the exit point $WPWY_{GG}$ or exit point to the OTC market ($WPWY_{OTC}$), the OSGT shall allocate the requested transmission ability also for the entry point $WPWE_{GG}$ or the entry point from the OTC market ($WPWE_{OTC}$), respectively.
- 10.5. Conclusion of transmission ability allocation (PZ)
- 10.5.1. Conclusion of transmission ability allocation (PZ) occurs when the electronic document specifying the transmission ability (PZ) is published by the OSGT in the IES.
- 10.6. Changing the transmission ability allocation (PZ).
- 10.6.1. Change in the capacity allocation (PP) at physical entry or exit points leads to an automatic change in transmission ability allocation (PZ) at the corresponding points with a physical location.
- 10.6.2. Change in the transmission ability allocation (PZ) occurs when the electronic document specifying the transmission ability (PZ) is published by the OSGT in the IES.

11. WORKS WITHIN THE SGT

11.1. Planning of works that affect the conditions of the operation of the SGT.

11.1.1. The OSGT, acting with due regard to the rights of the SGT Owner with respect to the SGT, shall manage, supervise, control the maintenance, repair and operation of the SGT.

11.1.2. Subject to the conditions specified in the agreements, referred to in point 5.3, the OSGT shall coordinate the dates and duration of the planned interruptions or restrictions in the transmission of gaseous fuel with the SGT Owner and the ISOs to be affected by the restrictions resulting from the planned maintenance and modernization works within the SGT.

11.1.3. Subject to the conditions specified in the agreements referred to in point 5.3, the OSGT shall coordinate the scope and timing of any works planned within the interoperating transmission systems with the SGT Owner and the ISOs.

11.2. Notification of changes in the conditions of the operation of the SGT to Shippers.

11.2.1. By 31 January of given calendar year, the OSGT shall post an information on its website regarding the works planned for the calendar year, which may affect the conditions of the operation of the SGT leading to reduced gas transmission capacity. In such information, the OSGT shall incorporate the information provided in accordance with the provisions of point 11.1.3.

11.2.2. The OSGT shall notify the Shippers affected by the restrictions about the dates, duration and scope of such restrictions applying at entry or exit points at least forty two (42) days prior to the date of planned works.

11.2.3. The Shipper shall be obliged to take account of the restrictions referred to in point 11.2.1 and 11.2.2 in its nominations.

PART II

BALANCING AND CONGESTION MANAGEMENT IN THE SGT

12. SUBMISSION OF TRANSMISSION CONTRACTS FOR EXECUTION

12.1. Nominations and re-nominations – general principles.

12.1.1. In performance of the Transmission Contract, the Shipper shall nominate the quantities of gaseous fuel for transmission. The nominations may be amended under the re-nomination procedure. A re-nomination confirmed in accordance with the provisions of the Network Code shall be deemed to be a confirmed nomination.

12.1.2. The confirmed nomination (renomination) shall constitute the basis for allocation as well as for the settlement of within-day service made available in the overnomination procedure according to point 9.

12.1.3. All the quantities of gaseous fuel in the nominations and renominations shall be specified in the units of energy (kWh) in natural numbers.

12.1.4. Nominations shall be submitted with daily frequency. Daily nominations shall specify the quantity of gaseous fuel to be delivered for transmission or off-taken from the SGT on a given gas day, broken down by hour, for each entry point and exit point specified in the transmission ability allocation (PZ).

12.1.5. The level of the reductions referred to in point 12.1.10 may vary in each hour of the gas day, depending on the capacity of a given point available in a given hour.

12.1.6. PZPT and the Gas Exchange shall submit nominations or renominations for the Virtual Point (i.e. for WPWE_{PPG} and WPWY_{PPG} or for WPWE_{GG} and WPWY_{GG}, as appropriate) 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 Virtual Point. The nomination or re-nomination submitted by PZPT or the Gas Exchange shall stipulate the balance of the Shipper's transactions executed at the Virtual Point. The nomination or re-nomination received from PZPT or the Gas Exchange is not subject to approval by OSGT. The nomination or renomination received from PZPT or the Gas Exchange shall be considered as confirmed by the OSGT.

12.1.7. The aggregated quantities of gaseous fuel sold by all Shippers, nominated at the Virtual Point in respect of a gas day shall be equal to the aggregated quantities of gaseous fuel purchased by the Shippers in such gas day.

12.1.8. The Shippers that buy or sell gaseous fuel at the Virtual Point at point WPWE_{OTC} and WPWY_{OTC} shall submit respective nominations or renominations in which they shall indicate the quantities of gaseous fuel to be delivered and taken at the Virtual Point.

12.1.9. The quantities declared in the nominations/ renominations which result from transactions at the Virtual Point should match each other. In case when the quantities for the respective Shipper pairs do not match, the nominated/ re-nominated quantity of gaseous fuel shall be deemed to be equal to the lower of the nomination/ re-nomination values compared for a given Shipper pair (the "lesser rule" principle). The information on the confirmation or rejection of the nomination/ renomination shall be communicated to the Shipper and should include information on the application of the lesser rule and on the quantities of gaseous fuel confirmed for delivery.

12.1.10. In case when the reduction of a nomination proves necessary in connection with the use of interruptible capacity by the Shipper, due to the following reasons: a failure to maintain the quality parameters of gaseous fuel specified in the SGT Network

Code, the provision of the transmission service for products allocated on a firm basis, the maintenance and repairs of the transmission network, restrictions related to the supplying or supplied markets, the performance of public service obligations or as a result of capacity management measures taken under congestion management procedures, the OSGT shall confirm reduced nominations. The Shipper shall have the right to re-nominate in accordance with the provisions of point 12.2.7.

- 12.1.11. To enable the matching of nominations and re-nominations in the interoperating systems by the OSGT, nominations and re-nominations submitted for entry and exit points shall clearly identify the quantities of gaseous fuel by entity off-taking or delivering gaseous fuel at a given entry/exit point to/from the SGT.
- 12.1.12. The Shipper shall be responsible for providing information about the quantities of gaseous fuel set out in its nominations and renominations to the Interoperating System Operator (ISO) or to entities that deliver or off-take gaseous fuel to/from the SGT for the benefit of Shipper.
- 12.1.13. For the Point of Interconnection (PWP), the Shipper shall submit a single (combined) nomination to the OSGT, in accordance with the provisions of this SGT Network Code. A nomination confirmed by the OSGT in the SGT system shall constitute the basis for the performance of the transmission service (confirmed nomination) at the Point of Interconnection (PWP) in the KSP.
- 12.1.14. A change of the nomination (renomination) referred to in point 12.1.13 shall automatically result in the corresponding change of the nomination (re-nomination) for the Point of Interconnection in the KSP.
- 12.1.15. Nominations and renominations, as well as the information on their approval, shall be submitted in accordance with the procedures and on the terms and conditions set out in point 17.
- 12.1.16. The OSGT shall be allowed to pass on the information on nominations and renominations to the ISOs and OPRs.
- 12.1.17. The hourly quantities of gaseous fuel specified in the nominations and re-nominations for a given entry or exit point must not exceed the capacity established for such entry or exit point in the transmission ability allocation to the Shipper, subject to point 12.1.18
- 12.1.18. In the case when the Shipper uses within-day interruptible gas transmission service at a given point, the hourly quantity of gaseous fuel specified in the Shipper's nomination for such point must not exceed the technical capacity of the point.
- 12.1.19. The nominations and renominations 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.
- 12.1.20. Nominations and renominations submitted by the Shipper should take into consideration any restrictions and interruptions introduced in accordance with the provisions of the SGT Network Code and, with respect to the Point of Interconnection (PWP), also in accordance with the provisions the TNC.

- 12.1.21. Nominations submitted by Shippers for entry points or exit points located at interconnections between the SGT and interoperating systems should match the corresponding nominations in those systems.
- 12.1.22. Should the OSGT be informed by an Interoperating System Operator, also when under different a procedure than those specified in point 12.4, of the lack of the capability to transport the quantities of gaseous fuel specified in the nomination, the OSGT shall immediately inform the Shipper thereof. The Shipper shall adjust its nomination at the relevant point and submit a renomination to the OSGT within two (2) hours of the receipt of the above information.
- 12.1.23. The nomination/re-nomination by the Shipper for which interruptible transmission service is provided may be confirmed subject to a reduction of the quantity of gaseous fuel specified by the Shipper in the nomination/renomination. The reduction shall be applied in accordance with the provisions of point 8.3.4.
- 12.1.24. The Shipper that has been advised by the OSGT of the approval of its nomination/renomination or its approval subject to the reduction of the quantity of gaseous fuel specified in such nomination/renomination, may be advised by the OSGT of a further 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 nominations and renominations submitted by a Shipper that uses firm transmission service.
- 12.1.25. The quantities of gaseous fuel specified in confirmed nominations for services provided on an interruptible basis shall not be subject to further reduction, unless such reduction results from re-nominations by Shippers holding unused capacity under firm services, and subject to point 12.5.
- 12.2. Nomination process.
- 12.2.1. The Shipper shall submit nominations to the OSGT no later than by 14:00 hours on the gas day preceding the gas day the nomination relates to.
- 12.2.2. In case when the Shipper submits more than one nomination within the time limit specified in 12.2.1, the OSGT shall consider the last received nomination.
- 12.2.3. The OSGT shall notify the Shipper about the approval or rejection of the nomination by 16:00 hours on the gas day preceding the gas day the nomination relates to. In the case of rejecting the nomination, the OSGT shall state the reason for the rejection.
- 12.2.4. A nomination may be rejected due to:
- 12.2.4.1. a failure to conform to the requirements concerning its form, content or the method and time of its submission, as stipulated in the SGT Network Code,
 - 12.2.4.2. the submission of the nomination by a non-authorized party,
 - 12.2.4.3. overrun of the capacity specified in the transmission ability allocation (PZ), and in case of using the within-day product, the overrun of the technical capacity,
 - 12.2.4.4. the Shipper's failure to take account of the transmission ability congestion at entry points or exit points notified by the OSTG, the SGT Owner, or an ISO and

preventing the performance of services in accordance with the nominations submitted by the Shipper.

- 12.2.5. In case when the Shipper fails to submit a nomination for the following gas day to the OSGT within the time limit specified in point 12.2.1, it shall be deemed that a nomination with the quantity of gaseous fuel equal to "0" (zero) has been confirmed for such Shipper with respect to the relevant point.
- 12.2.6. 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 confirmed for the Shipper for the relevant point shall amount to "0" (zero).
- 12.2.7. The OSGT has the right to adjust the nomination of a given Shipper when the quantity of gaseous fuel specified in this nomination exceeds the transmission ability possessed by this Shipper at the given point, where, under the surrender procedure mentioned in 16.3.10, the capacity (contracted capacity) surrendered by this Shipper, was allocated by the OSGT to another Shipper. The OSGT shall advise the Shipper of the nomination adjustment.
- 12.2.8. The OSGT may change the nomination or renomination made by the Shipper in exceptional cases and in extraordinary situations when the safety and stability of the transmission system are clearly at risk. The OSGT shall inform the President of ERO each time it takes such measure.
- 12.3. Renomination process.
- 12.3.1. The provisions concerning nominations shall apply to renominations unless the SGT Network Code provides otherwise.
- 12.3.2. The Shipper and PZPT may renominate the hourly quantities of gaseous fuel specified in the nomination confirmed by the OSGT for a given gas day. Renominations may be submitted from 16:00 on the gas day before the gas day concerned by the renomination up to 3:00 on the gas day concerned by such renomination. A renomination of the hourly quantities of gaseous fuel may be submitted no later than two (2) hours before the first hour in which the change is to take effect.
- 12.3.3. In the case when an exchange transaction is cancelled in accordance with the provisions of the Trading Rules of the Commodity Market of the Towarowa Giełda Energii S.A after the nomination is made, PZPT shall immediately submit an appropriate renomination. The provisions of point 12.3.2 shall not apply.
- 12.3.4. The renomination review procedure for a given point shall commence at the top of every hour and shall last two (2) hours. The OSGT shall consider the last renomination that was received before the top of the hour.
- 12.3.5. The OSGT shall advise the renomination submitting entity whether the renomination has been 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.
- 12.3.6. In the case of the OSGT rejecting the re-nomination, the last nomination (renomination) confirmed by the OSGT shall remain valid and binding for the Parties, subject to the restrictions and interruptions mentioned in point 12.1.20 and point 12.2.4.

12.3.7. The short-term “use it or lose it” principle

12.3.7.1. The short-term “use it or lose it” principle shall apply at the entry or exit points specified in the decision of the President of ERO issued pursuant to section 2.2.3 of Annex I to Regulation of the European Parliament and the Council (EC) No 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005, published on the OSGTs' website.

12.3.7.2. When it comes to entry and exit points at interconnections with transmission systems of other member states of the European and at PWP point, renomination is only permitted in the range of 10% to 90% of the transmission ability allocated on a firm basis for the Shipper. However, if the nomination exceeds 80% of this transmission ability, then only half of the non-nominated amount may be renominated upwards. When it comes to the remaining allocated ability of the given Shipper, the renomination is treated as complex renomination for the interruptible capacity. If the nomination does not exceed 20% of the allocated transmission ability, then a half the nominated amount may be renominated downwards.

12.3.7.3. The short-term “use it or lose it” principle does not apply to Shipper that fulfils all of the following conditions:

12.3.7.3.1 in the gas year preceding the year of renomination the Shipper was entitled to less than 10% of the average technical transmission ability at a given entry or exit point at interconnection with transmission systems of other countries being members of European Union or at PWP point the renomination applies to,

12.3.7.3.2 the Shipper is not a member of a capital group within the meaning of Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings, which in the gas year preceding the year of renomination, was entitled to at least 10% of the average technical ability at a given entry or exit point at interconnection with transmission systems of other countries which are EU Member States, or at the PWP point the renomination applies to.

12.4. Matching of nominations and re-nominations in interoperating systems

12.4.1. Nominations or renominations submitted by Shippers for entry points or exit points located at interconnections between the SGT and interoperating systems should match the corresponding nominations in those systems.

12.4.2. If the process of nomination or renomination matching in interoperating systems reveals any divergence of the nominations or renominations, the OSGT shall apply the “lesser rule” principle, which means that the quantity of gaseous fuel according to the lower of the compared nominations shall apply in both systems.

12.4.3. In the situation referred to in point 12.4.2, the nomination specifying the quantities of gaseous fuel determined in accordance with the provisions of point 12.4.2, as applicable, shall be accepted by the OSGT as the confirmed nomination, and the OSGT shall notify Shipper thereof.

12.5. Emergency situations.

12.5.1. In the event of the occurrence of an emergency, a significant pressure drop of gaseous fuel in the SGT, or when the OSGT has been informed by the SGT Owner, an ISO or an OPR, under the procedure specified in point 12.4, or otherwise, about the incapacity to transport the quantities of gaseous fuel specified in a nomination, the OSGT shall immediately notify the Shipper thereof, and shall, at the same time, specify the level of nomination and the period for which the Shipper shall be required to adjust its nomination.

12.5.2. The Shipper shall adjust its nomination at the relevant point and, as appropriate, at other entry points or exit points and to submit a re-nomination to the OSGT within thirty (30) minutes of receiving the notification.

12.5.3. Thirty (30) minutes after the receipt of the re-nomination, the OSGT shall inform Shipper about any inconsistencies in the re-nomination that may constitute the basis for the rejection thereof in accordance with the provisions of point 12.2.4.

12.5.4. In case of receiving the information about inconsistencies in the re-nomination referred to in point 12.5.3, the Shipper shall deliver an adjusted re-nomination within fifteen (15) minutes.

12.5.5. The OSGT shall inform the Shipper about the approval of the re-nomination with the reduction of the quantities gaseous fuel specified by the Shipper in the re-nomination, or about the rejection of such re-nomination within one (1) hour of its receipt.

12.5.6. In applying the reduction referred to in point 12.5.5, the OSGT shall take into account the following order of product priority in respect of service performance, including the reverse-flow services:

- 12.5.6.1. yearly firm capacity product,
- 12.5.6.2. quarterly firm capacity product,
- 12.5.6.3. monthly firm capacity product,
- 12.5.6.4. daily firm capacity product,
- 12.5.6.5. within-day firm capacity product,
- 12.5.6.6. yearly interruptible capacity product,
- 12.5.6.7. quarterly interruptible capacity product,
- 12.5.6.8. monthly interruptible capacity product,
- 12.5.6.9. daily interruptible capacity product,
- 12.5.6.10. within-day interruptible capacity product.

12.5.7. In case of Shippers holding the same products, as referred to in point 12.5.6, the reduction shall be prorated in accordance with the quantities of gaseous fuel in confirmed nominations concerning the period referred to in point 12.5.1.

12.5.8. If the Shipper fails to submit a re-nomination in accordance with point 12.5.2, or to adjust the re-nomination in accordance with point 12.5.4, the OSGT shall determine the quantity of gaseous fuel to be transported for the benefit of such Shippers at particular points, and the so-determined quantity of gaseous fuel shall constitute a confirmed nomination. The OSGT shall provide the Shipper with the relevant information, in accordance with point 12.5.1.

13. ALLOCATION OF THE QUANTITIES OF GASEOUS FUEL

- 13.1. The allocation of the quantities of gaseous fuel delivered by Shipper at an entry point or off-taken by Shipper at an exit point shall match the quantities specified in the confirmed nomination.
- 13.2. The allocation for Shipper pursuant to the above-described conditions shall be made by the OSGT.

14. BALANCING OF THE SGT

14.1. General conditions of balancing.

14.1.1. The OSGT shall perform physical balancing in order to ensure the safe performance of transmission contracts.

14.1.2. Commercial balancing shall be performed in order to settle the Shippers' imbalances arising under individual transmission contracts on the basis of the quantities of gaseous fuel assigned to the Shippers in accordance with the allocation principles described in point 13.

14.1.3. Shippers shall be obligated to balance their deliveries and off-takes from the SGT to minimize the necessity of taking the balancing actions by the OSGT.

14.1.4. As the part of the balancing function, the OSGT 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 to the SGT and off-taken from the SGT.

14.1.5. The OSGT 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 the SGT to or off-taken from the SGT by the Shipper, to the extent of the capabilities available to the OSGT.

14.1.6. For the balancing purposes, the OSGT shall enter into buy and sell transactions in respect of gaseous fuel on the following trading platforms:

14.1.6.1. Towarowa Giełda Energii S.A.

14.1.6.2. another trading platform, according to the scope and timing specified in the decision of the President of ERO issued pursuant to Article 9(3) of Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks.

14.2. Balancing – detailed provisions.

14.2.1. In the situation where there is an imbalance in the quantity of gaseous fuel delivered for transmission and off-taken from the SGT, the OSGT shall take measures in order to stabilise the operation of the system.

14.2.2. In the event that the measures available to the OSGT are not sufficient to maintain stable operation of the SGT, the OSGT shall implement the procedures described in point 18.

14.2.3. The OSGT shall specify the daily imbalance amount for a given gas day as the difference between the quantity of gaseous fuel that the Shipper delivered at entry points and off-taken from the SGT at exit points on the basis of the allocation referred to in point 13.1.

14.2.4. Commercial balancing shall be performed by the OSGT after the end of the gas month, on the basis of the allocations referred to in point 13.1.

14.2.5. The OSGT shall carry out the commercial balancing procedure for each Shipper.

- 14.2.6. The Shipper's imbalance shall be expressed in the units of energy – kWh.
- 14.2.7. The volumes specified on the basis of the commercial balancing shall be included in the Billing Report prepared by the OSGT.
- 14.3. Principles of settlements in respect of the imbalance.
- 14.3.1. The settlement in respect of balancing shall be made by the OSGT for each gas day upon the end of the gas month.
- 14.3.2. The OSGT 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.
- 14.3.3. The settlements with the Shipper shall be based on the quantities set out in the Commercial Report compiled by the OSGT.
- 14.3.4. The Commercial Report containing the data to be used as the basis for settlements in respect of the imbalance and congestion management shall be compiled by seventh (7th) day of the month following the month such settlement relates to.
- 14.3.5. After each gas day, when the value of DIN is not zero and:
- 14.3.5.1. $DIN < 0$, the Shipper is obliged to pay the OSGT a charge for the gaseous fuel supplied by OSGT (OPM_D), defined as follows:

$$OPM_D = MOD(DIN) * KCK$$

where:

| | |
|---------|---|
| OPM_D | Fee for the delivered gaseous fuel which is paid by the Shipper to the OSGT |
| KCK | marginal buy price [PLN/kWh] |
| MOD | absolute value |
| DIN | daily imbalance quantity [kWh] |

- 14.3.5.2. $DIN > 0$, the OSGT is obliged to pay the Shipper a charge for the gaseous fuel off-taken by OSGT (OPM_P), defined as follows:

$$OPM_P = (DIN) * KCS$$

where:

| | |
|---------|---|
| OPM_P | Fee for the off-taken gaseous fuel which is paid by the OSGT to the Shipper |
| KCS | marginal sell price [PLN/kWh] |
| DIN | daily imbalance quantity [kWh] |

14.4. Charge related to financial neutrality of balancing.

14.4.1. In consideration of the financial neutrality of balancing, a charge related to financial neutrality of balancing shall be credited to the Shipper or charged from the Shipper by the OSGT in the amount calculated as follows:

$$\text{ONB} = \text{SNF} * \text{EP}$$

where:

| | |
|-----|--|
| ONB | charge related to financial neutrality of balancing |
| SNF | rate of the charge related to financial neutrality of balancing – published on the OSGT's website |
| EP | the quantity of gaseous fuel corresponding to the sum of daily quantities of gaseous fuel for the settlement period delivered by the Shipper for transmission at the entry point to the SGT and off-taken by the Shipper at the exit point from the SGT, excluding the quantities delivered and off-taken at Virtual Points. |

14.4.2. In case when the value of the charge related to financial neutrality of balancing is negative, the OSGT shall pay the relevant charge to the Shipper. In case when the amount of the charge exceeds the obligations of the Shipper towards the OSGT in the settlement period, the Shipper shall issue an invoice for the difference arising from the application of the charge.

14.4.3. In case when the value of the charge related to financial neutrality of balancing is positive, the Shipper shall make the payment to the OSGT on the basis of an invoice issued by the OSGT.

14.4.4. The charge related to financial neutrality of balancing is settled only with the Shipper who had the status of Shipper in the period to which the settlement applies.

14.4.5. The charge related to financial neutrality of balancing and the SNF rate shall be established in each settlement period.

14.4.6. "The mechanism for ensuring the cost neutrality of the balancing measures of Gas Transmission Operator GAZ-SYSTEM S.A. in connection with the entry into force of Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks" which sets forth the mechanism for the determination of the charge related to financial neutrality of balancing approved by a decision of the President of ERO shall be published by the OSGT on its website.

15. BALANCING SERVICES MARKET

15.1. General principles

15.1.1. The OSGT shall operate the balancing services market.

15.1.2. The participation in the balancing services market shall be available to a Shipper that holds a license for trade in gaseous fuel and has concluded an agreement with the OSGT on participation in the balancing services market (Balancing Market Participant - URB).

15.1.3. The balancing services market deals in gaseous fuel, traded in packages corresponding to the supply of gaseous fuel in the quantity of 1 MWh in each hour of the gas day (hereinafter referred to as the "package").

15.1.4. The standard system services for particular balancing areas shall include:

15.1.4.1. delivery of gaseous fuel at the Virtual Point – a service that consists in the delivery of gaseous fuel to the OSGT at the Virtual Point,

15.1.4.2. off-take of gaseous fuel at the Virtual Point – a service that consists in the off-take of gaseous fuel from the OSGT at the Virtual Point,

15.1.4.3. delivery of gaseous fuel at the entry point – a service that consist in the delivery of gaseous fuel to the OSGT at the specific entry point, the service availability is limited only to those URBs that use the capacity and the transmission ability at the specific entry point ("locational product"),

15.1.4.4. off-take of gaseous fuel at the exit point – a service that consist in the off-take of gaseous fuel from the OSGT at the specific exit point, the service availability is limited only to those URBs that use the capacity and the transmission ability at the specific exit point ("locational product"),

15.1.4.5. reduction of the delivery of gaseous fuel at the entry point – a service whereby the URB withholds the delivery of a specific quantity of gaseous fuel at the entry point ("locational product") and off-takes the same quantity of gaseous fuel from the OSGT at the Virtual Point.

15.1.4.6. The OSGT may publish on its website demand for specific system services.

15.1.4.7. The OSGT shall publish on its website the data regarding the performed system services.

15.2. Offer submission principles.

15.2.1. The URB shall be entitled to make an offer involving a system service to the OSGT (hereinafter referred to as the "offer") on the terms specified in point 15.2 of the SGT Network Code.

15.2.2. The URB shall be responsible for the correctness of its offer.

15.2.3. Offers shall be submitted by the URB by electronic mail with the use of the IT systems specified by the OSGT.

- 15.2.4. The OSGT shall only accept offers from persons authorized by the URB and admitted by the OSGT to operate on the balancing services market.
- 15.2.5. Offers may be submitted at any time. The URB may withdraw or change its offer at any time until the acceptance of the offer by OSGT.
- 15.2.6. The URB shall specify the type of standard system service in the offer, the quantity of packages offered and the location in which the offer is to be performed (entry or exit point). The quantity of packages in each hour of the gas day including the price of each package shall also be specified in the offer, and the price of each package within one offer must be the same.
- 15.2.7. 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.
- 15.2.8. It shall be assumed that an offer encompasses each package separately and its acceptance may concern one, multiple or all of the packages mentioned in the offer.
- 15.2.9. The OSGT shall notify the URB whether its offer was accepted or not. The OSGT shall notify the URB of the number of packages and hours for which the offer was accepted.
- 15.2.10. Offers shall be accepted by the OSGT to the extent required by it in order to ensure the stable operation of the transmission system.
- 15.2.11. With respect to offers concerning the same system service, the selection shall be made according to the price criterion. With respect to offers for the delivery of gaseous fuel, the OSGT shall first accept the offer with the lowest price for a given number of packages. With respect to offers for the off-take or reduction of the delivery of gaseous fuel, the OSGT shall first accept the offer with the highest price for a given number of packages. In the case of multiple identical offers, the OSGT shall accept them evenly on a pro rata basis to the extent required to balance the demand within the transmission system.
- 15.2.12. The OSGT 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.
- 15.3. Performance of system services.
- 15.3.1. At least two (2) hours prior to commencement of the system service, the URB shall submit its nomination or re-nomination for the quantities, time and place of delivery corresponding to the offer accepted by the OSGT. With respect to the locational service, the URB shall submit a nomination or re-nomination for an entry point or exit point. With respect to other services, the URB shall submit a nomination or re-nomination for the Virtual Point. The acceptance by the OSGT of the nomination or re-nomination shall be tantamount to proceeding with the performance of the system service. In case of locational services, the submission of a nomination or re-nomination for Virtual Point shall take place automatically through carrying on the change resulting from nominations or re-nominations for entry points or exit points for which the service is provided up to the value of the offer accepted by the OSGT for a given service.

15.3.2. In the case when the URB fails to provide the OSGT with the nomination or re-nomination, referred to in point 15.3.1, the OSGT shall deem the value of the nomination or re-nomination referred to in point 15.3.1 to be "0" (zero).

15.3.3. If the URB whose offer has been accepted fails to submit the nomination or re-nomination referred to in point 15.3.1, or changes the nomination or re-nomination prior to the approval in a manner that is inconsistent with the accepted offer, or its nomination or re-nomination cannot be confirmed or was reduced pursuant to the "lesser rule" principle due to other reasons than congestion in an interoperating system, the URB shall pay the following fee (ONOB) to the OSGT:

$$\text{ONOB} = 1,5 \cdot Q \cdot \text{MCOSB}$$

where:

| | |
|-------|--|
| ONOB | Fee for the part of the system services not rendered |
| Q | quantity of gaseous fuel constituting the difference between the quantity of gaseous fuel specified in the accepted offer and the quantity of gaseous fuel specified in the confirmed nomination or renomination corresponding to such offer |
| MCOSB | the maximum offered selling price of the gaseous fuel |

15.3.4. Detailed principles for the submission of nominations or renominations for the purposes of system services shall be published on the OSGT's website.

15.3.5. The system service shall be deemed performed when the allocation of the quantities of gaseous fuel corresponds to the nomination or renomination referred to in point 15.3.1 and confirmed by the OSGT. The payment of the price for the accepted offer shall be made upon the performance of the system service.

15.3.6. The performance of the system service referred to in point 15.1.4.5 shall be determined in accordance with the following formula, provided that the quantity of gaseous fuel delivered under the system service (Oz) shall not be greater than the quantity resulting from the offer accepted by the OSGT:

$$\text{Oz} = \text{Op} - (\text{A} - \text{N})$$

where:

| | |
|----|---|
| Oz | quantity of gaseous fuel delivered under the system service |
| Op | quantity of gaseous fuel constituting the difference between the quantity of gaseous fuel specified in the URB's nomination at the time of acceptance of the offer and the quantity of gaseous fuel specified in the URB's nomination or renomination submitted in accordance with point 15.3.1 and confirmed by the OSGT |
| A | hourly quantity of gaseous fuel delivered to or off-taken by the URB at a given entry or exit point, as determined following to the allocation |

N hourly quantity of gaseous fuel specified in the URB's nomination or renomination submitted in accordance with point 15.3.1 and confirmed by the OSGT

15.3.7. In case of system services involving a delivery, the settlement between the parties shall be made through the payment of a consideration by the OSGT in respect of the delivered packages. When the system service involves an off-take or the reduction, the URB shall pay a consideration to the OSGT in respect of the delivered packages

15.4. Settlements and payments.

15.4.1. The transactions in the balancing services market shall be settled by the OSGT.

15.4.2. As part of the settlement, the OSGT shall perform the following activities:

15.4.2.1. register accepted offers on the URB's accounts,

15.4.2.2. calculate the liabilities and receivables resulting from the performed offers,

15.4.2.3. issue monthly settlement reports in respect of the performance of system services.

15.4.3. Immediately after the end of the gas day for which the offer was accepted, the OSGT shall prepare a daily report of the system services separately for each URB, stating in particular the following information:

15.4.3.1. identification of the URB,

15.4.3.2. type of system service,

15.4.3.3. price at which the OSGT purchased the system service,

15.4.3.4. number of packages constituting the object of a given system service.

15.4.4. After the end of the gas month, the OSGT 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 OSGT shall convey a monthly report of system services to the URB within ten (10) business days.

15.5. Documents serving as the basis for billing under the balancing market participation agreement.

15.5.1. Within ten (10) business days of the end of the gas month, not later than by the fifteenth (15th) day of the month following the month such settlement relates to, the OSGT shall issue invoices to the URB in respect of the performance of system services (point 15.1.4.2, point 15.1.4.4 and point 15.1.4.5), on the basis of the monthly system services report.

15.5.2. Within seven (7) days of receiving the monthly system services report, the URB shall issue an invoice setting out the charges for the performance of system services (point 15.1.4.1 and point 15.1.4.3) in accordance with the terms and conditions set out in the SGT Network Code.

16. SYSTEM CONGESTION MANAGEMENT

16.1. Reasons for the occurrence of system congestion.

16.1.1. Technical congestion may occur in the SGT in connection with:

- 16.1.1.1. technical congestion of the network or system facilities,
- 16.1.1.2. need to maintain minimum pressure at entry or exit points to/from the SGT,
- 16.1.1.3. need to maintain stable quality parameters of the gaseous fuel in the SGT,
- 16.1.1.4. works carried out within the SGT or in other interoperating systems,
- 16.1.1.5. occurrence of an emergency situation.

16.1.2. Contractual congestion may occur in the SGT in connection with:

- 16.1.2.1. underutilisation of the capacity contracted by the Shipper,
- 16.1.2.2. limited technical capacity.

16.1.3. The charges for transmission services provided in case of contractual congestion (restrictions on interruptible capacity) shall be adjusted in accordance with the provisions of the SGT Tariff.

16.2. Measures taken by the OSGT to eliminate the potential occurrence of system congestion.

16.2.1. At the stage of reviewing requests to provide transmission services, the OSGT shall assess the capabilities for the execution of new capacity allocations (PP) and transmission ability allocations (PZ) such that they do not undermine the level of security of supply or quality of gaseous fuel delivered to the existing Shippers.

16.2.2. In case when the capabilities exist for the performance of transmission services, the OSGT shall offer the available transmission capacity in accordance with the provisions of the Network Code.

16.2.3. In case of the lack of the capability to provide a firm transmission service, the OSGT shall offer an interruptible transmission service, to the extent it is possible.

16.2.4. In order to prevent the occurrence of congestion the OSGT shall work together with the SGT Owner and the operators of interoperating systems.

16.2.5. Furthermore, the OSGT shall take the following measures with a view to preventing the occurrence of system congestion:

- 16.2.5.1. manage and oversee the maintenance and operation of the SGT and control its operation so as to reduce the probability of the occurrence of congestion,
- 16.2.5.2. monitor technical and quality parameters of the transported gaseous fuel,

- 16.2.5.3. approve operating procedures applicable in the event of the occurrence of an emergency situation in the SGT, as prepared by the SGT Owner,
- 16.2.5.4. charge an auction margin,
- 16.2.5.5. apply congestion management mechanisms in case of contractual congestion referred to in point 12.3.7, point 16.3.3, point 16.3.5, point 16.3.10, according to the provisions of Annex I to Regulation of the European Parliament and the Council (EC) No 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005.
- 16.3. System congestion management in case of contractual congestion.
- 16.3.1. The OSGT shall regularly assess the use of reserved capacity (contracted capacity) taking into account the currently provided transmission services. The purpose of such analysis is to prevent capacity blocking in the SGT and the occurrence of contractual congestion. The OSGT shall advise the President of ERO of the underutilisation of reserved contracted capacity by System Users in case when the circumstances set forth in point 16.3.3.1 and point 16.3.3.2 apply.
- 16.3.2. In case of the occurrence of contractual congestion that prevents the execution of capacity allocations (PP) and transmission ability allocations (PZ), the OSGT shall take efforts in order to mitigate such congestion and enable the execution of a capacity allocation (PP) and transmission ability allocation (PZ) at least on an interruptible basis.
- 16.3.3. If, during the review of an application for capacity allocation it is revealed that no transmission capacity is available, and contracted but unused capacity exists, the OSGT shall present an appropriate declaration to the Shipper following the obligation by the President of ERO to withdraw, in part or in full, the capacity allocation at a given entry or exit point, when:
- 16.3.3.1. the Shipper systematically underutilises the allocated capacity and transmission ability, i.e. uses less than on average 80 % of the capacity (contracted capacity) and transmission ability allocated to him, both in the period from 1 April until 30 September and in the period from 1 October until 31 March, when the effective term of the capacity allocation (PP) and transmission ability allocation (PZ) has been longer than one gas year, and such situation cannot be reasonably justified, and
- 16.3.3.2. the Shipper has failed to sell or release the unused capacity (contracted capacity) and transmission ability on reasonable terms, and specifically in accordance with the procedure set out in point 16.3.10, and other Shippers are seeking access to capacity (contracted capacity) and transmission ability at such point on a firm basis, and the Shipper fails to justify the underutilisation of capacity in a satisfactory manner, in particular by evoking the following reasons:
- 16.3.3.2.1 the necessity to conform to legal requirements in respect of security of supply,
- 16.3.3.2.2 a failure of the SGT or an interoperating system,
- 16.3.3.2.3 an extraordinary event on the part of a customer,
- 16.3.3.2.4 a force majeure.

16.3.4. The capacity allocation through an auction.

16.3.4.1. The right to participate in the auction shall be available to Shippers that fulfil the following conditions:

16.3.4.1.1 have an existing Transmission Contract,

16.3.4.1.2 have registered on the platform indicated by the OSGT on the OSGT's website, and obtained access to the platform two (2) days before the auction.

16.3.4.2. If the sum of the capacity resulting from binding bids of all the Shippers is lower or equal to the capacity offered in the first bidding round, the OSGT shall close the auction and the value of the auction margin shall be equal to "0" (zero).

16.3.4.3. After closing the auction, the OSGT shall publish its final outcome, including the aggregated allocated capacity, auction margin and the capacity available for the next auction. Individual data shall only be disclosed to the parties concerned, by electronic means and without unnecessary delay. The OSGT shall make the capacity allocation in accordance with the result of such an auction.

16.3.5. Oversubscription and buyback mechanisms.

16.3.5.1. The OSGT shall publish on its website www.gaz-system.pl, by 12:00 hours (noon) on the gas day, information on additional firm capacity to be made available for the following gas day in each entry point and exit point, taking into account the technical conditions, expected offtakes from the SGT and capacities in the adjacent transmission systems.

16.3.5.2. In case when, during the performance of transmission contracts, it is necessary to reduce the firm capacity made available under point 16.3.5.1, the OSGT shall apply the capacity buyback mechanism described below with respect to the Shippers.

16.3.5.3. The buyback shall take place in an auction procedure according to the rules of the relevant Auction Platform which should be drafted taking into account the principles set out in point 16.3.5.6 and be published on the OSGT's website. The auction to be used in the buyback procedure shall be carried out in accordance with the principles of a uniform-price auction within the meaning of the Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council (OJ EU L 273/5), save that the bids shall be ordered from the lowest one rather than from the highest one.

16.3.5.4. The participation in the auction shall be open to any Shipper that holds firm capacity at the point concerned by the buyback procedure.

16.3.5.5. The OSGT shall inform the Shippers referred to in point 16.3.5.4 about launching the buyback procedure in the form of an auction at least thirty (30) minutes prior to the beginning of the auction:

16.3.5.6. Auction principles:

- 16.3.5.6.1 the right to participate in the auction as an auction participant shall be available to the Shippers referred to in point 16.3.5.4, provided that they obtained a login and password for the OSGT's internet platform in accordance with point 8.6.9,
- 16.3.5.6.2 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 OSGT,
- 16.3.5.6.3 each auction shall comprise one bidding round only and last for thirty (30) minutes,
- 16.3.5.6.4 the bid of the auction participant may be placed, revised or withdrawn at any time during the bidding round; the bid shall be deemed binding until it is modified or removed,
- 16.3.5.6.5 in the bid, the auction participant shall indicate the following:
- 16.3.5.6.5.1 the identity of the auction participant,
- 16.3.5.6.5.2 the entry or exit point for which the bid is placed,
- 16.3.5.6.5.3 the capacity offered, which shall not exceed the firm capacity held by the auction participant, to the extent it is used in an confirmed nomination for the period concerned by the buyback procedure,
- 16.3.5.6.5.4 the price, specified taking into account the provisions of point 16.3.5.6.7.
- 16.3.5.6.6 The bid of the auction participant shall be deemed binding provided that it meets all the requirements set forth in point 16.3.5.6.5.
- 16.3.5.6.7 The maximum price at which capacity buyback may be offered by the auction participant shall not exceed ten times (10) of the fixed charge applicable to services for one gas day, as specified in the SGT's Tariff.
- 16.3.5.6.8 The capacity buyback under the auction procedure shall be made at the lowest price offered to the OSGT.
- 16.3.5.6.9 The OSGT may accept the bid of the auction participant in part only.
- 16.3.5.6.10 The final result of the auction shall be published by the OSGT within thirty (30) minutes of its closing. Individual data shall only be disclosed to the parties concerned, by electronic means and without unnecessary delay.
- 16.3.5.6.11 In case when, as a result of the auction referred to in point 16.3.5.3, the OSGT does not obtain sufficient capacity (contracted capacity) that is required to perform the transmission service in the SGT according to confirmed Shippers' nominations for a specific point for a given gas day, the OSGT, subject to appropriate discount at the rate set out in SGT Tariff, shall reduce the capacity allocation in respect of firm capacity held by Shippers. The reduction referred to above shall be done from the products with the shortest time of execution to the products with the longest time of execution, in case of products of the same time of execution prorated according to the hourly quantities of gaseous fuel in the confirmed Shippers' nominations for the period concerned by such reduction.

- 16.3.5.6.12 As a result of the buyback procedure, the OSGT shall reduce, as appropriate, the confirmed nominations of the parties whose bid was accepted, or those referred to in point 16.3.5.6.11. The provisions of point 12.1.10 shall apply accordingly.
- 16.3.5.6.13 The reduction of the compensation due to the buyback of the Shipper's capacity (contracted capacity) under the procedure referred to in point 16.3.5.3 shall be reflected in the invoice issued to the Shipper for the performance of the Transmission Contract, in the form of appropriate discount.
- 16.3.5.6.14 The method of determining the amount of additional capacity offered under the oversubscription mechanism shall be agreed by the OSGT with the President of ERO.
- 16.3.6. The Shipper may share the capacity (contracted capacity) and transmission ability.
- 16.3.7. In case of sharing the capacity (contracted capacity), the sharing Shipper shall remain a party to the capacity allocation (PP) and transmission ability allocation (PZ) under the relationship with the OSGT.
- 16.3.8. The Shipper may sell the capacity (contracted capacity). In case when capacity (contracted capacity) and transmission ability are sold to a Shipper, the following procedure shall apply:
- 16.3.8.1. the Shippers shall send their declarations to the OSGT regarding the sale of capacity specifying the entry and exit points at which the capacity and transmission ability is to be sold and the amount of capacity and transmission ability at such points, on the form posted on the OSGT's website, subject to seven (7) days' time limit counting from the date on which the capacity (contracted capacity) buyback is to take place.
- 16.3.8.2. the Shippers shall sign, and submit to the OSGT, amendments to the transmission contracts specifying the entry and exit points together with the new capacity allocations (PP) and transmission ability allocations (PZ) at such points in accordance with the declaration on the sale of capacity and transmission ability.
- 16.3.8.3. the documents referred to in point **Błąd! Nie można odnaleźć źródła odwołania.** and point 16.3.8.1 shall be sent by the Shipper to the OSGT by e-mail to the following address: rynek.wtorny@gaz-system.pl and by registered mail to the offices of the OSGT.
- 16.3.8.4. The OSGT shall review the amendments to the capacity allocation (PP) and transmission ability allocation (PZ), specifically with regard to the provisions of Part I of the Network Code, within five (5) business days of the receipt of a complete application by the OSGT. In case when the outcome of the review is positive, the OSGT shall sign the amendments to the capacity allocation (PP) and transmission ability allocation (PZ) within the next five (5) business days.
- 16.3.8.5. if, in the course of the review referred to in point 16.3.8.4 it is revealed that the documents are incomplete or supplementary documents need to be submitted, the OSGT shall inform the Shipper of this fact by sending a letter within one day of becoming aware of the same. Once the defects have been removed by the Shipper, the procedure described above shall apply.

- 16.3.9. In case of resale of capacity and transmission ability to an entity other than a Shipper, the procedures described point 16.3.8 shall apply following the execution of a Transmission Contract by the transferee in accordance with the provisions of point 7.
- 16.3.10. Surrendering of the allocated firm capacity (contracted capacity) and transmission ability by the Shipper.
- 16.3.10.1. The Shipper may surrender the allocated capacity (contracted capacity) on a secondary market platform, following the rules of such platform.
- 16.3.10.2. If the Shipper surrenders the capacity (contracted capacity) allocated on a bundled basis, the Shipper must surrender the capacity in both transmission systems.
- 16.3.10.3. The Shipper shall be obliged to pay the OSGT the auction margin due for the settlement periods covered by the capacity product being surrendered by the Shipper, based on an invoice issued by the OSGT, payable within fourteen (14) days from the invoice date, under the pain of rejecting the declaration of surrendering the capacity (contracted capacity).
- 16.3.10.4. The Shipper shall retain its rights and obligations under the capacity allocation (PP) and transmission ability allocation (PZ) until the capacity and transmission ability being surrendered by the Shipper is re-allocated by the OSGT to another Shipper and to the extent that it is not re-allocated by the OSGT. The contracted capacity referred to in point 16.3.10 and point 16.3.11 shall be made available in the order at which the Shippers and the SGT Users present their complete declarations on surrendering the capacity.
- 16.3.10.5. The capacity (contracted capacity) and transmission ability, referred to in point 16.3.10 shall be made available according to the order of the submission of complete declarations of surrender by the Shippers.
- 16.3.10.6. The capacity (contracted capacity) and transmission ability being surrendered by the Shipper shall be allocated only once the OSGT has allocated the entire transmission capacity available prior to the capacity surrendering by the Shipper.
- 16.3.10.7. The OSGT shall advise the Shipper forthwith about the re-allocation of the capacity (contracted capacity) and transmission ability surrendered by such Shipper, making available in the IES the changed capacity allocation (PP), reflecting the changes related to the surrendering by this Shipper, and the changed capacity allocation (PP) for other Shippers.
- 16.3.10.8. In case when the capacity and transmission ability referred to in point 16.3.10.7 is re-allocated by the OSGT, the Shipper that surrendered capacity and transmission ability shall pay charges for transmission services in respect of the capacity and transmission ability that has not been surrendered by the Shipper concerned, according to the terms applicable to the originally purchased product.
- 16.3.11. Surrendering of contracted capacity by the SGT User.
- 16.3.11.1. In case of the SGT User's intention to surrender contracted capacity, the SGT User shall present a declaration of surrender to the SGT Owner. The SGT Owner shall immediately offer the contracted capacity, which is being surrendered, to the OSGT.

- 16.3.11.2. The SGT User shall retain its rights and obligations under its contract for provision of gas transmission service with the SGT Owner as long as the contracted capacity being surrendered by the SGT User is allocated by the OSGT to another Shipper, and to the extent that it is not allocated by the OSGT.
- 16.3.11.3. The SGT User shall retain in full its rights and obligations under its contract for provision of gas transmission service with the SGT Owner after the lapse of the period for which the contracted capacity was surrendered under point 16.3.11.
- 16.3.11.4. The contracted capacity referred to in point 16.3.11 shall be made available in the order at which the SGT Users submitted their complete declarations on surrendering the capacity.
- 16.3.11.5. The contracted capacity being surrendered by the SGT User shall be allocated only once the OSGT has allocated the entire available transmission capacity.
- 16.3.11.6. The provisions of point 16.3.10 shall apply accordingly.
- 16.4. Congestion management in case of the imbalance of the deliveries and off-takes of gaseous fuel.
- 16.4.1. In situations when the Shipper's imbalance leads to the inability to maintain integrity of the SGT, the OSGT may introduce restrictions on the Shippers who have caused the situation of the shortfall or the excess of gaseous fuel in the SGT. In such case, the OSGT shall advise Shippers of the starting date of the restrictions and their duration, as well as of the maximum hourly and daily capabilities for the delivery of gaseous fuel for transmission or its off-take from the SGT at the specified entry and exit points. In case when the OSGT informs about the restrictions in the performance of the gas transmission service, the Shipper shall be required, within thirty (30) minutes of receiving such information, to submit a re-nomination to the OSGT, which shall reflect the restrictions introduced at the respective point and, as appropriate, at other points. The provisions of point 12.5 shall apply accordingly.
- 16.4.2. The restrictions introduced pursuant to point 16.4.1 shall be implemented by the Shipper according to the information provided by the OSGT pursuant to point 12.5.8.
- 16.4.3. 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. Throughout the period of the restriction, the OSGT shall be entitled to a charge as determined in accordance with the applicable SGT Tariff.
- 16.4.4. In case when the measures available to the OSGT are not sufficient to maintain the stable operation of the SGT, the OSGT shall initiate the procedures referred to in point 18.
- 16.5. Congestion management in case of the failure to maintain the quality parameters of the gaseous fuel and the minimum pressure.
- 16.5.1. In case when the quality parameters of the gaseous fuel specified in physical point 3.4.1.1 are not observed at the entry points, the OSGT may introduce restrictions on the receipt of gaseous fuel for transmission at the physical entry points and off-take at the physical exit points with respect to the Shipper on whose part the circumstances resulting in such a situation have arisen.

16.5.2. When enforcing the restrictions referred to in point 16.5.1, the OSGT shall advise Shippers of the starting date of the restrictions and their duration, as well as of the maximum hourly and daily capabilities for the delivery of gaseous fuel for transmission or its off-take from the SGT at the specified physical entry and exit points. In case when the OSGT informs about the restriction or complete interruption of the gas transmission service, the Shipper shall be required, within thirty (30) minutes of receiving such information, to adjust the nomination at the physical point concerned and to submit a re-nomination to the OSGT. The provisions of point 12.5 shall apply accordingly.

16.5.3. In case when the Shipper fails to observe the restriction, the OSGT may stop accepting gaseous fuel to the SGT or enforce the provisions of 12.5.8.

16.5.4. Additional charges shall be imposed if the gaseous fuel delivered for transmission into the SGT at the entry point does not conform to the quality parameters specified in the following table.

| Gaseous fuel quality characteristics | Unit of measure | Acceptable value X_{SJNmax} |
|--------------------------------------|-------------------|----------------------------------|
| Hydrogen sulphide content | mg/m ³ | 7.0 |
| Total sulphur content | mg/m ³ | 40.0 |

16.5.5. If the Shipper delivers gaseous fuel for transmission at an physical entry point, and such gaseous fuel does not satisfy at least one of the quality parameters specified in point 16.5.4.4, the OSGT shall be entitled to charge a fee from the Shipper for each of the quality parameters in point 16.5.4.4 that is off-spec, and such fee shall be calculated according to the following formula:

$$O_{NSJW} = IGI * 0.2 * CRG * (X_{SJW} - X_{SJNmax}) / X_{SJNmax}$$

where:

- O_{NSJW} - charge for an off-spec quality parameter [PLN],
- IGI - daily quantity of gaseous fuel with off-spec value of a given quality parameter, as delivered for transmission at the physical entry point [kWh],
- CRG - Reference Gas Price [PLN/kWh],
- X_{SJNmax} - acceptable value of a given quality parameter specified in point 16.5.4.4 [mg/m³]
- X_{SJW} - daily average value of a given quality parameter of gaseous fuel delivered for transmission at the physical entry point [mg/m³]

16.5.6. The parties shall ensure an adequate level of water dew-point of the gaseous fuel delivered for transmission at physical entry points or delivered for off-take at physical exit points from the SGT, which shall not exceed – 8 °C under a pressure of 3.92 MPa.

16.5.7. In the event when the gaseous fuel delivered to the SGT at the physical entry point is off-spec with regard to the parameters specified in point 16.5.6, the OSGT shall be

entitled to a charge from the Shipper in the amount calculated according to the following formula:

$$O_{NSTW} = I_{GI} * 0.0004 * CRG * (X_{STW} - X_{STNmax}) / MOD(X_{STNmax})$$

where:

- O_{NSTW} - charge for an off-spec water dew point parameter [PLN]
- I_{GI} - daily quantity of gaseous fuel with off-spec value of the water dew point parameter [kWh],
- CRG - Reference Gas Price, [PLN/kWh]
- MOD - Absolute value
- X_{STNmax} - the highest admissible value of the water dew point temperature [°C]
- X_{STW} - daily average value of the water dew point temperature of gaseous fuel delivered for transmission at the physical entry point [°C]

16.5.8. The OSGT shall be entitled to charge a fee from the Shipper, which shall be calculated in accordance with the formula set out in point 16.5.5 or point 16.5.7 in respect of each of the quality parameters referred to in point 16.5.4.4 or point 16.5.6. The charge shall be calculated individually for each of the off-spec quality parameters.

16.5.9. In the event of any reservations regarding the quality of gaseous fuel transported, the Shipper or the OSGT may demand that such quality is analysed at an independent research laboratory that has accreditation of a certifying unit obtained in accordance with the applicable legal regulations. The cost of the tests shall be borne by the party challenging the quality of gas, unless the result of such test confirms that the reservations were justified, in which case the cost of the test shall be borne by the other party.

16.5.10. The parties shall be 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 the occurrence of such a situation.

16.5.11. In case when the Shipper fails to maintain, at the physical entry point, the quality parameters of gaseous fuel set out in point 3.4.1.1, the quality parameters of gaseous fuel at the physical exit points shall not be worse than the quality parameters of the gaseous fuel delivered to the SGT at the physical entry point. The Shipper shall not refuse to off-take gaseous fuel from the SGT if its parameters are not worse than the parameters of the gaseous fuel delivered by the Shipper to the SGT.

16.5.12. In case when the gaseous fuel delivered to the SGT does not conform to the quality parameters set forth in point 3.4.1.1 and the ISO refuses to accept off-spec gaseous fuel, the OSGT shall have the right to restrict the delivery of gaseous fuel.

16.5.13. In the circumstance referred to in point 16.5.12, the Shipper shall cover the cost of removing the off-spec gaseous fuel from the SGT.

17. EXCHANGE INFORMATION RELATED TO PRESENTATION OF CONTRACTS FOR EXECUTION, BALANCING AND SYSTEM CONGESTION MANAGEMENT

17.1. General provisions.

17.2. Information concerning the provision of the transmission service shall be exchanged between the OSGT and the Shippers and the OPR by the means of the Information Exchange System (IES). The Shipper shall be informed about the change of the data status in the IES by email.

17.3. Detailed information concerning the access to the IES, its operation, content and functionality shall be described in the user manual available at the OSGT's website.

17.4. The electronic exchange of information related to the performance of transmission contracts shall be based on the electronic document interchange standard EDIG@S and its version described on the OSGT's website.

17.5. The description of file formats shall be published on the OSGT's website. The information on the modification of the requirements applicable to the files to be transferred shall be announced on the website at list six months in advance.

17.6. Method of information exchange.

17.6.1. The interchange of the files referred to in point 17.4 shall take place using ICT connections.

17.7. Responsibility for the content of data transferred

17.7.1. The responsibility for the form and content of the information of the documents rests with the party sending the document.

17.8. Information to be provided by the OSGT.

17.8.1. The OSGT shall publish the full wording of the SGT Network Code on its website, which shall set forth the standard terms and conditions specifying the Shipper's rights and obligations.

17.8.2. The OSGT shall notify the Shipper and the ISO, as appropriate, of any events that may affect the provided gas transmission service, or the operation of interoperating systems, including any changes in the timing of work and the timing of previously unscheduled work.

17.8.3. The OSGT shall publish, on its website, information on the transmission capacity available at entry and exit points in the current and the following gas day.

17.8.4. The OSGT shall advise the ISO of nominations and re-nominations received from Shippers in order to confirm the possibility of performing them in the interoperating system.

17.8.5. The OSGT shall send to the Shipper, by the seventh (7th) day of the following month, the following billing data concerning a given gas month:

- 17.8.5.1. daily quantities of gaseous fuel delivered and off-taken at individual entry and exit points;
- 17.8.5.2. daily imbalance for particular gas days,
- 17.8.5.3. aggregated quantities of gaseous fuel delivered to and off-taken at entry and exit points for each gas day in the gas month.
- 17.8.6. The information referred to in points from 17.8.3 to 17.8.5 shall be provided in the formats specified by the OSGT.
- 17.8.7. The OSGT shall provide the SGT Owner with aggregated information required for billing under the contracts with SGT Users by the second (2nd) business day of the month following the month such billing relates to and information about aggregated imbalance quantity.
- 17.9. Information to be delivered by the Shipper and the SGT Owner.
- 17.9.1. The Shippers shall deliver the following information to the OSGT:
- 17.9.1.1. nominations and re-nominations of the quantity of gaseous fuel in accordance with the provisions of point 12,
- 17.9.1.2. information on any disruptions on the part of the Shipper's suppliers, or within an interoperating system, which could affect the operating conditions of the SGT, including reasons for such disruptions, their expected duration, reduction of capacity at the points of interconnection with the SGT, off-spec parameters that do not conform to contractual conditions, and the confirmation of adjusted nominations arising from such disruptions,
- 17.9.2. The SGT Owner shall deliver the following information to the OSGT for entry and exist points to/from the SGT, by the fifth (5) business day of the following month:
- 17.9.2.1. measurement data, including daily and monthly quantities of gaseous fuel delivered for transmission and the daily average delivery pressure, except for points for which the OSGT acts as the OPR,
- 17.9.2.2. daily average gross calorific value of gaseous fuel, daily average net calorific value, daily average content for total sulphur, hydrogen sulphide and water dew point, as well as other data, as agreed, which are required by the OSGT for the purposes of Shipper billing.
- 17.9.3. The information referred to in points from 17.9.1 to 17.9.2 shall be provided in the formats agreed between the OSGT and the SGT Owner.

18. PROCEDURES APPLICABLE IN EMERGENCY SITUATIONS

18.1. Emergency situation in the SGT.

18.1.1. In the event of the occurrence of an emergency situation resulting in a threat to the safety of the SGT operation, the OSGT, acting in cooperation with the SGT Owner, shall take immediate action to eliminate the emergency situation and restore the correct operation of the SGT.

18.1.2. In the event of the occurrence of an emergency situation resulting in a shortage of gaseous fuel in the SGT, the OSGT shall undertake measures aimed at stabilising the operation of the system.

18.1.3. The OSGT shall immediately inform the Shippers and interoperating system operators about the occurrence of an emergency situation that may affect the operation of their facilities, installations or networks and, in particular, about the expected duration and scope of the restrictions in the transmission of gaseous fuel.

18.1.4. In case of an emergency situation, the OSGT 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 the safety of the operation of the SGT, or human health or lives or the environment, or cause damage to property.

18.1.5. In an emergency situation, the Shipper shall be obliged to cooperate with the OSGT as required.

18.1.6. The respective personnel of the parties authorised to act as contact persons in case of an emergency situation shall be indicated in the Transmission Contract.

18.2. Emergency situation in an interoperating system.

18.2.1. In case of an emergency situation that has occurred in the installation of a Shipper's customer or supplier, or an interoperating system, which is likely to result in restrictions in the delivery of gaseous fuel for transmission or its off-take, the Shipper shall be required to immediately notify the OSGT thereof and specify the expected duration and scope of restrictions.

18.2.2. The respective personnel of the parties authorised to act as contacts in case of an emergency situation shall be indicated in the Transmission Contract.

18.2.3. In the event of an emergency situation or maintenance work within the network of an ISO, transmission service for the benefit of the ISO shall be charged for in accordance with the applicable principles set out in the SGT Tariff.

19. IMPLEMENTING PROVISIONS

19.1. The provisions of point 12.3.7, point 16.3.5, point 16.3.1, point 16.3.3, point 16.3.10 and point 16.3.11 shall not be applied to the Kondratki entry point.

19.2. The provisions of point 12.3.7 shall not apply until 6:00 on 1st July 2016.

19.3. The fee referred to in 14.4 in the gas year 2015/2016 is settled annually.

19.4. Until 1 June 2016, point 7.2.1 shall have the following wording:

“ 7.2.1 The current form of the application for Transmission Contract shall be published by the OSGT on the OSGT's website.”

19.5. Until 1 June 2016, a new point 7.2.5 shall be added after point 7.2.4, and shall read as follows:

“ 7.2.6 The OSGT 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 OSGT shall leave the application unconsidered.”

The numbering of the remaining points shall be adjusted accordingly.

19.6. Until 1 June 2016, after point 12.1.1 new point 12.1.2 shall be added and shall read as follows:

“12.1.2 The Shipper may submit nominations and renominations no earlier than two (2) working days after the signing of the capacity allocation (PP) and the ability allocation (PZ) which allocates capacity (contracted capacity) and ability at a given point.”

The numbering of the remaining points shall be adjusted accordingly.

19.7. The provisions of the SGT Network Code concerning the imbalance settlement (interim imbalance charge –point 14.3) , the balancing services market (RUB) (balancing platform – point 15) shall apply as long as the decision of the President of ERO approving the “Report on the Interim Measures Planned for the Implementation by GAZ-SYSTEM S.A. in connection with the entry into force of Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks” remains in force.