



**GAZ-SYSTEM's Rules
of the Auction of Bundled Product at IP Mallnow**

Warsaw, February 2014

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1. GENERAL INFORMATION

By publishing the Rules of the Auction of Bundled Product at IP Mallnow, Gas Transmission Operator GAZ-SYSTEM S.A. with its registered office in Warsaw (hereinafter referred to as "GAZ-SYSTEM") commences the Pilot Project related to the provision of bundled capacity at IP Mallnow.

The Rules provide for:

- executing transmission agreements;
- minimising the risk of differences in capacities at both sides of IP Mallnow;
- making transmission systems available to interested users and enabling gas supply to business partners;
- improving transmission system integration in the European Union;
- improving market liquidity in the EU Member States.

1.1. INFORMATION ABOUT THE YAMAL – EUROPE TRANSIT GAS PIPELINE SYSTEM (TGPS)

The Yamal-Europe Transmission Gas Pipeline system is a gas pipeline of DN 1400, working pressure of 8.4 MPa, around 684 km long, going from the border of Poland and Belorussia near Kondratki to the border of Poland and Germany on the Odra River. In the territory of Poland, gas pipelines owned by GAZ-SYSTEM S.A., i.e. the national transmission system, cooperate with the Yamal-Europe Transmission Gas Pipeline System.

On 17 November 2010, the Chairman of the Energy Regulatory Office issued a decision to appoint Gas Transmission Operator GAZ-SYSTEM S.A. as independent operator of the Polish section of the Yamal gas pipeline in the period till 31 December 2025.

On 21 November 2012, Gas Transmission Operator GAZ-SYSTEM S.A. and GASCADE Gastransport GmbH signed an agreement concerning the expansion of the Mallnow measurement station in order to enable the transmission of gas fuel in the Yamal gas pipeline from Germany to Poland.

As a part of the Bundled Product action at IP Mallnow, GAZ-SYSTEM together with GASCADE Gastransport GmbH will provide reverse capacity (virtual reverse) of 2 917 792 kWh/h (282 677 nm³/h in accordance with the GOST standard) resulting from the expansion of the Mallnow Point to system users on a firm basis.

1.2. DEFINITIONS

- I. Settlement Price: rate obtained as a result of the auction being the sum of the Reserve Price and an auction premium bid during a given auction.
- II. Reserve Price: the permissible minimum fee during the auction which is equal to the sum of tariff fees for the transmission of gas in accordance with the point 4.1.3 of the Rules and the GASCADE Tariff as currently applicable;
- III. DVGW: Deutscher Verein des Gas- und Wasserfaches e. V. – Technisch-wissenschaftlicher Verein, i.e. the German Technical and Scientific Association of Gas and Water in Bonn;
- IV. EIC: Energy Identification Code;

- V. GASCADE: GASCADE Gastransport GmbH with its registered office in Kassel;
- VI. GASPOOL: GASPOOL Balancing Services GmbH with its registered office in Berlin;
- VII. GAZ-SYSTEM/TGPSO: Gas Transmission Operator GAZ-SYSTEM S.A. with its registered office in Warsaw, acting as the operator of the Transmission Gas Pipeline System (TGPSO);
- VIII. Transmission Network Code of the Polish Section of the Yamal-Europe Transmission Gas Pipeline System ("TGPS TNC"): currently applicable Transmission Network Code of the Polish Section of the Yamal-Europe Transmission Gas Pipeline System prepared on the basis of applicable legal regulations and published in the website of GAZ-SYSTEM. The Rules are based on the Transmission Network Code of the Polish Section of the Yamal-Europe Transmission Gas Pipeline System approved by the Chairman of the Energy Regulatory Office (Decision No. DRR-4322-6(5)/2013/2014/KGo1 of 3 February 2014), whose consolidated text forms Appendix No. 1 hereto or to each subsequent version of TGPS TNC which will replace or amend the above version of TGPS TNC;
- IX. kWh (kilowatt-hour): an energy unit showing the quantity of gas transmitted which is calculated by multiplying the volume of gas transmitted at the entry or exit point by gross calorific value at that point;
- X. m³ in accordance with the GOST standard: one cubic meter of gas in accordance with the GOST standard, i.e. under the absolute pressure of 101, 325 kPa and at the temperature of 293.15 K;
- XI. IP Mallnow: a cross-border intersystem connection point between the Polish section of the Transmission Gas Pipeline System and the GASCADE transmission system located in Mallnow(point ID: 870002);
- XII. PRISMA: PRISMA European Capacity Platform GmbH, a company which provides an IT platform ("PRISMA primary") for the purpose of Bundled Product auctions;
- XIII. Bundled Product: capacity (contracted capacity) connected at both ends to IP Mallnow and provided from Germany to Poland, which is subject to an auction for the same quarters of a year at the same quantity;
- XIV. Pilot Project: a pilot project described herein concerning the provision of Bundled Product, i.e. firm capacity of IP Mallnow, to be carried out by GAZ-SYSTEM and GASCADE, including auction procedures;
- XV. Capacity (contracted capacity): the maximum hourly quantity of gas that may be transmitted via TGPS at IP Mallnow;
- XVI. Rules: this document providing for the terms and conditions of auctions of Bundled Product, including Appendixes hereto;
- XVII. Tariff Regulation: the regulation of the Minister of Economy of 28 June 2013 on detailed principles for determining and calculating tariffs and settlements related to gas trading (Journal of Laws item 820);
- XVIII. TGPS: a transmission system, i.e. the Transmission Gas Pipeline System in the territory of the Republic of Poland which is operated by GAZ-SYSTEM;

- XIX. Tariff: the list of fee rates, as well as terms and conditions for their application, used to settle transmission services provided within TGPS and implemented by the TGPS Operator as applicable to settlements with a Shipper;
- XX. Participant: an natural or legal person or an unincorporated business unit that has legal rights who/which intends to buy capacity offered under the Pilot Project;
- XXI. TGPS Owner: EuRoPol GAZ S.A. with its registered office in Warsaw;
- XXII. Shipper: a natural person or a legal entity, as well as an unincorporated business unit which uses transmission services of TGPS on the basis of a transmission agreement with the TGPS Operator.

1.3. LEGAL BASIS

The Rules sets out GAZ-SYSTEM's requirements towards Participants taking part in auctions of Bundled Product at IP Mallnow. In addition, terms and conditions for participation in auctions are defined in the following documents:

- General Contract Terms and Conditions of GASCADE Gastransport GmbH, which describe principles for access to the GASCADE transmission network and service provision;
- currently applicable TGPS TNC, which describes principles for the provision of capacity and gas transmission services;
- currently applicable Tariff.

The Rules provide for terms and conditions for allocating Capacities (contracted capacity) offered under the Pilot Project and principles for transmission service provision. All matters not provided for herein are governed by currently applicable TGPS TNC and the Tariff (Appendixes No. 1 and 2 hereto) or a subsequent version thereof which will replace or amend the versions of TGPS TNC or Tariff attached hereto. The Rules prevail over the provisions of TGPS TNC. By accepting this document, the Participant also accepts the provisions of the currently applicable TGPS TNC and the currently applicable Tariff.

If the Chairman of the Energy Regulatory Office approves the new version of or amendments to TGPS TNC or the Tariff and, as a result thereof, the numbers used therein change, any reference herein to articles of TGPS TNC or the Tariff shall be deemed to be a reference to relevant articles of the new or amended version of TGPS TNC or the Tariff. If as a result of the above situation, particular articles of TGPS TNC or the Tariff which are referred to herein are deleted, then the deleted provisions of TGPS TNC or the Tariff shall not apply to the Pilot Project and principles for transmission service provision.

Auctions are based on the Energy Law of 10 April 1997 (consolidated text in the Journal of Laws No. 2012.1059, as amended) ("Energy Law"), the European Parliament and the Council Directive No. 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC ("Gas Directive"), the Regulations of the European Parliament and of the Council No. 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No. 1775/2005 ("Regulation No. 715/2009"), 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 ("NC CAM"), as well as § 23 of the

Regulation of the Minister of Economy of 2 July 2010 on detailed terms and conditions for the operation of a gas system (Journal of Laws No. 2010.133.891, as amended). In accordance with Appendix I item 2 to the Regulation 715/2009, the Rules must be agreed with the Chairman of the Energy Regulatory Office before implementation. All these regulations provide for transparency and the equal treatment of all Pilot Project Participants.

The auction will be conducted in accordance with the General Terms and Conditions of the PRISMA capacity platform being in force as of the auction date.

2. PRODUCT DESCRIPTION

1. Bundled Product at IP Mallnow will be made available under auctions for the following periods:
 - a) a quarter from 1 April to 1 July 2014;
 - b) a quarter from 1 July to 1 October 2014.
2. A gas day lasts from 6:00 a.m. to 6:00 a.m.
3. Capacity (contracted capacity) subject to the auction will authorise to the use of reverse transmission services to be provided on a firm basis. Terms and conditions for firm services are defined in TGPS TNC.
4. Transmission direction: from the GASCADE transmission system in the German market area called GASPOOL to the transmission system of the TGPS section in Poland.
5. For each of the described quarters, the capacity (contracted capacity) of 2 917 792 kWh/h (282 677 m³/h in accordance with the GOST standard) will be made available.
6. Allocation algorithm: an auction with an increased price in accordance with NC CAM.

2.1. UNIT CONVERSION

1. The auction will cover Capacity (contracted capacity) expressed in kWh/h. Capacity (contracted capacity) that the Participant will obtain as a result of the auction for particular quarters to provide and settle transmission service will be adequately converted, depending on the regulations of TGPS TNC and the Tariff, in accordance with the following formula:
 - a) 1m³/h in accordance with the GOST standard = 10.322 kWh/h.**
 - b) 1m³/h in accordance with the GOST standard x 24 = 1m³/d in accordance with the GOST standard**
2. If during the provision of services under Bundled Product, transmission service rates are defined in the Tariff for Capacity (contracted capacity) expressed in kWh/h, then the bought Capacity (contracted capacity) will be Capacity (contracted capacity) obtained as a result of the auction of Bundled Product, both with regard to service and settlement terms and conditions.

3. GENERAL TERMS AND CONDITIONS FOR BUNDLED PRODUCT AUCTIONS

3.1. TERMS AND CONDITIONS FOR PARTICIPATION IN THE AUCTION

Any Participant that intends to take part in the Bundled Product auction should obey GAZ-SYSTEM requirements defined herein and register in GASCADE in accordance with the GASCADE regulations set out in the General Contract Terms and Conditions of GASCADE Gastransport GmbH. The Participant should also obey the requirements of the PRISMA primary platform defined in the General Terms and Conditions of the PRISMA Capacity Platform. The Participant should, in particular, meet the following requirements:

- a) obtain a DVGW code and a EIC code;
- b) register efficiently in the PRISMA primary platform for GASCADE and GAZ-SYSTEM ISO;
- c) register with GASPOOL and enter into the agreement concerning a balance group in the GASPOOL market area.

3.2. GAZ-SYSTEM's REQUIREMENTS

1. Bundled Product will be made available to Participants under a joint auction, separately for each of available quarters, to be conducted by GAZ-SYSTEM and GASCADE. Bundled Product will be made available in accordance with Art. 8.4.8 – 8.4.10 of TGPS TNC:

"8.4.8. Available technical capacity at entry and exit points on the connection with transmission systems of EU Member States and the Interconnection Point (IP) to the extent agreed with the interconnecting system operator is provided on an interconnection basis. The TGPS Operator will publish the quantity of capacity (contracted capacity) offered on such a basis in its website .

8.4.9. As a result of the joint procedure of interconnected capacity allocation in both systems, the same quantity of capacity will be contracted at the same time ("the provision of capacity on an interconnection basis").

8.4.10. Capacity will be provided on an interconnection basis in accordance with a non-discriminatory and transparent procedure based on principles set out in instructions and codes of interconnecting system operator networks, in particular on terms and conditions set out in the rules agreed with the Chairman of the Energy Regulatory Office. The schedule of interconnected capacity offers will be published in the TGPS Operator's website."

3.2.1. EXCLUSION OF TGPS TNC PROVISIONS

The following provisions of TGPS TNC do not apply to the Pilot Project:

- a) 7.2-7.2.12,
- b) 7.4.1,
- c) 7.4.6,
- d) 8.1.5,
- e) 8.3.2,
- f) the third sentence in 8.4.10,
- g) 8.4.12,

- h) 8.4.13,
- i) 8.4.17,
- j) the second sentence in 8.5.5,
- k) 8.5.6,
- l) 8.5.7,
- m) 8.5.16,
- n) 8.5.17,
- o) 8.7.2,
- p) the first sentence in 8.7.5,
- q) 13.4.4.-13.4.4.5.

3.2.2. TERMS AND CONDITIONS FOR BUNDLED PRODUCT PROVISION

1. Bundled Product will be offered to Participants under a joint auction by GAZ-SYSTEM and GASCADE, separately for each of the quarters.
2. To take part in the auction, the Participant must prove that it meets formal and legal requirements necessary to execute a transmission agreement with the TGPS Operator. For such a purpose, any Participant that has commenced registration in the PRISMA primary platform for the purpose of GAZ-SYSTEM ISO, at the latest 7 (seven) days before the date of the auction, should submit the following documents in a written form to the offices of GAZ-SYSTEM at ul. Mszczonowska 4, 02-337 Warsaw:
 - a) documents confirming the legal form of the Participant's business activity, including, in particular, a valid transcript from the register of companies or a copy of a business activity incorporation certificate or another document confirming the Participant's legal capacity (for Participants without registered office within the Republic of Poland: a valid transcript from a relevant register of companies to be obtained on terms and conditions set out in the legal regulations of the state where the Participant's registered office is located);
 - b) documents confirming the right of the Participant's representatives to make commitments on the Participant's behalf that may result from the transmission agreement, unless such a right results from the transcript referred to in item a) above;
 - c) a document confirming that the Participant has received a taxpayer identification number for the purpose of a tax on goods and services for entities having their registered office within the European Union, unless such information results from the document referred to in item a) above;
 - d) the Participant having its registered office in the Republic of Poland must submit a statement confirming its statistical ID (Regon), unless such information results from the document referred to in item a) above;
 - e) the Participant operating in the Republic of Poland must submit the promise of concession, a concession copy or a statement that the Participant's activity is not subject to any concession stipulated by the Energy Law; such a statement must be signed by persons authorised to represent the Participant;

- f) a power of attorney for persons that will represent the Participant during the auction in the PRISMA primary platform in accordance with the form attached hereto as Appendix No. 3.
3. The documents referred to in Art. 3.2.2.2 above should be submitted as originals or in the form of true copies certified by persons authorised to represent the Participant or a legal advisor or an attorney. In addition, the Participant without its registered office in the Republic of Poland, apart from documents referred to in Art. 3.2.2.2 above, should also present document translation into Polish made by a sworn translator.
 4. To prove that it meets formal and legal requirements necessary to execute the transmission agreement with the TGPS Operator, any Participant that has entered into the transmission agreement with the TGPS Operator must only present a power of attorney for persons that will represent the Participant during the auction in the PRISMA primary platform in accordance with the form attached hereto as Appendix No. 3. The power of attorney should be submitted in the way set out in Art. 3.2.2.2 above and meet the requirements set out in Art. 3.2.2.3 above.
 5. During 2 (two) business days of the receipt of documents referred to in Art. 3.2.2.1 and 3.2.2.4, GAZ-SYSTEM will verify whether the Participant meets formal and legal requirements necessary to execute a transmission agreement with the TGPS Operator. If such verification is positive, the Participant will be admitted to take part in the auction in the PRISMA primary platform.
 6. If GAZ-SYSTEM makes negative verification of the documents submitted by the Participant in accordance with Art. 3.2.2.2 or 3.2.2.4, the TGPS Operator will request the Participant by electronic mail to supplement the documents within 5 (five) business days of the receipt of the Operator's notice on negative verification, however not later than 2 (two) business days before the auction. Having received the missing documents from the Participant, GAZ-SYSTEM will verify once more whether the Participant meets formal and legal requirements necessary to execute a transmission agreement with the TGPS Operator. If such verification is positive, the Participant will be admitted to take part in the auction in the PRISMA primary platform. If the Participant does not supplement the documents in accordance with the TGPS Operator's request within the defined period, the Participant will not be admitted to take part in the auction of Bundled Product.

3.2.3. CONVERSION OF INTERRUPTIBLE CAPACITY (CONTRACTED CAPACITY) INTO FIRM CAPACITY (CONTRACTED CAPACITY)

1. If, as a result of the auction of Bundled Product, firm capacity (contracted capacity) is acquired by a Participant that previously obtained, for the corresponding period, interruptible Capacity (contracted capacity) under yearly, quarterly or monthly products, it has the right to resign from interruptible Capacity (contracted capacity) in whole or in part, particularly for each of the months from a previously acquired for example gas year.
2. The statement of resignation from interruptible Capacity (contracted capacity) in the case of the purchase of firm Capacity (contracted capacity) under the auction of Bundled Product must be submitted to GAZ-SYSTEM together with financial security to be submitted after the receipt of information about

Capacity (contracted capacity) granted to the Participant in accordance with Art. 5.2 hereof.

3. The Parties will amend the transmission agreement in order to exclude interruptible Capacity.

3.3. TRANSMISSION AGREEMENT WITH GASCADE

Terms and conditions for executing a transmission agreement with GASCADE are set out in the General Contract Terms and Conditions of GASCADE Gastransport GmbH.

3.4. REGISTRATION IN THE PRISMA PRIMARY PLATFORM

To use the PRISMA primary platform, a user must effectively register in the platform and accept currently applicable General Terms and Conditions of the PRISMA capacity platform. The agreement between the Participant and PRISMA concerning the use of the PRISMA primary platform will be executed as a result of effectively registration.

In addition, the Participant must be accepted in the PRISMA primary platform by GAZ-SYSTEM ISO and GASCADE. The acceptance of the Participant by GAZ-SYSTEM means that GAZ-SYSTEM confirms that the Participant meets formal and legal requirements necessary to execute a transmission agreement.

4. AUCTION PROCEDURES

1. Auctions will be conducted in the PRISMA primary platform in accordance with the General Terms and Conditions of the PRISMA Capacity Platform applicable as of the auction date and on the basis of TGPS TNC, unless the Rules provide otherwise.
2. The first round of the auction for each of quarters is planned to be opened on 24Feb2014, unless GAZ-SYSTEM and GASCADE announce otherwise. More details will be presented in the auction calendar to be published in the PRISMA primary platform.
3. The auction, i.e. Bidding Rounds, will take place from 09:00 am to 06:00 pm of the local time on all relevant gas days. Auctions will be fully anonymous.
4. Any Participant taking part in the auction may submit its offers at the maximum for the quantity of capacity available under the auction, as described in Art. 2 hereof.
5. The offer whose form and content complies with the regulations of the PRISMA primary platform, as submitted by the Participant during the auction of Bundled Product in accordance with the regulations of the PRISMA primary platform, will form an application for Capacity (contracted capacity) within the meaning of TGPS TNC.
6. The offer whose form and content complies with the regulations of the PRISMA primary platform, as submitted during the auction of Bundled Product in accordance with the regulations of the PRISMA primary platform by the Participant that has not concluded a transmission agreement with the TGPS Operator will form an application for a transmission agreement and Capacity (contracted capacity) within the meaning of TGPS TNC.
7. If demand for Capacity (contracted capacity) at IP Mallnow does not exceed the available Capacity (contracted capacity), every Participant taking part in

the auction will obtain Capacity (contracted capacity) at a quantity defined in its offer at the Reserve Price.

8. Participants that take part in the auction of Bundled Product and submit valid offers at the Settlement Price will obtain Capacity (contracted capacity) in accordance with their offers.
9. Any offer submitted for the Settlement Price of the auction of the Bundled Product is a valid offer for executing a transmission agreement. The Participant is bound by its offer until a transmission agreement with GAZ-SYSTEM is concluded.
10. Auction results will be published as soon as possible, however not later than on the business day following the closure of the last Bidding Round.
11. Then, the final summarised auction results will be published.

4.1. TRANSMISSION TARIFFS AND COSTS

1. For the purpose of the settlement of reverse transmission services provided on a firm basis, GAZ-SYSTEM will comply with Chapter 10 of the Gas Transmission Service Tariff No. 7 of the Gas Transmission Operator GAZ-SYSTEM S.A., as approved by the decision of the Chairman of the Energy Regulatory Office of 17 December 2013 (Re: DRG-4212-11(27)/2013/6154/VII/KS) in conjunction with Chapter 8 of the Tariff for the transmission of high-methane natural gas of the Transit Gas Pipeline System EuRoPol GAZ s.a., as approved by the decision of the Chairman of the Energy Regulatory Office of 13 December 2012 (Re: DTA-4212-45(9)/2012/3863/XI/RT) (applicable to "reverse transmission services"). In the event the Tariff is amended or replaced with a new tariff, reverse transmission services provided on a firm basis will be settled by GAZ-SYSTEM in accordance with the amended or new Tariff applicable to the provision of services on TGPS at a rate of virtual reverse transmission service provided on a firm basis.
2. Tariff rates will be calculated in accordance with applicable legal regulations.
3. In accordance with the General Terms and Conditions of the PRISMA Capacity Platform, on the PRISMA primary platform for each quarter are the subject to an auction. The rate will be determined having regard to the provisions of point 4.1.1, on the basis of binding rates for the provision of the gas transmission service in Mallnow point, and in case of publishing 10 days before the date of the auction a decision regarding a change of those fees, on the basis of the rates indicated in this decision. The tariff rate will be expressed in eurocents per 1 kWh/h of Capacity (contracted capacity) for three months, i.e. during a quarter **(ct/(kWh/h)/quarter)**.
4. GAZ-SYSTEM will convert the rate of reverse transmission service provided on a firm basis resulting from the point 4.1.3 for each quarter made available under the Bundled Product auction into **ct/(kWh/h)/quarter** in order to publish it in the PRISMA platform, in accordance with the following rules:
 - i. the rate will be converted into eurocent (ct) at an average EU exchange rate defined and published by the National Bank of Poland in Table A on 31.01.2014;
 - ii. the rate will be converted into kWh/h in accordance with a conversion rate defined in Art. 2.1 hereof;
 - iii. the rate will be defined for each quarter separately, including the number of hours in a given quarter.

5. Given the principle of nominalism, all settlements between GAZ-SYSTEM and the Shipper will be made in PLN
6. After the end of the Bundled Product auction, all settlements with the Shipper on account of the transmission service provided will be based on Art. 4.1.1 hereof based on Capacity (contracted capacity) obtained by a given Shipper under the Bundled Product auction, as converted into power units that comply with the applicable Tariff on terms and conditions set out in Art. 2.1 hereof.

4.2. AUCTION PREMIUM

Pursuant to § 12.2 of the Tariff Regulation, "Fixed fee rates defined in the tariff for points located on intersystem connections are minimum rates if capacities at such points are offered during auctions". If as a result of the auction, an auction premium is defined, the fee payable by the Shipper on account of reverse transmission services provided on a firm basis will be increased by such a premium.

The First Bidding Round will commence from the Reserve Price. If the quantity of Capacity (contracted capacity) ordered, as resulting from the offers submitted during each of the auctions of Bundled Product, will be equal or smaller than the quantity of available Capacity (contracted capacity), then the auction will be closed at this stage at the Settlement Price equal to the Reserve Price.

If, however, demand for Capacity (contracted power) resulting from the offers exceeds the available Capacity (contracted capacity), then another Bidding Round will be opened.

For the purpose of the auction, GAZ-SYSTEM will use the following price steps:

- a) a large price step = 2.5 ct/(kWh/h)/quarter for each quarter of short-term services;
- b) a small price step= 0.5 ct/(kWh/h)/quarter for each quarter of short-term services.

Similar price steps in each auction will be used by GASCADE.

The auction premium is the sum of respectively big and small price steps defined by GAZ-SYSTEM and GASCADE. The auction premium will be given in **ct/(kWh/h)/quarter**.

As a result of the auction, an auction premium will be defined for each quarter.

A part of the auction premium payable to GAZ-SYSTEM will be the S_{os} rate defined for a quarter including three-monthly settlement periods. On the basis of S_{os} rate, GAZ-SYSTEM will calculate a system congestion management fee (CMF) in accordance with the following formula. The fee will be payable in each settlement period in accordance with §10.1.5) of the Tariff Regulation and Art. 13.4.4.6 of TGPS TNC.

For Capacity (contracted capacity) bought under the Bundled Product auction, a monthly fee (CMF) for (contracted) system congestion management, TGPS TNC, will be charged by GAZ-SYSTEM in accordance with the following formula:

$$CMF = 1/3*(S_{os} * M_p)*x$$

Where:

CMF a monthly fee for (contracted) system congestion management [PLN];

Sos	<i>the rate of a congestion management fee equal to the auction premium [cent/(kWh/h)/quarter];</i>
Mp	<i>capacity (contracted capacity) allocated under the auction [kWh/h];</i>
x	<i>an average EUR exchange rate defined and published by the National Bank of Poland in Table A on 31.01.2014.</i>

5. EXECUTION OF A TRANSMISSION AGREEMENT

1. Providing reverse transmission services in IP Mallnow based on acquired Capacity (contracted capacity) under the Bundled Product auction will be executed on the basis of two separate transmission agreements concluded with GAZ-SYSTEM and GASCADE covering the same amount of Capacity (contracted capacity) at both sides of IP Mallnow, provided that both operators, GAZ-SYSTEM and GASCADE use different capacity measurements units.
2. The TGPS Operator will immediately, however not later than 2 (two) business days after the closure of the auction, notify the Participant by electronic mail of Capacity (contracted capacity) allocated to such Participant and the amount of financial security. The amount of the financial security will be determined on the basis of the quantity of Capacity (contracted capacity) obtained by a given Participant during the auction of Bundled Product.
3. The Participant of the auction must submit the financial security in accordance with TGPS TNC within 5 (five) business days of the receipt of the information referred to in Section 2 above.
4. To confirm that they have obtained Capacity (contracted capacity) in the transmission system of GAZ-SYSTEM at IP Mallnow, to each Participant GAZ-SYSTEM shall provide signed transmission agreement along with the capacity and transmission ability allocation (PP/PZ), that has obtained Capacity (contracted capacity) as a result of the auction of Bundled Product and submitted the required financial security will receive a draft transmission agreement.
5. The Participant must submit a signed transmission agreement and all necessary attachments within 14 (fourteen) days of the receipt of the transmission agreement from GAZ-SYSTEM.

6. TERMS AND CONDITIONS FOR TRANSMISSION SERVICE PROVISION

1. For each gas day, the Shipper will submit two separate nominations in accordance with principles set out in the TGPS TNC for a nomination submitted to GAZ-SYSTEM and in accordance with principles set out in the General Contract Terms and Conditions of GASCADE for nominations submitted to GASCADE.
2. A daily nomination defines the quantity of gas by hour, provided that an hourly quantity may not exceed the sum of Capacity (contracted capacity) obtained as a result of the auction of Bundled Product and Capacity (contracted capacity) on an interruptible basis at IP Mallnow which a given Shipper has the right to.

3. The sum of quantities of gas defined in nominations and renominations for entry points should be equal to the sum of quantities of gas defined in such nominations for exit points.

6.1. CHANGE OF AN ENTITY USING BUNDLED CAPACITY

1. The termination of one of two transmission agreements related to bundled Capacity (contracted capacity):
 - a) by the Shipper as a result of the application of procedures set out in TGPS TNC or the General Contract Terms and Conditions of GASCADE, or
 - b) by TSO in accordance with TGPS TNC or by GASCADE in accordance with applicable Contract Terms and Conditions of GASCADE,

will be without prejudice to the other transmission agreement concerning bundled Capacity (contracted capacity). Capacity (contracted capacity) available only at one side as a result of such termination may be provided by the transmission system operator as unbundled Capacity (contracted capacity) for short-term periods.

2. The Shipper may resell unused Capacity (contracted capacity) acquired under the Pilot Project only in the secondary market within the meaning of the Regulation 715/2009 as bundled Capacity (contracted capacity) at both sides of IP Mallnow. Such resale will be effective in relation to the TGPS Operator if a potential buyer meets terms and conditions set out in TGPS TNC and the TGPS Operator is assured by GASCADE, during the verification of documents submitted by the Shipper in accordance with the resale procedure set out in TGPS TNC, that a potential buyer meets requirements necessary to execute a transmission agreement with GASCADE in accordance with the General Contract Terms and Conditions of GASCADE Gastransport GmbH.

7. CONFIDENTIALITY

Any and all information obtained by GAZ-SYSTEM under the Bundled Product auction will be confidential and will not be disclosed to any third persons. Nevertheless, GAZ-SYSTEM has the right to provide any confidential information obtained under the Bundled Product auction or the content of a transmission agreement to the following authorities:

- 1) the authorities of GAZ-SYSTEM;
- 2) the Chairman of the Energy Regulatory Office, regulators authorised in terms of the location of IP Mallnow, and the European Commission;
- 3) other entities authorised to obtain such information in accordance with applicable legal regulations.

Furthermore, GAZ-SYSTEM will publish information about IP Mallnow to the extent defined by law.

8. FINAL PROVISIONS

All the Participant's costs resulting from or incurred in connection with the Pilot Project and the Bundled Product auction will be paid only by the Participant, and not GAZ-SYSTEM.

This document is not an offer within the meaning of the Polish Civil Code (Journal of Laws No. 1964.16.93, as amended). This document is only an invitation to submit offers.

Anytime these Rules refer to the delivery of documents or information by e-mail, such a document or information is deemed to be delivered upon it is input to the means of electronic communication in such a manner so that a receiver is able to get familiar with the content thereof.

Neither the Participant, nor GAZ-SYSTEM, shall be liable towards each other for the loss suffered during the Pilot Project, unless the Party suffered loss due to wilful misconduct of the other party.

The procedure may be terminated by GAZ-SYSTEM without the allocation of Capacity (contracted capacity) due to the important interest of GAZ-SYSTEM.

GAZ-SYSTEM may invalidate the allocation of Capacity (contracted capacity) (Pilot Project) for serious reasons any time. GAZ-SYSTEM shall inform Participants and the President of the Energy Regulatory Office of the cancellation of the Pilot Project and specify reasons for such invalidation and an expected date on which the procedure will be repeated.

GAZ-SYSTEM reserves the right to amend or supplement the Rules or Appendixes hereto, including the extension of time limits set out herein, in particular in the case of changes in legal regulations, a need to obtain administrative approvals or decisions from competent authorities, including regulators. Such amendments and supplements will be published in the website of GAZ-SYSTEM after they are agreed with the Chairman of the Energy Regulatory authority.

In the event any of the provisions hereof is found impermissible or unenforceable, such a provision will be deemed to be excluded herefrom. Other provisions of the Rules will remain in force and the provision that is considered impermissible or unenforceable will be replaced with a similar provision that reflects the original intention of the Parties to the extent it complies with the applicable law. All amendments hereto are binding for Participants taking part in the Bundled Product auction which have been registered for GAZ-SYSTEM ISO in the PRISMA primary platform provided that they have been delivered thereto by e-mail to the address specified in the PRISMA primary platform in accordance with Art. 384 of the Civil Code (Journal of Laws No. 1964.16.93, as amended)

The Parties will aim at solving all potential disputes arising from the Bundled Product auction or interpretation hereof in an amicable way. Otherwise, all disputes arising from or connected with the Rules will be resolved by the Arbitration Tribunal at the Polish Chamber of Commerce in Warsaw in accordance with its regulations applicable as of the claim submission date by three arbitrators to be appointed in accordance with the Arbitration Tribunal's regulations. Any Shipper that submits a binding offer under the auction under the Pilot Project automatically accepts the arbitration clause within the meaning of the Civil Procedures Code.

All matters not provided for herein will be governed by the Polish law.

These Rules and appendixes hereto were prepared in Polish and in English. English versions of the document are provided only for information. In the case of discrepancies between documents in Polish and English, Polish versions prevail.

Appendixes hereto:

Appendix No. 1 – TGPS TNC

Appendix No. 2 – Tariffs

Appendix No. 3 – Power of Attorney Form.

9. NOTICES AND CONTACT DATA

Any and all questions and electronic correspondence on the Bundled Product auction must be addressed to the following e-mail address:

to GAZ-SYSTEM: pr@gaz-system.pl

The leading language of correspondence is Polish. GAZ-SYSTEM will also accept correspondence in English.