

SEASONAL CONTRACT ON USING AND PROVIDING BUNDLED NATURAL GAS STORAGE SERVICE

concluded by and **between**

seat:

mailing address:

account keeping bank:

bank account No.:

invoicing address:

tax No.:

court of Reg. and Reg. No.:

hereinafter referred to as **System User**

and

Hungarian Gas Storage Private Company Limited by Shares

seat:

1051 Budapest, Széchenyi István tér 7-8.

mailing address:

1399 Budapest, Pf. 645.

account keeping bank:

bank account No.:

invoicing address:

1051 Budapest, Széchenyi István tér 7-8.

tax No.:

12543317-2-44

court of Reg. and Reg. No.:

Budapest Court as Court of Registration, Cg. 01-10-045043

hereinafter referred to as **MFGT**

or jointly referred to as the **Parties** at the undersigned place and date with the following terms and conditions:

PREAMBLE

On 25th June 2014, MFGT publicly announced an open auction for every system users under the title of “Capacity Auction No. 2014/VII” to book available storage capacities via open auction (hereinafter referred to as Auction). During the auction a winning bid was submitted by the System User. MFGT has accepted System User’s offer. The offer forms Annex 3 of the present Contract. Parties, according to the provisions of the Offer, conclude the following contract for the storage year 2014/2015.

I SUBJECT AND DURATION OF CONTRACT

1. The subject matter of this Contract on Using and Providing Bundled Natural Gas Storage Service (hereinafter referred to as Contract) is:
 - a) The storage of natural gas owned by the System User, along with its firm injection into and withdrawal from the Hungarian underground gas storage facilities owned and operated by MFGT – with regard to bundling the capacity bundles awarded at the auction – according to the quantity parameters as per Chapter III and quality parameters as per Chapter IV. and
 - b) offering a positive or negative option exceeding 10% of the daily nomination of the System User to the Natural Gas Transmission Company (FGSZ) for the zero point of the MFGT unified storage facility (Flex plus Optional Service). The description and the applicable fees of the service are contained in Section III. of the Code of Business Conduct, and
 - c) providing withdrawal opportunity in the injection cycle, and injection opportunity in the withdrawal cycle for the System User via virtual storage service (Storage plus Optional Service). The description and the applicable fees of the service are contained in Section III. of the Code of Business Conduct
2. Pursuant to this Contract MFGT shall – upon the contractual instruction of the System User – inject the natural gas taken over for the purpose of natural gas storage during the period as per Section I.4, shall keep it in its storage facilities and shall withdraw it in the period as per Section I.4 and shall provide Flex plus Optional Service and/or Storage plus Optional Service based on the relating instructions of the System User.
3. This present Contract has been concluded for a definite period. Based on the Contract, MFGT provides the service until 1st April, 2015.
4. The Parties contract for using and providing a seasonal basic service, Flex plus Optional Service and/or Storage plus Optional Service. The contractual injection period starts on

06:00 a.m. 01. 04. 2014 and ends on 06:00 a.m. 01. 10. 2014. The contractual withdrawal period starts on 06:00 a.m. 01. 10. 2014 and ends on 06:00 a.m., 01. 04. 2015.

5. The System User can use Flex plus Optional Service if it submits an option that is deviant from its daily nomination by 10%.
6. The System User can use Storage plus Optional Service if it submits a nomination opposite to the storage periods as per Section 4.

II GENERAL TERMS

1. In issues not regulated by the Contract, the provisions of the prevailing General Terms and Conditions (hereinafter referred to as ÁSZF), Annex No. 5 of the Code of Business Conduct shall apply.
2. By signing this Contract, the System User shall acknowledge to have fully read and understood the content of the ÁSZF herein mentioned – as available on the MFGT website (www.magyarfoldgaztarolo.hu) – and considers it to be the part of this Contract, and so agrees to be bound by it. The Parties shall deem the content of ÁSZF annexed to the Code of Business Conduct approved by the Hungarian Energy and Public Utility Regulatory Authority to be the same as the usual contracting practice.
3. Special conditions not stipulated in the ÁSZF shall be specified in this Contract.

III PROVISION OF STORAGE CAPACITIES

1. Non-interruptible storage capacities available in bundle to the System User are as follows:

Working gas capacity:	MJ
Injection (peak) capacity:	MJ/day
Withdrawal (peak) capacity:	MJ/day
2. The monthly schedule for injection and withdrawal relating to the storage year 2014/2015 is contained in Annex No. 1.
3. The contracted capacities are for only non-universal service provider purposes, and may not be primarily traded.
4. The System User understands that the actual injection and withdrawal capacity may vary according to the mobile gas stocks and to other, inevitably changing parameters and boundary conditions. The availability of capacities and the minimum and maximum injection and withdrawal capacity values are published by MFGT on its website for the System Users.

5. In case of a positive closing stock for the System User, MFGT shall be entitled to act according to the MEKH Decree (Tariff Decree) No. 1/2013.
6. If required by the System User, further storage products are provided by MFGT for the System Users via optional and specific services, for which the Parties shall conclude a separate contract.
7. The System User may use interruptible capacities as well, for which the Parties also conclude a separate contract.
8. The System User shall weekly submit the planned injection and withdrawal quantities for the following week on the MFGT's Informatic Platform until 12:00 Friday of the preceding week. This is required for planning the operation of the storage facilities, yet this is not equal to the weekly nomination. However, if the System User's nomination submitted for the given day deviates by more than 15% from the planned schedule, and thus endangers service provision to those System Users who use the storage services according to their forecast, MFGT reserves the right to refuse the nomination in full or in part. Furthermore, by fully exploiting the technical capabilities, MFGT shall do its utmost to accept the daily nominations submitted by the System Users, thus providing the most flexible conditions for System Users, and may penalize System Users with deviation exceeding 15% only if inevitable.
9. MFGT shall be financially responsible for preserving the CV (calorific value) of the actually injected gas, for its settlement and for the injection and withdrawal thereof according to Section III.2 herein.
10. MFGT shall not be obliged to ensure injection and withdrawal capacities exceeding the capacity values stipulated by Section III.2 of the Contract, nor to ensure more mobile capacity, or to conduct withdrawal activities exceeding the actually injected mobile gas heat quantity.
11. System Users shall submit also to MFGT the storage demand forecasts with the date and content prescribed by Section 8.1.4.1 of the Grid Code.
12. If during the term of the Contract System Users sell capacity on the secondary capacity trade market or sell mobile gas to other System Users, they shall pay a transaction fee as per the ÁSZF upon the invoice issued by MFGT.

IV STORAGE GAS QUALITY

MFGT shall undertake to inject natural gas which meets the quality parameters prescribed by Annex No. 11 of the Government Decree No. 19/2009 (I.30.) on the implementation of Act No. XL of 2008 on Natural Gas Supply.

V NATURAL GAS DELIVERY AND ACCEPTANCE, MEASUREMENT, SETTLEMENT

According to Section I.3.2 of the Code of Business Conduct, MFGT manages the storage facilities as a unified whole. Based on the daily nomination submitted by the System User for the unified storage facility, MFGT shall allocate the gas quantity to be injected or withdrawn to the relevant underground gas storage facilities. MFGT shall undertake to deliver the nominated quantities allocated for the relevant storage facilities, and in case of non-performance, MFGT shall cover the surcharges and balancing costs incurred by the System User.

VI OPERATIVE FLOW OF INFORMATION

1. In the course of its daily activities, MFGT shall cooperate with the Transmission Company and the Transmission Operator to fulfil its obligations towards the System User.
2. The Parties ensure that besides the regular contacts specified in this present Contract, they shall notify each other of all incidents which may have an effect on their cooperation, and they facilitate smooth communication via consultation opportunities and proper dataflow.
3. Information and data flow between the Parties are governed by the Grid Code and the ÁSZF.

VII STORAGE FEE

1. The purchased capacities as per 3.1 were purchased by The System user purchased storages in a bundle.

One bundle contains:

- working gas capacity:	3 420 000 MJ
- injection capacity:	38 000 MJ/day
- withdrawal capacity:	38 000 MJ/day

The System user purchased..... bundles.

The sum fee of the purchased bundles is:HUF + VAT

2. System User shall pay the price of the purchased bundles in equal monthly instalments. The bundle fee contains the storage capacity fee, excluding the injection volume fee and the withdrawal volume fee, which shall be paid by the System User according to the prevailing Tariff Decree, based on the monthly volume, also excluding the fees of optional services used, as contained in Section III.1 of the Code of Business Conduct.

3. Volume fees payable by the System User shall be determined by MFGT pursuant to the fee items set forth in the Tariff Decree. Capacity fees shall be invoiced according to the Tariff Decree in equal monthly instalments, while volume fees shall be invoiced upon the actual monthly volume. The fees of FLEX Plus Optional Service and Storage Plus Optional Service shall be contained in Annex No. 2.
4. All fees are to be settled in Hungarian Forints.

VIII GOVERNING LAW, SETTLEMENT OF DISPUTES

The Parties shall agree to settle the disputes relating to the Contract primarily via amicable negotiation.

Failing such settlement in any disputes arising from or relating to the Contract or its breach, termination, validity or interpretation, both parties hereby agree to subject themselves to the exclusive jurisdiction of the Energy Arbitration Court (Budapest), provided that the Court of Arbitration proceeds according to its own Rules of Procedure. The number of arbitrators shall be three. The language of procedure shall be Hungarian.

IX DATE OF TAKING EFFECT

This contract shall enter into force upon signature.

X MISCELLANEOUS PROVISIONS

Contact Persons

In issues related to the Contract:

On behalf of MFGT: Balázs Lakatos
Phone: 1/354-7058, 30/269-0775
Fax: 1/354-7045
email: lakatosb@mfgt.hu

On behalf of the System User:

Phone:
Fax:
email:

In issues of daily operative contact:

On behalf of the System User: the System User's person on duty

Phone:

Fax:

email:

On behalf of MFGT: Dispatching service

Phone: 52/362-574

Fax: 52/558-044

email: dispatcher@mfgt.hu

This present Contract is valid together with the attached Annexes, which shall form an inseparable part thereof.

Budapest,

Magyar Földgáztároló Zrt.

System User

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Annexes:

Annex No. 1: Planned injection and withdrawal volume data per month for the storage year 2014/2015

Annex No. 2.: Fees of Flex plus Optional Service and Storage plus Optional Service

Annex No. 3.: The winning bid which was submitted during the auction by the System User