

## **Gas Loan**

As provided for in HEPURA Resolution No. 1567/2013 (MFGT operational licence) and also in Section 141/G of Act No. XL of 2008 on natural gas supply, MFGT owns 120 million m<sup>3</sup> (15 °C)\* working gas, for the lending of which – under specified conditions – it has a permit from HEPURA.

Borrower is entitled to borrow the whole or part of the reclassified working gas for its own use, for a gas loan fee, while providing the required collateral(s) (bank guarantee and/or injected gas). The loan fee includes consideration for the working gas capacity related to the borrowed natural gas.

During the period specified in the contract, Borrower shall take over the gas in the unified storage facility – at a date and according to the schedule determined jointly by the parties –, and shall return it to MFGT upon the expiry of the loan, but not later than until 30th April 2017. In case of customers with other storage contracts, the energy quantity used via the Gas Loan contract shall be managed separately from their existing agreements.

It is a precondition for the transaction that upon notification from the Hungarian Energy and Public Utility Regulatory Authority (HEPURA), the total energy quantity withdrawn/borrowed shall be replaced (injected) within the deadline specified in the notification sent by MFGT.

If in spite of the HEPURA notification, the Borrower fails to return the natural gas according to the schedule as per contract, MFGT shall be entitled to use the gas injected and offered by the Borrower to secure the payment of fees for other storage services and to fulfil the HEPURA requirement therefrom. Such utilization shall not exempt the Borrower from paying the fees related to other storage services. Insofar as the Borrower does not have the gas stock offered and injected into MFGT's storage sites as a payment guarantee, MFGT is entitled to call in the bank guarantee securing the value of the borrowed gas.

The Gas Loan shall further be conditional on the certification of the bank guarantee securing the value of the borrowed gas, on offering the injected gas as a collateral and also on the payment of fees payable in advance in relation to the transaction.

Neither primary, nor secondary trading of the product is possible.

\*As of 01.10.2015, kWh-based (GCV, 0 °C) settlement is required, the energy quantity specified in the auction announcement notice is to be offered.

### **Deadline for Returning the Natural Gas Energy Quantity Borrowed**

- the deadline determined jointly by the Parties in the Gas Loan Contract,
- but not later than 30 April, or
- in case of a recovery requirement from HEPURA, the gas day specified in the Notification – following the communication of the requirement to MFGT.

## **Gas Loan Transaction Fee**

### Fees payable by the Borrower

- a. Loan fee: the loan fee (including the working gas capacity fee related to the energy quantity of the natural gas lent) payable by the Borrower upon borrowing the Natural Gas Lent: 0.01 HUF/kWh/day + VAT
  
- b. Fee for other services: as per the provisions of MFGT's Code of Business Conduct, the fees of services used in relation to the natural gas lent (Daily Peak+, Storage +, etc.) and the Volume fees shall also be payable in addition to the above fee with regard to usage.

### Payment Conditions

The invoice on the Loan Fee is issued following the Gas Loan Contract takes effect, with a payment deadline of 15 days.

Method of issuing the invoice:

The fee for borrowing shall be determined on the basis of the Natural Gas Borrowed and the Loan period, and thus invoiced.

Volume and other product fees shall be invoiced according to the usual monthly routine.

The Loan period shall equal to the number of gas days between the day on which the gas was Made Available and the day it was Returned (each full or partial gas day shall qualify as a full gas day).

## **Collateral**

With regard to the gas lent via the Gas Loan product, the extent of the financial collateral (bank guarantee) required by MFGT shall be calculated according to the following:

150% of the daily "Settlement Price" published on the day MFGT receives the Borrower's request for the conclusion of the Gas Loan contract, in the "CEGH AT VTP Front Month Single Day Select" section for the month following the reference month, multiplied by the energy quantity used under the Contract on Lending and Borrowing Natural Gas, in MWh.

If on the day MFGT receives the Borrower's request for the conclusion of the Gas Loan contract, no daily "Settlement Price" is published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the reference month, the last daily "Settlement Price" published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the base month shall be the basis of calculating the bank guarantee.

In the event that the daily "Settlement Price" published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the reference month is less than 18€/MWh, the bank guarantee shall be calculated according to the following: 150% of 18€/MWh multiplied by the energy quantity used, in MWh.

Borrower shall provide the bank guarantee in EURO currency.

The bank guarantee, the beneficiary of which is MFGT, shall be submitted by the Borrower to MFGT upon initiating the use of the Gas Loan, prior to nomination/physical withdrawal.

The contract may also stipulate further payment/financial guarantees.

### **Duration of Contract**

Entry into force of the gas loan contract shall be conditional on the document-based authentic certification of the bank guarantee securing the value of the borrowed gas energy quantity and the declaration on using the gas injected and offered by the Borrower to secure the fee payment of other storage services, and on the prior payment of the gas loan fee.

The contract shall be cancelled when the natural gas quantity (energy quantity) lent and actually withdrawn is fully recovered and the related working gas capacity stock is re-registered to MFGT.

### **Liability**

In the event of a delay or failure in the recovery/injection of the borrowed/withdrawn natural gas, any and all damage incurred by MFGT, including public administration fines and any third party damage caused, shall be borne by the Borrower.