DECISION

Number: 0001/2018/P-EU
File number: 3053–2018-BA

Bratislava, 27 July 2018,

The Regulatory Office for Network Industries, the Finance and Non-Tariff Regulation Section as the authority competent for the proceedings pursuant to Article 28(2) of Commission Regulation (EU) No 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013, Section 9(1)(b), second bullet and Section 9(1)(c), first bullet, in conjunction with Section 15(4) of Act No. 250/2012 Coll. on regulation in network industries in the matter of a decision approving the rules of operation of the transmission system operator

has decided

pursuant to Article 28(2) of Commission Regulation (EU) No 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 in a coordinated way about the proposal for the project HUSKAT at the interconnection points Veľké Zlievce, Balassagyarmat and Baumgarten and pursuant to Section 13(2)(a) of Act No. 250/2012 Coll. on regulation in network industries and has issued to the transmission system operator eustream, a.s., Votrubova 11/A, 821 09 Bratislava, Id. No. 35 910 712 the approval for the rules of operation establishing a binding alternative allocation mechanism for the HUSKAT project at the interconnection points Veľké Zlievce, Balassagyarmat and Baumgarten.

eustream, a.s. Votrubova 11/A, 821 09 Bratislava, Id. No. 35 910 712 as the transmission system operator shall publish the HUSKAT Project approved by the Regulatory Office for Network Industries for the interconnection points Veľké Zlievce, Balassagyarmat and Baumgarten on its web site, such publication to include at least the information pursuant to Article 28(1)(a) to (g) of Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 in one or more official languages of the Member State and to the extent possible in English; and this within 30 days from the date on which this decision becomes enforceable.

Pursuant to the above provisions, the Regulatory Office for Network Industries has approved to the transmission system operator eustream, a.s., Votrubova 11/A, 821 09 Bratislava, Id. No. 35 910 712 the rules of operation establishing a binding alternative allocation mechanism according to the HUSKAT Project for the interconnection points Veľké Zlievce, Balassagyarmat and Baumgarten reading as follows:
GAS TRANSMISSION CAPACITY FROM HUNGARY TO SLOVAKIA
AND FROM SLOVAKIA TO AUSTRIA

RULEBOOK - BINDING ALTERNATIVE ALLOCATION PROCEDURE ACCORDING TO
THE COMMISSION REGULATION (EU) NO. 459/2017

INVITATION TO BID

27.07.2018
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1. Introduction & Scope

Market Demand Assessments (hereinafter: MDA) based on non-binding demand indications received in October 2017 concluded that an Incremental Capacity Project (hereinafter: ICP) by Magyar Gáz Tranzit, ZRt., Eustream, a.s. and Gas Connect Austria GmbH (hereinafter: GCA) “consistent with intention of” Commission Regulation (EU) No. 459/2017 Art 26 shall be started. GCA is prepared to offer jointly an ICP related specific amount of its available existing entry capacity treated as incremental capacity in the course of this bundled/coordinated alternative allocation procedure. MGT, Eustream and GCA consider the ICP as involving more than two entry-exit (hereinafter: E/E) systems in the meaning of Art. 30 (2) a) and respecting conditionality’s of the non-binding demand indications thereby meeting a prerequisite to conduct an alternative capacity allocation. Following the MDA capacity under the ICP shall be allocated based on alternative capacity allocation methodology as provided for under Art. 30 of NC CAM.

Eustream, a.s. (hereinafter referred to as “Eustream”) is a gas transmission system operator in the territory of the Slovak Republic, Magyar Gáz Tranzit ZRt. (hereinafter referred to as “MGT”) is one of the gas transmission system operators in the territory of Hungary, operator of the Slovak-Hungarian gas interconnection in the territory of Hungary and Gas Connect Austria GmbH (hereinafter referred to as “GCA”) is one of the gas transmission system operators in the territory of Austria. Eustream, MGT and GCA (hereinafter referred to individually as the “Party” or “TSO” and collectively as the “Parties” or “TSOs”) are conducting a joint binding Alternative Allocation Procedure according to the CAM NC regarding firm natural gas transmission services on the following interconnection points:

- IP: Veľké Zlievce/Balassagyarmat (EIC 21Z000000000358C), direction from Hungary to Slovakia
  and/or
- IP: Baumgarten (EIC 21Y---A001A023-Y), direction from Slovakia to Austria

Capacity will be allocated as yearly capacity products on a firm basis via bundled allocation procedure at the IP in the offered directions (1st October – 30th September) at both interconnection points starting with 1 October 2022 until 1 October 2037.

All interested Applicants shall be aware and agree that all Bids received in the present binding Alternative Allocation Procedure by the TSOs shall be considered as legally binding request for capacity booking and basis for the allocation of capacities pursuant to Article 4.4 “Capacity allocation concept”.

On the IP Baumgarten, EUS will set aside 40% of the total incremental capacity 7 800 000 KWh/h (18.00 mcm/d). On the IP Veľké Zlievce/Balassagyarmat, respective TSOs will set aside 20% of the incremental capacity within the binding Alternative Allocation Procedure, which would be reserved for short-term capacity booking and would allocate this capacity on a non-discriminatory basis according to Commission regulation (EU) No. 459/2017.
These Alternative Allocation Procedure Rules are result of non-binding Market Demand Assessment. Respective TSOs have also included the relevant infrastructure projects in their national network development plan proposals (Slovak NDP, No. 7689/2018 Hungarian NDP).

Based on these considerations, the TSOs hereby officially announce their invitation to bid for the Binding Alternative Allocation Procedure.

2. Definitions

Words and expressions used in this document shall have the meanings stated below:

"Applicant" shall mean a network user as defined in the Commission regulation (EU) 715/2009 who submits an application to the respective TSOs to participate in the binding Alternative Allocation Procedure.

“Bid” shall mean the Bidder's offer for a binding commitment to book capacities.

"Bidder" shall mean an Applicant whose application has been accepted by Eustream and MGT and/or EUS and GCA, as relevant, under the Rules of this binding Alternative Allocation Procedure and who submits a Bid with the necessary annexes to the respective TSOs under the Rules of this binding Alternative Allocation Procedure.

“Binding Alternative Allocation Procedure” shall mean the joint binding Alternative Allocation Procedure according to the Commission Regulation (EU) No. 2017/459 based on which Eustream, MGT and GCA allocate the Offered Capacity of IP to Bidders on a binding basis.

“Indicative Reserve Price P_o (EUR/kWh/h/y)” shall mean the sum of the related entry and exit fees at IP applicable at the capacity allocation procedure as stipulated in Article 4.1. The fees payable to the TSOs shall be settled in the national currencies under the relevant contracts between the Bidder and the TSO as annexed hereto.

"Interconnection Point" (hereinafter referred to as "IP") shall mean:

i. the physical connection of the Slovak national gas transmission system and the Hungarian national transmission system near Veľké Zlievce/Balassagyarmat at the Slovak/Hungarian state border, the EIC of IP is 21Z000000000358C, or

ii. the physical connections of the Slovak national gas transmission system and the Austrian national transmission system near Baumgarten at the Slovak/Austrian state border, the EIC of IP is EIC 21Y---A001A023-Y.
“Gas Day” shall mean a time period of 24 hours, starting at 6.00 hours CET, on the day of transition to Central European Summer Time, the gas day shall be a time period of 23 hours and on the day of transition to Central European (Winter) Time, the gas day shall be a time period of 25 hours.

“Offered Capacity” shall mean the offer level, expressed in energy unit allocable per hour on IPs in direction:
  i. from Hungary to Slovakia (IP Veľké Zlievce/Balassagyarmat, EIC 21Z000000000358C)
  ii. from Slovakia to Austria (IP Baumgarten, EIC 21Y---A001A023-Y)
within the scope of the Binding Alternative Allocation Procedure, starting from the Target Commercial Operation Date. For avoidance of any doubt the Offered Capacity does not include 20% of the incremental capacity which is dedicated for short-term bookings at IP Veľké Zlievce/Balassagyarmat EIC 21Z000000000358C and 40% on the Slovak exit at IP Baumgarten EIC 21Y---A001A023-Y.

“Price Decision” the valid applicable tariff with its calculation mechanism set by the National Regulatory Authority.

"Project" shall mean the necessary evaluation, design development, construction, installation, financing, insuring, ownership, operation, repair, replacement, refurbishment, maintenance, expansion, and extension (including laterals) on the transmission network of relevant TSO’s necessary to make the Offered Capacity available. TSOs shall publish aligned and up-to-date information concerning the progress of the project on their websites.

“Successful Bidder” shall mean those Bidders that receive a full or partial acceptance of the Bid pursuant to Article 4.2.1

"Target Commercial Operation Date" shall be 1st of October 2022.

“Willingness to pay” shall mean the total value of all Bids for the incremental capacity bid for under this alternative allocation mechanism expressed in Euro submitted by the Bidder for the period October 2022 – October 2037, taking into account Indicative Reserve Price P0. In case of Hungary converted from local currency to Euro at the currency exchange rate stated in this document in Article 4.1. (For avoidance of any doubts to calculate Willingness to pay only the Indicative Reserve Price P0 is applied as a constant regardless of the size and duration of the capacity booking i.e.: the price to calculate the Willingness to pay may differ from the actual price of the allocated capacities as per valid Price Decision).

“Yearly Standard Capacity Product” shall mean a capacity product, which may be applied for, in a given amount, by a network user for all Gas Days in a particular gas year starting on the 1st of October of a calendar year and ending on the 1st of October the following calendar year.
3. **Binding Alternative Allocation Procedure**

A Binding Alternative Allocation Procedure is conducted by the involved TSOs in order to determine the binding market interest for natural gas transmission capacities established by the Projects at IPs.

3.1. **Purpose of the binding Alternative Allocation Procedure**

The main objective of the binding Alternative Allocation Procedure is to assess the market interest in natural gas transmission capacity on the basis of the received binding bids of the Bidders.

3.2. **Regulatory involvement**

The content of this document has been agreed upon by the Slovak Regulatory Office for Network Industries (ÚRSO), Hungarian Energy and Public Utility Regulatory Authority (MEKH) and Austrian National Regulatory Authority (e-control).

3.3. **Information Provisions**

The TSOs have taken all reasonable steps to ensure that the information regarding the Binding Alternative Allocation Procedure was correct at the time of publication. The TSOs cannot be held responsible for any misinterpretation or usage of the data contained in this document and they accept no liability of any kind for acts, consequences, losses, et cetera, arising from the information or from inaccuracy, incompleteness, or omissions in the contents of this publication.
## 3.4. Binding Alternative Allocation Procedure Overview

### Activities 2018

*All deadlines are to be understood as 23:59 CET of the respective day*

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date (Day. Month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcement of the Binding Alternative Allocation Procedure</td>
<td>on 27. July</td>
</tr>
<tr>
<td>Customer Registration Closing</td>
<td>on 14. August</td>
</tr>
<tr>
<td>Confirmation Customer Registration (TSOs)</td>
<td>by 20. August</td>
</tr>
<tr>
<td>Bid submission window I: Submission of Bids</td>
<td>21. August - 27. September</td>
</tr>
<tr>
<td>Economic Test I</td>
<td>on 28. September</td>
</tr>
<tr>
<td>TSOs to publish the aggregated allocation results</td>
<td>on 01. October</td>
</tr>
</tbody>
</table>

**In case of positive Economic Test I:**
- TSO to send the allocation result confirmation to Successful Bidders and inform Bidders about the aggregated allocation | on 01. October |

**In case of negative Economic Test I:**
- Bid submission window II: TSOs to submit updated requirements to Bidders | by 05. October |
- Bid submission window II: Bidders may submit updated Bids to TSOs | 06. October - 19. October |
- Economic Test II | 20. October - 24. October |
- TSOs to publish aggregated allocation results | on 24. October |

**In case of negative Economic Test II:**
- TSO to inform Bidders about terminated Alternative Allocation Procedure | on 24. October |

**In case of positive Economic Test II:**
- TSO to send the allocation result confirmation to Successful Bidders and inform Bidders about the aggregated allocation | on 24. October |
### Activities 2019

All deadlines are to be understood as 23:59 CET of the respective day.

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date (Day. Month)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bidders’ latest execution date of step back right from contracts</strong></td>
<td><strong>29. March 2019.</strong></td>
</tr>
<tr>
<td>concluded upon positive Economic Test I or II</td>
<td></td>
</tr>
<tr>
<td><strong>In case of no step back right being executed:</strong></td>
<td></td>
</tr>
<tr>
<td>Successful completion of the Alternative Allocation Procedure (concluded contracts remain in place, TSOs to inform Successful Bidders)</td>
<td>by 02. April</td>
</tr>
<tr>
<td><strong>In case of any step back right being executed:</strong></td>
<td></td>
</tr>
<tr>
<td>TSOs to inform and send requirements, the same as for previous Bid submission window, to Bidders which submitted the Bids in Bid submission window I/II and capacity were not allocated/partly allocated to them (Non allocated Bidders) that may submit new Bids for the remaining available capacity to TSOs.</td>
<td>by 05. April</td>
</tr>
<tr>
<td>Bid submission window III: Non allocated Bidders may submit new Bids for the remaining available capacity to TSOs.</td>
<td>05. – 17. April</td>
</tr>
<tr>
<td>Economic Test III</td>
<td>18 - 19. April</td>
</tr>
<tr>
<td>TSOs to publish aggregated allocation results</td>
<td>19. April</td>
</tr>
<tr>
<td><strong>In case of positive Economic Test III:</strong></td>
<td></td>
</tr>
<tr>
<td>TSO to send the allocation result confirmation to Successful Bidders and inform Bidders about aggregate allocation</td>
<td>19. April</td>
</tr>
<tr>
<td><strong>In case of negative Economic Test III:</strong></td>
<td></td>
</tr>
<tr>
<td>Bid submission window IV: TSOs to submit requirements to bidders</td>
<td>23. April</td>
</tr>
<tr>
<td>Bid submission window IV: Bidders may submit new additional) Bids for the remaining available capacity to TSOs</td>
<td>23. April - 30. April</td>
</tr>
<tr>
<td>Economic Test IV</td>
<td>02. May</td>
</tr>
<tr>
<td>TSOs to publish aggregated allocation results.</td>
<td>by 03. May</td>
</tr>
</tbody>
</table>
### 3.5. Registration

**Customer Registration process**

Applicants that are interested in participating in the binding Alternative Allocation Procedure should proceed as follows, taking into account the detailed timetable provided in Article 3.4.

To initiate the Registration Process Applicants have to submit to the respective TSOs before the Customer Registration Closing set in Article 3.4:

1. i) the filled in Registration form (Annex 1) duly signed by authorized person(s) of their organization.
2. ii) in case of Eustream, submit duly signed Framework contract (Annex 3);

   - in case of GCA, such Registration form shall contain the reference to a valid Frame Capacity Contract between GCA and the respective Applicant;
   - in case of MGT, Applicant shall send the filled in Registration form (Annex 1) duly signed by authorized person(s) of their organization, with indication the reference of a valid Framework contract by and between MGT and a respective Applicant in the Registration form (in case the already signed Framework contract differs from the latest Framework contract approved by the HU NRA please consult MGT on signing the amendment thereto,). In case the already signed Framework Contract signatures are differ from the Registration form signatures Applicant shall send the required documents set in Article 2.4.4 of Business Code of MGT for validation. In case of no Framework contract by and between MGT and the respective Applicant is in place, the Applicant shall go through on the standard KYC (“Know Your Customer”) process of MGT, whereas Applicant shall send the filled in Registration form (Annex 1) duly signed by authorized person(s) of their organization and all the documents set in Article 2.4.4. of the Business Code of MGT, 5 days before the “Customer Registration Closing date” set in Article 3.4. . MGT shall send

<table>
<thead>
<tr>
<th>Economic Test IV:</th>
<th>by 03. May</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive</strong></td>
<td></td>
</tr>
<tr>
<td>Successful completion of the Alternative Allocation Procedure (capacities allocated before 29. March 2019 remain in place, TSO to inform Successful Bidders), TSO to send the allocation result confirmation to Successful Bidders</td>
<td></td>
</tr>
<tr>
<td><strong>Negative</strong></td>
<td></td>
</tr>
<tr>
<td>TSO to inform Bidders about terminated Alternative Allocation Procedure and termination of the contracts</td>
<td></td>
</tr>
</tbody>
</table>
electronically the draft Frame Capacity Contract (Annex 4) 2 working days after receiving of all the required documents set above (sending the draft Framework Contract does not mean its acceptance by the TSO). Applicant shall submit to MGT the duly signed Frame Capacity Contract (Annex 4) latest by the “Customer Registration Closing date” set in Article 3.4.

iii) the Applicant shall pay the Participation Fee in the Amount of 2000 EUR per IP. The payment of the Participation Fee by August 14, 2018 is a precondition for the Applicant to participate in the Binding Alternative Allocation Procedure. The Participation Fee applies for the participation for incremental capacity as well as existing capacity treated as incremental capacity at the respective IP. The Applicant shall pay to each TSO the half of the Participation Fee at the respective IP. The Participation Fee shall be paid to the below mentioned bank accounts stating the reference “Participation Fee - Alternative Allocation Procedure and Company Name”.

For Eustream, a.s.:
Account keeping financial institution: Tatra banka a.s., Bratislava branch
Bank account number: SK78 1100 0000 0029 3570 0511
SWIFT code: TATRSKBX

For Magyar Gáz Tranzit, ZRt.:
Account keeping financial institution: Erste Bank Zrt.
Bank account number: 11600006- 00000000-52492459
IBAN/ABO: HU-21-11600006-00000000-52492459
SWIFT code: GIBAHUHB

For Gas Connect Austria GmbH:
Account keeping financial institution: UniCredit Bank Austria AG
IBAN: AT03 1200 0506 6003 2300
BIC: BKAUATWW

By 20. August 2018 the respective TSOs will send back duly signed framework contracts (applies only to Eustream and/or MGT) and confirm the successful registration only if the Applicant successfully registers with the respective TSOs at the respective IP, the Participation Fee is duly paid to TSOs and fulfils the Contractual and Registration requirements of the TSO. Please note that applications, framework contracts and payments received after 14. August 2018 23:59 CET cannot be considered. The Participation Fee shall not be reimbursed in any case.

Bid submission window
Submit the Bid form by registered post or courier (original) duly signed by authorized person(s) within your organization to all of the relevant Parties at IPs (Eustream and MGT and/or respectively
Eustream and GCA), in the Bid submission windows specified in Article 3.4. Parties’ addresses are listed in Article 7 (Notices). An advance copy by e-mail to transmission@eustream.sk, huskat@gaztranzit.hu and sales.transmission@gasconnect.at is recommended. (In case so required by the respective TSO, Applicant shall make sure the respective TSO has the authorized persons signature specimen or any other required document for validation of signatures).

By submitting the registration form and the Bids, the Applicant/Bidder agrees, accepts and acknowledges the present Alternative Allocation Rulebook, its Annexes, as well as the contractual terms and conditions of the respective TSOs contained in the Annexes. The allocated capacities stated in these contracts shall be subject and limited to the predefined conditionality. This Alternative Allocation Rulebook has a binding nature for Applicants/Bidders and TSOs.

3.6. Data protection and Privacy

The TSOs acknowledge that any data, information or notification to be prepared by Applicants and Bidders to the binding Alternative Allocation Procedure that will be handed over shall be considered as confidential. The TSOs declare that such confidential information shall only be used in connection with the evaluation of the binding Alternative Allocation Procedure and shall not be disclosed to any third Party without written consent of the relevant Applicant/Bidder.

The obligation of non-disclosure shall not apply to information which:

a) is in the public domain, or – due to a reason other than the act or omission of the receiving party – subsequently becomes publicly known, or

b) was provably in the possession of the receiving party prior to disclosure by the relevant Applicant/Bidder, or

c) the receiving party acquired from a third party who is not under a confidentiality obligation vis-á-vis the party concerned by such information, or

d) is to be made public or disclosed pursuant to the law, stock exchange regulation or authority order, to the extent such disclosure is legally required or

e) is communicated to the relevant regulatory authorities for the purpose of evaluating the Alternative Allocation Procedure.

The eventual termination of the binding Alternative Allocation Procedure or the Project, for whatever reason, shall not affect the confidentiality obligation, which shall expire 3 years from the date of termination.
4. Allocation of Capacities

The TSOs offer to sell following transmission capacities:

## 4.1. Offered Capacity Products and Tariffs

Flow Direction Hungary -> Slovakia

<table>
<thead>
<tr>
<th>TSO</th>
<th>MGT</th>
<th>Eustream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly Standard Capacity Product on a firm basis</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Number of Offered Gas Years</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>First Availability</td>
<td>01. October 2022</td>
<td>01. October 2022</td>
</tr>
<tr>
<td>Network Point Name</td>
<td>Balassagyarmat</td>
<td>Veľké Zlievce</td>
</tr>
<tr>
<td>Entry/Exit</td>
<td>Exit</td>
<td>Entry</td>
</tr>
<tr>
<td>EIC</td>
<td>21Z0000000000358C</td>
<td>21Z0000000000358C</td>
</tr>
<tr>
<td>Minimum Bookable Capacity Unit (kWh/h/year)</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Reserve Price</td>
<td>631.25 (HUF/kWh/h/year)</td>
<td>2.604 (EUR/kWh/h/year)*</td>
</tr>
<tr>
<td>Entry capacity</td>
<td>21Z0000000000358C</td>
<td>21Z0000000000358C</td>
</tr>
<tr>
<td>Volume based Price</td>
<td>47.31 (HUF/MWh)</td>
<td>0.1% from nominated quantity</td>
</tr>
<tr>
<td>Volume based Supplement Price</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Applied exchange rate for indicative</td>
<td>310 HUF/EUR</td>
<td>N/A</td>
</tr>
<tr>
<td>Indicative Reserve Price $P_0$ (EUR/kWh/h/year)</td>
<td>4.640290323</td>
<td></td>
</tr>
</tbody>
</table>

**Price Evolution After Capacity Allocation**

- Reserve price and volume based prices: floating tariffs always based on the current effective Hungarian regulation set by MEKH.
- Volume-based tariff: applied upon the usage of the capacity, floating based on the Hungarian regulation set by MEKH.
- Volume base supplement: N/A
- All tariffs shall be paid according to the effective tariff decree in Hungary set by MEKH.
- Potential surcharge: fixed

Allocated price: fixed, subject to escalation

Potential surcharge: fixed
# Flow Direction Slovakia -> Austria

<table>
<thead>
<tr>
<th>TSO</th>
<th>Eustream</th>
<th>GCA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yearly Standard Capacity</strong>&lt;br&gt;Product on a firm basis</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Number of Offered Gas Years</strong></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>First Availability</strong></td>
<td>01. October 2022</td>
<td>01. October 2022</td>
</tr>
<tr>
<td><strong>Network Point Name</strong></td>
<td>Baumgarten</td>
<td>Baumgarten</td>
</tr>
<tr>
<td><strong>Entry/Exit</strong></td>
<td>Exit</td>
<td>Entry</td>
</tr>
<tr>
<td><strong>EIC</strong></td>
<td>EIC 21Y---A001A023-Y</td>
<td>EIC 21Y---A001A023-Y</td>
</tr>
<tr>
<td><strong>Minimum Bookable Capacity</strong>&lt;br&gt;Unit (kWh/h/year)</td>
<td>1000</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Reserve Price P₀</strong>&lt;br&gt;(EUR/kWh/h/year)*</td>
<td>4.46736</td>
<td>0.77</td>
</tr>
<tr>
<td><strong>Volume based Price</strong></td>
<td>1.10% from nominated quantity</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Volume based Supplement Price</strong></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Applied exchange rate for indicative</strong></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Reserve Price P₀</strong>&lt;br&gt;(EUR/kWh/h/year)</td>
<td>5.23736</td>
<td></td>
</tr>
</tbody>
</table>

**Price Evolution After Capacity Allocation**

- **Allocated price**: fixed, subject to escalation<br>- **Volume-based tariff upon the usage of the capacity**: applied<br>- **Potential surcharge**: fixed

**Reserve price**: floating<br>- **Potential surcharge**: fixed

* the Reserve price at Eustream represents tariff for the transmission capacity within the first tariff group and shall be applied for the calculation of the Willingness to pay for the allocation process.

Note: All fees for transmission services (i.e. Tariffs, Gas for Operational Needs tariff rate and Neutrality charge, other fees – if applicable) of respective TSO are governed and shall be applied according to applicable national law or NRA decisions or approvals (for more details consult respective TSO).

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1 GCA uses the term „surcharge“ in all its specific annexes to this rulebook. It is to be understood as a potential premium to the Reserve Price P₀ for the booked capacity.
<table>
<thead>
<tr>
<th>Gas year</th>
<th>Offered Capacity level of incremental capacity at Interconnection Point (kWh/h/year)</th>
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<tbody>
<tr>
<td></td>
<td>IP Veľké Zlievce/Balassagyarmat Level I.</td>
<td>IP Veľké Zlievce/Balassagyarmat Level II.</td>
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<tr>
<td>2022/2023</td>
<td>1 914 000</td>
<td>5 088 000</td>
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<tr>
<td>2036/2037</td>
<td>1 914 000</td>
<td>5 088 000</td>
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</table>

2 Level II. values include Level I.
4.2. Determination of Economic Viability

In this section, the process of Economics Tests and Bid submission windows and the conditions for a positive Economic Test to determine the economic viability for each individual TSO are described. The information provided should give insight into the aggregated booking level that has to be achieved in order to render the Projects for each TSO successful.

4.2.1. Process of Economic Tests and Bid Submission windows

Bid submission window I

Duly signed Bids to be submitted by registered post or courier (original) until 27. September 2018 23:59 CET. For the avoidance of any doubt, no supplement will be used (Reserved price $P_0$ only).

Economic Test I

After the conclusion of the Economic Test I, TSOs shall inform Bidders about the individual and aggregated allocation results by 01. October 2018. In case the Economic Test I is positive, the relevant TSO(s) shall send duly signed allocation result confirmation as part of the respective TSO contractual framework with registered mail or courier to the Successful Bidders by 01. October 2018.

Bid submission window II

In case the Economic Test I is negative, the TSOs shall offer Bidders to submit Bids based on an updated price-quantity relationship, communicated to all Bidders. Bidders may increase their value of the Bid in the Bid submission window II on a voluntary basis by increasing their capacity request and/or by price premium offer. A Bid submitted by a Bidder in the Bid submission window II as outlined in Article 3.4 shall replace the previously submitted Bid, if such Bid is higher as in Bid submission window I. Lower Bids shall not be taken into consideration. If no updated Bid is submitted by a Bidder, the respective original Bid remains valid for the Economic Test II and as well as for the capacity allocation.

Economic Test II

After Bids have been received in the course of the Bid submission window II, the Economic Test II will be performed taking into account Bids submitted in the Bid submission window I and II. TSOs shall inform Bidders about the individual and aggregated allocation results by 24. October 2018. In case the Economic Test II is positive the relevant TSO(s) shall send duly signed allocation result confirmation as part of the respective TSO framework contract with registered mail or courier to the Successful Bidders by 24. October 2018.

In case the Economic Test II is negative, all TSOs shall inform Bidders via registered mail about the termination of the Alternative Allocation Procedure and the earlier informed Successful Bidders about the termination of their specific concluded contracts within this Alternative Allocation Procedure as part of the respective TSO framework contract by 24. October 2018.
Termination by Bidder through step back right
Successful Bidders shall be entitled to step back from their contracts concluded with GCA, EUS and MGT in the course of this alternative allocation mechanism upon a positive Economic Test I or II by 29th March 2019 23:59 CET without the obligation to give reason for their decision. For the avoidance of doubt a partial step back, e.g. stepping back from only parts / yearly tranches of the booked capacity, is not permissible and thus not valid. In case a Successful Bidder exercises its step back right at one side of an IP, the Successful Bidder shall be obliged to at the same time to exercise its step back right at the other side of such IP too. In case a Successful Bidder has received acceptance of its Bid at more than one IP, such shipper shall exercise its step back right at all IPs at the same time only. The step back right of Successful Bidders as well as the obligation of all TSOs to terminate all contracts concluded within this Alternative Allocation Procedure in case of a negative Economic Test (as stipulated in this Rulebook) are applicable only for contracts concluded in this Alternative Allocation Procedure.

In such a case, the Bidder shall pay a termination fee being a fixed rate of the value of its Bid. The value of its Bid shall be calculated by multiplying the Reserve Price as stipulated in this Alternative Allocation Procedure, as applicable, as a result of a binding Alternative Allocation Procedure, with the capacity that was allocated to the Bidder. The fixed rate for Eustream shall be 0.15%, for MGT 0.15% and for GCA 0.033% of the respective amount of the individual Bid calculated on the Reserve Price.

In case all Bidders whose offers were considered in the positive Economic Test, relinquish their step back right before the deadline of 29th of March 2019 23:59 CET, TSOs shall proceed with the execution of the Project without delay and publish the successful completion of the Alternative Allocation Procedure.

Bid submission window III
In case one or more Successful Bidder(s) make use of their right to step back from concluded contracts upon a positive Economic Test I or II, TSOs shall inform and submit requirements to Bidders which submitted the Bids in Bid submission window I/II (except those who have exercised their step back right) and capacity to them were not allocated or partly allocated (Non allocated Bidders) that may submit new Bids for the remaining available capacity to TSOs. Requirements for Bid submission window III shall be the same as for previous Bid submission window. Capacities offered in Bid submission window III shall be allocated according to willingness-to-pay for the incremental capacity offered under this alternative allocation mechanism and shall take into account the remaining available capacities offered in Bid submission window III only. For avoidance of doubt, capacities allocated or Bids submitted in Bid submission window I/II shall not be included in the calculation of Willingness to Pay in Bid submission window III.

Unless terminated by Successful Bidder in accordance with its step back right, capacities allocated to such bidders in Bid submission window I/II remain in place until in case of negative Economic Test the Alternative Allocation Procedure and the contracts concluded are terminated by the TSOs.
Economic Test III
The Economic Test III will be performed taking into account Bids submitted in the Bid submission window I and II for which no Step back right was used and Bids submitted in Bid submission window III. TSOs shall inform Bidders about the individual and aggregated allocation results by 19. April 2019. In case the Economic Test III is positive the relevant TSO(s) shall send acceptance of the Bids in form of duly signed allocation result confirmation as part of the respective TSO framework contract with registered mail or courier to the Successful Bidders by 19. April 2019.

In case Economic Test III is negative, another Bid submission window is offered (Bid submission window IV). TSOs shall inform Bidders by 23. April 2019.

Bid submission window IV
TSOs shall offer Bidders to submit Bids in the Bid submission window IV on a voluntary basis, based on an updated price-quantity relationship, communicated to all Bidders. In this Bid submission window IV only the released and remaining available (i.e. not allocated) capacity shall be offered by the TSOs to all Bidders, including unsuccessful Bidders from previous Bid submission windows and Applicants who did not submit the Bid in the previous Bid submission windows, except those who have exercised their step back right. The amount of capacity offered in the Bid submission window IV shall be published by TSOs for the IP. Capacities offered in Bid submission window IV shall be allocated according to willingness-to-pay taking into account capacities offered in Bid submission window IV only. For avoidance of doubt, capacities allocated or Bids submitted in Bid submission window I/I/III shall not be included in the calculation of Willingness to Pay in Bid submission window IV.

Economic Test IV
A final Economic Test will be performed (Economic Test IV) after new Bids have been received in the course of the Bid submission window IV.

TSOs shall inform all Bidders about the individual and aggregated allocation results by 03. May 2019.

If the Economic Test IV is positive, the relevant TSO(s) shall send acceptance of new Bids in form of duly signed allocation result confirmation as part of the respective TSO framework contract with registered mail or courier to the Successful Bidders by 03. May 2019.

In case the Economic Test IV is negative, all TSOs shall inform the Bidders by 03. May 2019 via registered mail about the termination of the Alternative Allocation Procedure and the termination of the concluded contracts. In such case, no penalties, damages or termination fee is to be paid by the Bidders who did not step back from their contracts.
4.3. Conditions for a positive Economic Test

Condition for a positive Economic Test: \( PV_{UC} \geq f \times PV_{AR} \)

- \( PV_{UC} \) – the present value of binding commitments of network users for contracting capacity
- \( PV_{AR} \) – the present value of the estimated increase in the allowed or target revenue of the transmission system operator associated with the incremental capacity
- \( f \) – f-factor

That means that the Economic Test of a specific TSO will be positive if the present value of binding commitments of network users is equal to or higher than the present value of the estimated increase in the allowed revenue of the TSO associated with the specific incremental capacity.

The Economic Tests are based on the allocation results pursuant to Article 4.2 which shall be subject and limited to the predefined conditionality (Article 4.4). The Economic Tests shall apply to those IPs/sides of an IP where incremental capacity will be allocated. The Economic Tests is successful only in case the Economic Tests of both TSOs on both sides of the relevant IP/IPs were successful. After each concluded Economic Test, TSOs shall publish aggregated allocation results on their respective websites. This shall include the capacity to be allocated for the IP, TSO, year and direction based on the Bids and related conditionality, being subject to a positive Economic Test for the relevant TSO and the successful completion of the Alternative Allocation Procedure and the degree to which the individual Economic Tests of the TSOs for the IPs is positive.

Economic Viability @ Gas Connect Austria GmbH

Art 22 Para 1 NC CAM covers the economic test parameters for incremental capacity. With regards to the Austrian side of the interconnection point Baumgarten it can be concluded upfront, that the economic test will be positive if existing capacity will be offered exclusively and therefore no cost for incremental investments will occur: The above parameter \( PV_{AR} \) has a value of zero (0) in case no incremental investments are needed to offer the capacity under this alternative allocation mechanism. Consequently, there would be no increase in the allowed revenue and the f-factor is multiplied by zero (0). Hence, the above inequation is always fulfilled in case of bookings of existing capacity. It is therefore not meaningful to depict the defined parameters of Art 22 Para 1 NC CAM regarding the Austrian side of the interconnection point Baumgarten.
Economic Viability @ Eustream, a.s. for Level I. and Level II.
The Economic Tests I - IV for incremental capacity for the Alternative Allocation Procedure are based on the following parameters:

\[ PV_{UC} \geq 71\,792\,433\,\text{EUR} \]
\[ PV_{AR} = 71\,792\,433\,\text{EUR} \]
\[ f = 1.0 \]

Positive Economic Tests I – IV for incremental capacity for Eustream, a.s. shall be deemed as positive if the present value of binding commitments of network users on points Veľké Zlievce and Baumgarten is equal or higher than 71 792 433 EUR.

Economic Viability of Balassagyarmat Level I. @ Magyar Gáz Tranzit, ZRt.
The Economic Tests I - IV for incremental capacity at the entry point Balassagyarmat are based on the following parameters:

\[ PV_{UC(LI)} \geq 645\,000\,\text{EUR} \]
\[ PV_{AR(LI)} = 645\,000\,\text{EUR} \]
\[ f_{(BGY)} = 1.0 \]

That means that an Economic Test for the IP Balassagyarmat will be positive if the value of binding commitments of network users is equal to or higher than 645 000 EUR. The total value of the binding commitments must compensate the tariff increase effect of the additional investment.

Economic Viability of Balassagyarmat Level II. @ Magyar Gáz Tranzit, ZRt.
The Economic Tests I - IV for incremental capacity Level II. at the entry point Balassagyarmat are based on the following parameters:

\[ PV_{UC(LII)} \geq 58\,463\,870\,\text{EUR} \]
\[ PV_{AR(LII)} = 58\,463\,870\,\text{EUR} \]
\[ f_{(BGY)} = 1.0 \]

That means that an Economic Test for the IP Balassagyarmat Level II. will be positive if the value of binding commitments of network users is equal to or higher than 58 463 870 EUR. The total value of the binding commitments must be compensate the tariff increase effect of the additional investment it means the minimum booked capacity is 49,9 % of the offered maximum incremental capacity.
Present value calculation shall be at 8.7%. With regards to the Commission regulation (EU) No. 460/2017 of 16 March 2017 establishing a network code on harmonized transmission tariff structures for gas the reference prices shall equal with the relevant tariffs in force

4.4. Capacity Allocation Concept

Basic Capacity Allocation Principles

- Capacities are allocated separately for each interconnection point (IP) and offered gas year.
- The Applicants are allowed to submit for capacity one offer per Bid submission window per IP. In the offer the Applicants are allowed to place maximum 1 Bid per gas year, i.e. it is not permitted to submit multiple (alternative) bids by a single Applicant for the same gas year.
- Both interconnection points are jointly evaluated from a willingness-to-pay point of view in order to resolve any eventual congestion of the Alternative Allocation Procedure.
- Capacities are allocated based on willingness-to-pay for incremental capacity offered under this alternative allocation mechanism. Capacities are charged at relevant tariffs of respective TSO’s in line with their valid and effective Price Decisions.
- In Bid submission window II, all Bidders will have the possibility to indicate a higher willingness-to-pay upon the proposal of the TSOs.
- In Bid submission window III non allocated Bidders from previous Bid submission windows, except those who have exercised their step back right, have the possibility to submit an additional/new Bid for the remaining available (i.e. not allocated) capacity upon the proposal of the TSOs.
- In Bid submission window IV Bidders, including unsuccessful Bidders from previous Bid submission windows, except those who have exercised their step back right, and Applicants who did not submit the Bid in the previous Bid submission windows have the possibility to submit an additional/new Bid for the remaining available (i.e. not allocated) capacity upon the proposal of the TSOs.

Capacity allocation methodology

1. The Bid submission windows are at the time periods specified in Article 3.4 The capacity on offer in the Bid submission windows I and II is indicated in Article 4.1. In Bid submission windows III and IV only released and remaining available capacity shall be offered by the TSOs.
   a) Bids submitted outside of the specified time periods shall not be evaluated.
   b) Bids must comply with formal requirements as specified below.

2. The Bidder shall indicate in its Bid according to the Bid form (Annex 2):
   a) The relevant capacity quantity it intends to book expressed in kWh/h/year,
      i. Bids containing capacity quantities higher than the offered capacity shall be refused.
   b) The relevant interconnection point(s)
   c) The relevant gas year(s),
   d) Predefined conditionality, if any, i.e.
i. whether the Bidder accepts any partial fulfilment to its Bid in case not the entire amount of capacity applied for could be allocated to the Bidder related to the required quantity (“fill or kill principle”) and/or

ii. whether the Bids between both IP(s) are linked (whether capacity allocated at one IP is subject to capacity allocated at the other IP)

iii. whether the Bids are linked to a minimum number of years and/or whether the Bid is conditional on the allocation of a minimum amount of capacity.

e) In general in each Bid submission window only one Bid may be submitted per gas year by a Bidder. Bids containing more than 1 (one) capacity quantity request for the same gas year shall be refused. During the Bid submission window III, unsuccessful Bidders from previous Bid submission windows may submit a new Bid for the released and remaining available capacity on offer. During the Bid submission window IV, Bidders who did not exercise their step back right may submit a new Bid for the released and remaining available capacity on offer.

3. Bids are evaluated as follows:

a) The willingness to pay of all Bidders shall be ranked in descending order, i.e. starting from the highest Bidder’s willingness to pay across IP(s)/sides of an IP where incremental capacity was bid for.

b) Higher willingness to pay shall have precedence over lower willingness-to-pay.

c) In case of no overbooking all Bidders are allocated based on their Bids

d) In the case of overbooking at any of the gas years, the following allocation methodology shall apply:

i. The capacity request for respective yearly capacity product of the bidder with the highest willingness-to-pay shall be allocated first.

ii. The remaining unallocated capacity for respective gas year shall be allocated by taking the second, third, fourth, etc. highest willingness to pay of other Bidders, subject to the available capacity after each allocation step.

iii. In case there are equal willingness-to-pay values by different Bidders, and these affect the same IP and the same gas year, such bids shall be allocated pro rata.

Capacities shall be allocated according to their respective willingness-to-pay value in the relevant bid submission window, taking into account the conditionalities indicated.

**Confirmation by TSO**

Subject to the allocation of the submitted Bids taking into account the indicated predefined conditionality, the TSOs mentioned in Article 3.4 shall perform an Economic Test according to said Article. TSOs shall inform Bidders about the allocation results according to Article 4.2.1.
5. **Financial Guarantees**

5.1. **Applicable Financial Guarantees of Eustream, a.s.**

5.1.1. **Financial security for the Bid submission**

The Bidder shall submit a financial guarantee equal to the termination fee (penalty fee) as set out in Article 4.2.1 above, upon the end of the relevant Bid submission window.

In case of the Bidder’s exercise of the step back right by 29th of March 2019 23:59 CET, the Bidder shall pay a financial penalty according to the Article 4.2.1. If the Bidder fails to fulfil this obligation, Eustream shall be entitled to draw the financial guarantee to the termination fee (penalty fee) of the Bidder subject to the terms of the contracts signed. The security expires 8 weeks after the expiration of the step back right. If Bids are not accepted by the TSO or the Bidder relinquishes its step back right before the deadline of 29th of March 2019 23:59 CET, the security shall be released by the TSO within 15 days upon request of the Bidder. The Bidder shall submit the financial guarantee as follows:

   a) As a letter of bank guarantee in EURO and/or

   b) As a collateral deposit;

5.1.2. **Financial security for the transmission service**

In this case the provisions of Framework contract shall apply.

5.2. **Applicable Financial Guarantees of Magyar Gáz Tranzit ZRt.**

5.2.1. **Financial security for the Bid submission (auction guarantee)**

The Bidder shall submit a financial guarantee equal to the termination fee (penalty fee) as set out in Article 4.2.1 above, upon the end of the relevant Bid submission window.

In case of the Bidder’s exercise of the step back right by 29th of March 2019 23:59 CET, the Bidder shall pay a financial penalty according to the Article 4.2.1. If the Bidder fails to fulfil this obligation, MGT shall be entitled to draw the financial guarantee to the termination fee (penalty fee) of the Bidder subject to the terms of the contracts signed. The security shall expire 8 weeks after the expiration of the step back right. If Bids are not accepted by the TSO or the Bidder relinquishes its step back right before the deadline of 29th of March 2019 23:59 CET, the security shall be released by the TSO within 15 days upon request of the Bidder.

The Bidder shall submit the financial guarantee as follows:

   a) As a letter of bank guarantee in set in the GTC of MGT in HUF (Hungarian Forint) and/or
b) As a collateral deposit; at bank account detailed in section 3.5 of this document

5.2.2. Contractual guarantees and other guarantees and securities

In this case the provisions of the Business Code, General Terms and Conditions and Framework Contract of MGT shall apply (see in Annex 4).

5.3. Applicable Financial Guarantees of Gas Connect Austria GmbH

5.3.1. Financial security for the Bid submission

An Applicant not yet registered with GCA can choose between Easy Access (no activation deposit required) and Full Access (activation deposit required)\(^2\) The Bidder does not have to provide financial securities securing the termination fee to GCA at the time of bid submission, but every Successful Bidder shall provide a financial security equal to the termination fee in form of a bank guarantee or cash deposit to GCA within five (5) working days after receipt of the acceptance of its bid in form of the contract duly signed by GCA. The bank guarantee must correspond to the sample bank guarantee attached hereto as Annex 7 and shall be valid until 10 May 2019. In case the Successful Bidder relinquishes its step back right before the deadline of 29th of March 2019 23:59 CET, the security shall be released by GCA within 15 days.

5.3.2. Financial security for the transmission service

The financial security outlined in the Frame Capacity Contract of GCA (hereto attached as Annex 5) shall apply. The detailed provisions concerning security deposits are described in the current approved General Terms and Conditions for Transmission Network Access of Gas Connect Austria GmbH under Article IV.

6. Miscellaneous

The TSOs reserve the right to ask for supplementary documents from any Applicant, if required.

7. Notices

Unless expressly otherwise provided for in this document, all notices or other communications to be given or made hereunder shall be in writing, shall be addressed for the attention of the person indicated below and shall be delivered personally or sent by prepaid post or by fax. All notices given by fax shall be confirmed in writing delivered or sent as aforesaid. The language of all notices shall be the English language.

\(^2\) For a more detailed description please see https://www.gasconnect.at/en/network-access/transmission-network/registration/
MGT will publish the Rulebook both in English and Hungarian languages, the prevailing language for the Rulebook is the English version. MGT will publish its Business Code, General Terms and Conditions and Framework Contract both in English and Hungarian languages, the prevailing language for them is the Hungarian.

Relevant contacts of the TSOs:

a) For Eustream:
Address: Votrubova 11/A, 821 09 Bratislava, Slovakia
Attention: Marek Lendvorský, Head of Commerce & Contracting
Fax number: +421 2 6250 7155
e-mail: transmission@eustream.sk

b) For MGT:
Address: 1031 Budapest Záhony utca 7/B II. em. (Graphisoftpark), HUNGARY
Attention: Beáta Göbölyös, Commercial and Contracting expert,
Fax number: 00-36-1-304-2797
e-mail: beata.gobolyos@gaztranzit.hu and huskat@gaztranzit.hu

b) For GCA:
Address: Floridsdorfer Hauptstraße 1, 1210 Vienna, Austria
Attention: Michael Unterberger, Sales Transmission
Fax number: +43 1 27500 88291
e-mail: michael.unterberger@gasconnect.at

All notices shall be effective upon receipt.

8. Annexes

The following Annexes form an integral part of the Alternative Allocation Procedure and are published on the TSOs’ websites: (www.gaztranzit.hu; www.eustream.sk; www.gasconnect.at)

Annex 1. (Registration form)
Annex 2. (Bid form)
Annex 3. (Framework gas transmission contract of Eustream, a.s.)
Annex 5. (Frame Capacity Contract of Gas Connect Austria GmbH)
Annex 6. (Capacity Contract for capacities allocated in the course of the “HUSKAT” Binding Alternative Allocation Procedure of Gas Connect Austria GmbH)
Annex 7. (Model bank guarantee security regarding termination fee of Gas Connect Austria GmbH)
Annex 8. (Alternative Allocation Procedure Schema)
Annex 1 to the Binding Alternative Allocation procedure Rulebook - „Registration Form“

Dear Sirs,

Herewith

Company name

Company address

Contact first name

Contact last name

Contact telephone

Contact e-mail

would like to register for participation in the Binding Alternative Allocation Procedure, which is jointly conducted by eustream, a.s., Magyar Gáz Tranzit, ZRt. and Gas Connect Austria GmbH (TSOs) for incremental capacity at the IP Veľké Zlievce and for incremental / existing capacity at the IP Baumgarten. Please select and send the Registration form duly signed to all relevant TSOs.

☐ I want to register in order to be able to submit bids for the IP Balassagyarmat/ Veľké Zlievce, in direction exit HU - entry SK in the Binding Alternative Allocation Procedure with
eustream, a.s. and
Magyar Gáz Tranzit, ZRt.
Please insert Framework Contract reference: MGT_FRAME

☐ I want to register in order to be able to submit bids for the IP Baumgarten, in direction exit SK - entry AT in the Binding Alternative Allocation Procedure with
eustream, a.s. and
Gas Connect Austria, GmbH
Please insert Frame Capacity Contract reference: AUC_FRAME

By submitting the completed and duly signed Registration form (Annex 1 to the

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3 Further Details concerning the Bid submission process may be found in chapter 3.5 of the Alternative Allocation Procedure Rulebook
Alternative Allocation Procedure) and the Bid Form (Annex 2 of the Alternative Allocation Procedure), the Applicant agrees, accepts and acknowledges the present Alternative Allocation Procedure Rulebook, its Annexes, as well as the contractual terms and conditions of the selected TSOs and shall consider themselves to be bound by the provisions of them. Successful Bidders are obliged to duly sign and return to the TSOs the received contract(s) till the deadline set in the Rulebook.

Date, Signature by authorized company representative(s)
Annex 2 to the Binding Alternative Allocation procedure Rulebook - „Bid Form“

Return the Bid form by registered post or courier (original) duly signed by authorized person(s) within your organization to all of the relevant TSOs at IP Veľké Zlievce (Eustream and MGT) or at IP Baumgarten (Eustream and GCA), as relevant, until the deadline in the Rulebook, 23:59 CET (see the contact details as listed below). An advance copy by e-mail to transmission@eustream.sk and huskat@gaztranzit.hu, respectively sales.transmission@gasconnect.at is recommended.

By submitting the registration form and the Bids, the Applicant agrees, accepts and acknowledges the present Alternative Allocation Procedure Rulebook, with its Annexes, as well as the contractual terms and conditions of the TSOs and shall consider themselves to be bound by the provisions of them.

Bids for IP Balassagyarmat/Veľké Zlievce are submitted to:
eustream, a.s. Magyar Gáz Tranzit, ZRt.
Votrubova 11/A, Záhony utca 7/B II. em.
821 09 Bratislava, (Graphisoftpark),
Slovakia 1031 Budapest
Att.: Marek Lendvorský Hungary
Att.: Lajos Bútösi

Bids for IP Baumgarten are submitted to:
eustream, a.s. Gas Connect Austria GmbH
Votrubova 11/A, Floridsdorfer Hauptstraße 1
821 09 Bratislava, 1210 Wien
Slovakia Austria
Att.: Marek Lendvorský Att.: Michael Unterberger

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4 Further Details concerning the Bid submission process may be found in chapter 3.5 of the Alternative Allocation Procedure Rulebook
ids (and minimum amount) to be stated in KWh/h/y

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<td>Gas year 2028/2029</td>
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<td>Gas year 2029/2030</td>
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<td>Gas year 2030/2031</td>
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<td>Gas year 2031/2032</td>
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<td>Gas year 2032/2033</td>
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<td>Gas year 2033/2034</td>
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<td>Gas year 2034/2035</td>
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<tr>
<td>Gas year 2035/2036</td>
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<tr>
<td>Gas year 2036/2037</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5 Reserve Price $P_0$ as published in the Rulebook
Please indicate which conditionalities are attached to the submitted bids:

☐ **Bids linked over flow directions**
Submitted Bids are linked over IP Balassagyarmat/Velké Zlievce - Exit HU / Entry SK and IP Baumgarten - Exit SK / Entry AT.

☐ **Bids linked across years**
Submitted Bids are linked across a stated number of years at:
IP Balassagyarmat/Velké Zlievce - Exit HU / Entry SK for the sequence of gas years:

IP Baumgarten - Exit SK / Entry AT for the sequence of gas years:

☐ **Minimum amount**
Submitted Bids are conditional on the allocation of a minimum amount of capacity as indicated in the bid table in the respective row(s) “Minimum amount”.

**Bid form submitted by:**

- Company
- First Name
- Last Name
- Position
- Address
- Telephone
- E-Mail

For Bids concerning IP Baumgarten please indicate additionally your GCA Frame Capacity Contract reference: AUC_FRAME

For Bids concerning IP Balassagyarmat/Velké Zlievce please indicate additionally your MGT Framework Contract: MGT_FRAME
By submitting the completed and duly signed Registration form (Annex 1 to the Alternative Allocation Procedure) and the Bid Form (Annex 2 of the Alternative Allocation Procedure), the Bidder agrees, accepts and acknowledges the present Alternative Allocation Rulebook, with its Annexes as well as the contractual terms and conditions of the selected TSOs and shall consider themselves to be bound by the provisions of them. The Bidder confirms that the bids are submitted to the relevant Transmission System Operators as stated above. For submission of the Bid Form please use the contact details as published under chapter 7 of the Alternative Allocation Procedure Rulebook.

Date, Signature by authorized company representative(s)
FRAMEWORK CONTRACT ON ACCESS TO THE TRANSMISSION NETWORK
AND GAS TRANSMISSION through the Alternative Allocation Procedure

made by and between

eustream, a.s.
with its registered office at: Votrubova 11/a, 821 09 Bratislava, Slovak Republic
registered in a Business Register of District Court Bratislava I, Section: Sa, insertion No.: 3480/B
Entity Identification Number (IČO): 35910712
VAT Registration Number: SK 2021931175
(hereinafter referred to as “EUS”)

on one side

and

………………………….

with a registered office at:
Entity Identification Number:
VAT Registration Number :
(hereinafter referred to as “the Shipper”)

on the other side,

hereinafter alternatively referred to individually as “Party” and collectively as “Parties”
Preamble

WHEREAS, EUS as a transmission system operator is providing for shippers transmission of Natural gas through the EUS transmission system from entry points to exit points.

WHEREAS EUS, Magyar Gáz Tranzit, ZRt. (gas transmission system operator of the Slovak-Hungarian gas interconnection in the territory of Hungary) and Gas Connect Austria GmbH (one of the gas transmission system operators in the territory of Austria) launched Alternative Allocation Procedure according to the Commission Regulation (EU) No. 459/2017 (hereinafter “Rulebook”) in order to offer incremental transmission capacities at and from the interconnection point Veľké Zlievce – Balassagyarmat (Slovak – Hungarian gas interconnection), and, at and to the interconnection point Baumgarten (Slovak – Austrian gas interconnection) based on the non-binding demand indications received from market participants in October 2017.

NOW THEREFORE, both Parties have agreed that they will enter into the Framework contract on access to the transmission network and gas transmission (hereinafter referred to as the “Contract”), as follows:

Article 1
Definitions

An integral part of this Contract and Individual Contract is the applicable Operational order and the Rulebook as defined below. The terms defined therein shall have the same meaning in this Contract and Individual Contract.

Further, the below terms used in this Contract and Individual Contract, shall have the following meaning (in case of discrepancies between the particular terms, the definitions stated in the Rulebook take precedence over the terms defined in this Contract and the terms defined in the Rulebook and in this Contract take precedence over the terms defined in the Operational Order):

1.1. "Bid": the binding bid submitted by the Shipper according to the Rulebook, presenting the binding request for access to the transmission network of EUS and Gas transmission. The Bid form makes the integral part of the Rulebook as its Annex 2.
1.2. "Booked daily transmission capacity": the individual capacities at the Entry and/or Exit point, which were allocated to the Shipper on the basis of the binding Bid submitted by the Shipper and accepted by EUS to the Shipper in form of the Confirmation on capacity granting.

1.3. "CEGHIX": the reference price index for CEGH Gas Exchange Spot Market.


1.5. "Confirmation on capacity granting": the confirmation of allocation of the transmission capacity as notified to the Shipper by EUS according to the Rulebook. Confirmation on capacity granting makes the integral part of this Contract as Annex 2.

1.6. "Day": a Gas Day as defined by the Operational order.

1.7. "Entry points": the entry points of the EUS transmission system as specified in the Operational order.

1.8. "Entry point Veľké Zlievce": the entry point of the EUS transmission system, which is the connection between the EUS transmission system and the adjacent transmission system on the border of the Slovak Republic and Hungary in the vicinity of Veľké Zlievce.

1.9. "Exit points": the exit points of the EUS transmission system as specified in the Operational order.

1.10. "Exit point Baumgarten": the exit point of the EUS transmission system, which is the connection between the EUS transmission system and the adjacent transmission system on the border of the Slovak Republic and Austria in the vicinity of Baumgarten.

1.11. "Gas" or "Natural gas": mixture of hydrocarbons comprising mainly of methane in gaseous state and non-combustible gases in gaseous state prepared for transmission by pipeline.

1.12. "Gas market rules": the applicable decree of the Regulatory Office for Network Industries of the Slovak Republic which lays down rules for functioning of the internal electricity market and rules for functioning of the internal gas market (at present the Decree of the Regulatory Office for Network Industries of the Slovak Republic No.24/2013 Coll.).

1.13. "Gas Year": period of time beginning on 1 October 6:00 of a calendar year till 1 October 6:00 of the of the next calendar year.

1.14. "Interconnection point": any of the Entry or the Exit points. The measuring and/or determining of quantity and quality of delivered Gas at the Interconnection point shall be carried out at the Metering stations in compliance with procedures determined under Interconnection agreements and/or Technical and Operational Agreements.
concluded between EUS and the adjacent system operator at the Interconnection point.

1.15. "Metering station": the metering station owned by relevant system operator. The Metering station shall be used for measuring and/or determining the quantity and quality of delivered Natural gas relevant for the Interconnection point.

1.16. "Operational order": the applicable Operational order of the regulated entity EUS as the transmission system operator, approved by the Office for Regulation of Network Industries of the Slovak Republic and published on the official EUS website and official website of the Regulatory Office for Network Industries of the Slovak Republic. The Operational order makes the integral part of this Contract as Annex 1.

1.17. "Price decision": EUS price list approved and issued by the Office for Regulation of Network Industries valid for the respective capacity booking process.

1.18. "Rulebook": the applicable “Rulebook – Binding Alternative Allocation Procedure according to the Commission regulation (EU) No. 459/2017” specifying conditions for respective Alternative Allocation Procedure, as approved by the Office for Regulation of Network Industries of Slovak Republic, as amended, which makes and integral part of this Contract as Annex 3.

1.19. "Shipper code": a distinctive alphanumerical identifier used for identifying individual shippers at upstream and/or downstream side of Interconnection points.

1.20. "Time": any reference to time shall be construed as CET (Central European Time). Any Time information is written in 24-hour format.

1.21. "Transmission fee": respective payment for access to the transmission network and Gas transmission from Entry points to Exit points.

1.22. "Upstream-Downstream pair": pair pertinent to upstream/downstream shipper that delivers/takes over Gas with specified quantity at the Interconnection point.

1.23. "Year": period of time beginning at 6:00 on the first day of a calendar year till 6:00 of the first day of the next calendar year.

The numbering convention used in the Contract and Individual Contract is that in which the comma (,) is used to indicate multiples of a thousand and the full stop (.) is used to indicate a decimal point. Any time information is written in 24-hour format.
Article 2
Subject-matter of the Contract and Individual Contract

2.1. The subject-matter of the Contract is (i) the determination of the terms and conditions which shall apply to the transmission of Natural gas from the Entry points to the Exit points performed on the basis of Individual contract (hereinafter referred to as “Individual Contract”) and (ii) the rules for conclusion of such Individual Contract.

2.2. The subject matter of the Individual Contract is the provision of access to the transmission network and transmission of Natural gas from the Entry points to the Exit Points.

2.3. Individual Contract consists of a Bid and a Confirmation on capacity granting. The Individual Contract is concluded between the parties upon delivery of the Confirmation on capacity granting to the Shipper.

2.4. The respective provisions of the Rulebook, the Operational order, the Technical conditions, the Price decision, the Gas market rules and other applicable generally binding legal regulations shall apply to the rights and obligations of the Parties arising from and/or related to this Contract and Individual Contract.

Article 3
Transmission capacity

3.1. EUS shall provide to the Shipper on the firm basis the Booked daily transmission capacities at the Entry point Veľké Zlievce and/or Exit point Baumgarten as was allocated through the Alternative Allocation Procedure defined in the Rulebook, and as is specified in the Individual Contract.

3.2. Both Parties shall immediately inform each other about all events which might cause necessary unforeseen changes of the daily quantities or temporary interruption/limitation of the transmission. This applies also for the events of Force Majeure.

3.3. The quantity of Gas for covering operational needs specified in Article 8 of this Contract, if provided in kind, is excluded from the Booked daily transmission capacity.
Article 4
Conditionalities

4.1. In case the Booked daily transmission capacities specified in Individual Contract at particular Interconnection point has not become available to the Shipper in part or full, due to a reason attributable to EUS, other than a reason implied and/or enabled by the applicable legislation and/or Operational order, the Shipper shall have the right (for the period starting on the first Day of the Booked daily transmission capacity commencement until the day when the Booked daily transmission capacity has become available to the Shipper in full) to reduction of the respective payment (hereinafter “Payment Reduction”) reflecting the capacity not provided to the Shipper. In such case EUS shall inform the Shipper in due time and keep the Shipper informed on new estimated date of full provision of the Booked daily transmission capacities. This is without prejudice to any restriction or interruption of gas transmission governed by the applicable legislation and the Operational order to which the abovementioned Payment Reduction shall not apply.

4.2. The Parties agree that if the Booked daily transmission capacities specified in Individual Contract at particular Interconnection point has not become available to the Shipper in part or full, due to any reason, not attributable to EUS, such fact does not exclude or in any way affect the Shipper’s payment obligations under this Contract.

Article 5
Gas delivery

5.1. EUS shall take quantities of Natural gas from the Shipper delivered at the Entry points up to the corresponding Booked daily transmission capacity and shall simultaneously deliver to the Shipper quantities of Natural gas with the same quality at the Exit Points. EUS takes full responsibility for the transmission of Natural gas from the Entry points to the Exit points where the Natural gas is delivered to the Shipper. The ownership of quantities of Natural gas shall stay with the Shipper. For the avoidance of doubt, EUS is not liable at any circumstances for the delivery of the Gas at the Entry point and/or takeover of the Gas at the Exit point by the third party (parties).

5.2. Quality and quantity of Natural gas delivered to EUS at the Entry points shall be ascertained at the Metering station at the Entry points together with Natural gas of other shippers.
5.3. The Shipper shall ensure that Natural gas quality at the Entry points shall correspond to the parameters as defined in the Technical Conditions

5.4. The Shipper shall ensure that Natural gas is delivered at the respective Entry point at the following pressure:

<table>
<thead>
<tr>
<th>Entry point</th>
<th>Minimal pressure (MPa*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lanžhot</td>
<td>5.67</td>
</tr>
<tr>
<td>Baumgarten</td>
<td>4.9</td>
</tr>
<tr>
<td>Veľké Zlievce</td>
<td>6.7</td>
</tr>
<tr>
<td>Veľké Kapušany</td>
<td>4.91</td>
</tr>
<tr>
<td>Budince</td>
<td>5.25</td>
</tr>
</tbody>
</table>

*MPa - difference between absolute Gas pressure and atmospheric pressure

5.5. EUS shall deliver Natural gas at the respective Exit point at the following pressure

<table>
<thead>
<tr>
<th>Exit point</th>
<th>Minimal pressure (MPa*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lanžhot</td>
<td>5.67</td>
</tr>
<tr>
<td>Baumgarten</td>
<td>4.9</td>
</tr>
<tr>
<td>Veľké Zlievce</td>
<td>5.3</td>
</tr>
<tr>
<td>Veľké Kapušany</td>
<td>4.9</td>
</tr>
<tr>
<td>Budince</td>
<td>4.705</td>
</tr>
</tbody>
</table>

only provided that the pressure at the Entry points, stated in Article 5.4. of this Contract, is preserved.

*MPa - difference between absolute Gas pressure and atmospheric pressure

5.6. In case of difference between Gas pressure values as defined above and the Gas pressure values defined in the Technical conditions, the Gas pressure values stipulated in the applicable Technical conditions shall prevail.

**Article 6**

**Repairs and maintenance works**

6.1. EUS shall inform the Shipper about relevant repair and maintenance works on the transmission system of EUS in writing by letter or e-mail at the latest forty-two (42) days before the beginning of such repair works.

6.2. If a previously defined and planned repair period has to be changed, then such a modification must be communicated to the Shipper as soon as possible.

6.3. As soon as EUS is aware of necessary but unforeseen repair works on a transmission network, which might limit or interrupt transmission for the Shipper, EUS
is obliged to inform without any delay the Shipper on the duration of such works by a letter or an e-mail as well as to inform about the scope of such works.

**Article 7**

**Transmission fee**

7.1. The Shipper shall pay EUS the Transmission fee. This Transmission fee is calculated from tariff rates for the Booked daily transmission capacities $C_i$ at the Entry points and at the Exit points as requested by the Shipper in Bid and confirmed by EUS in the Confirmation on capacity granting.

7.2. Total annual Transmission fee ($P_t$) for transmission from the Entry points to the Exit points is a sum that shall be calculated in following way:

$$P_t = \sum_{i=1}^{n} P_i$$

where:
- $P_i$ – Transmission fee based on the Booked daily transmission capacities for the relevant period ($t$), expressed in EUR;
- $n$ – number of Booked transmission capacities specified in the Confirmation on capacity granting.

$P_i$ - payment for individual Booked daily transmission capacity $C_i$, calculated as:

$$P_i = C_i \cdot T_i + C_i \cdot Nch_i \cdot n_i$$

- $C_i$ – respective Booked transmission capacity as specified in the Confirmation on capacity granting and expressed in MWh/Day;
- $T_i$ - respective tariff rate at the relevant Entry or Exit point as specified in the Confirmation on capacity granting and expressed in EUR/(MWh/d)/y;
- $Nch_i$ – neutrality charge as specified in the Confirmation on capacity granting in €/MWh
- $n_i$ – number of Days of the respective Booked transmission capacity in the relevant period ($t$)

7.3. Each Year, starting 1st January of 2019, the tariff rate $T_i$ shall be adjusted by the following formula:

$$T_{(t)} = T_{(t-1)} \times (1 + 0.5 \times IR_{(t-2)}/100)$$

where:
- $T_{(t)}$ – adjusted figure of the tariff rate to be applied in the relevant calendar Year ($t$);
- $T_{(t-1)}$ – Tariff rate which was valid in the immediately preceding calendar Year ($t-1$) for
the relevant daily transmission capacity; IR_{(t-2)} – annual inflation index in the European Union published by the office of Eurostat at the official website, as „HICP - inflation rate” (Harmonized Indices of Consumer Prices), item “European Union” valid in the calendar Year (t-2) before preceding the respective Year of the Natural gas transmission under this Contract. Annual inflation index IR used for the calculation is used in a form that reflects inter-annual increase or decrease (i.e. increase between two consecutive Years of 1% is expressed as IR=1).

All the calculations for identification of the Transmission fee pursuant to this Article 7 shall be rounded to 2 decimal places. Should the digit on the third decimal place be equal to or lower than 4, the figure on the second decimal place shall not be changed; and should the digit on the third decimal place be equal to or higher than 5, the figure on the second decimal place shall be increased by adding the digit 1.

**Article 8**

**Gas for operational needs**

8.1. Additionally to the Transmission fee specified in Article 7 the Shipper shall provide EUS with the quantity of Natural gas for covering operational needs (hereinafter referred to as “Gas for operational needs”).

8.2. The Shipper shall provide the Gas for operational needs in the following form

☐ in kind
☐ in monetary form

8.3. The tariff rate(s) for the Gas for operational needs for the Booked daily transmission capacities at the Entry points and at the Exit points as requested by the Shipper in the Bid shall be specified in the Confirmation on capacity granting in accordance with the Price decision.

8.4. In case the Parties agree that the Gas for operational needs shall be provided by the Shipper in kind, the respective volume of Gas for operational needs shall be nominated separately and delivered for transmission by the Shipper at the Entry point.

8.5. In case the Parties agree that the Gas for operational needs shall be provided by the Shipper in monetary form then the fee for Gas for operational needs shall be calculated as follows:

$$G_i = \sum_{i=1}^{n} G_i$$

where:
G_i – fee for the Gas for operational needs based on the daily transmission quantities for the relevant period (t), expressed in EUR;

n – number of Days for the respective transmission period;

G_i - payment for Gas for operational needs in respective Day of transmission, calculated as:

\[ G_i = \sum_{i=1}^{n} GfON_i \times R_i \]

n - number of respective Entry points and Exit points defined in the Confirmation on capacity granting in respective Day of transmission;

GfON_i - respective quantity of the Gas for operational needs expressed in MWh/d and calculated as: allocated quantity of transmitted Gas for the respective Entry point and Exit point specified in Article 3.1. on respective Day and multiplied by tariff for the Gas for operational needs FT stipulated in the Confirmation on capacity granting;

R_i – CEGHIX relevant for the respective Day of transmission expressed in €/MWh plus 0.25 €/MWh;

8.6. The fee for the Gas for operational needs shall be rounded to 2 decimal places. Should the digit on the third decimal place be equal to or lower than 4, the figure on the second decimal place shall not be changed; and should the digit on the third decimal place be equal to or higher than 5, the figure on the second decimal place shall be increased by adding the digit 1.

**Article 9**

**Imbalance charge**

In addition to the Transmission fee and the provision of Gas for operational needs, the Shipper shall be charged / paid for its imbalance according to the respective provisions of the Operational order and the Price decision (hereinafter referred to as "Imbalance charge"). The fee for the Imbalance charge shall be rounded to 2 decimal places. Should the digit on the third decimal place be equal to or lower than 4, the figure on the second decimal place shall not be changed; and should the digit on the third decimal place be equal to or higher than 5, the figure on the second decimal place shall be increased by adding the digit 1.
Article 10
Billing and Payment

10.1. The Shipper shall pay to EUS for the access to the transmission network and Gas transmission the Transmission fee as stipulated in Article 7 regardless of whether the Booked daily transmission capacity has been totally used or not, unless otherwise provided herein. In addition the Shipper shall pay to EUS the fee for Gas for operational needs if provided in monetary form in accordance with Article 8 and the Imbalance charge in accordance with Article 9 as may be applicable.

10.2. The provisions on billing and payment pursuant to the Operational order with respect to the Transmission fee (including neutrality charge) and the Imbalance charge shall be applied.

10.3. The fee for the Gas for operational needs as set forth in Article 8 if provided in monetary form shall be paid on the basis of monthly settlement invoices, issued by EUS in EUR at the latest on the first Working day following the 10th calendar day and shall become due on the first Working day following the 25th calendar day of the month following the month for which the fee for the Gas for operational needs is paid. If the EUS is in delay with the delivery of the invoice, due date shall be postponed by same number of days as is the duration of such delay.

10.4. The Shipper shall make monthly payments for amounts due in favor of the account of EUS, IBAN SK78 1100 0000 0029 3570 0511 with the bank Tatra banka a.s., Bratislava branch, SWIFT code: TATRSKBX, or any other bank account duly notified by EUS to the Shipper.

10.5. If the Shipper is in delay with the payment then the Shipper is obliged to pay to EUS the delay interest at the rate of 3% above the 3-months Euribor interest rate starting from the date when the invoice was due.

10.6. The invoicing shall be performed in accordance with all the requirements as prescribed by the applicable Slovak legislation on value added tax (at present the Act No. 222/2004 Coll.). The Parties acknowledge and agree that the tax issues are governed by the legal framework valid in Slovak Republic excluding the possibility to take over the tax obligation to the other Party.

10.7. Any complaints concerning the invoices must be submitted immediately, not later than five (5) calendar days after the date of delivery of an invoice.
Article 11

Financial guarantee

11.1. In order to secure any potential claims of EUS against the Shipper under this Contract and Individual Contract, the Parties have agreed that Shipper shall provide EUS with and shall maintain the financial guarantee in the form of (i) an irrevocable, unconditional bank guarantee in favour of EUS payable on first demand or (ii) a cash collateral. The financial security shall be provided no later than on September 26, 2018. The bank guarantee shall not expire sooner than two months after the expiration of the last Booked daily transmission capacity. All costs related to this bank guarantee shall be covered by the Shipper. The bank guarantee must be issued, and if relevant confirmed, by a bank with Moody’s long term credit rating of not less than Baa2 or Standard & Poor’s BBB. The language of the document is English or Slovak. If the bank guarantee does not cover the overall required period the Shipper shall extend the bank guarantee until 60th day preceding the expiry of the currently valid bank guarantee. Financial guarantee in the form of collateral is payable to the following collateral bank account of EUS: IBAN SK59 0200 0000 0000 0012 5858 with the bank VÚB, a.s., Bratislava branch, SWIFT: SUBASKBX. Financial guarantee in the form of collateral shall not be considered as a down payment for transmission services. EUS shall return unspent financial resources of the cash collateral without any bank interests to the Shipper not later than two (2) months after the expiration of this Contract.

11.2. The Shipper shall provide and maintain a sufficient level of the financial guarantee in favour of EUS. A sufficient level of the financial guarantee shall be considered based on Shipper’s creditworthiness, the amount which is at least:

<table>
<thead>
<tr>
<th>Rating grade (n)</th>
<th>Moody's</th>
<th>Standard &amp; Poor's</th>
<th>Fitch Ratings</th>
<th>monthly payment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa - Baa3</td>
<td>AAA - BBB-</td>
<td>AAA - BBB-</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Ba1 - Ba3</td>
<td>BB+ - BB-</td>
<td>BB+ - BB-</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>B1 - C</td>
<td>B+ - D</td>
<td>B+ - D</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Without rating</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>
* the number of monthly payments for gas transmission of the allocated capacity with the highest amount of capacity.

In case there is no Shipper’s credit rating, the credit rating of the Shipper’s parent company shall be considered provided that the parent’s company share on the Shipper is at least 51%.

11.3. The Shipper is obliged to inform EUS of any change in the Shipper’s credit rating and/or, if it ceases to have a credit rating. If any change in the Shipper’s credit rating occurs or if it ceases to have a credit rating or any market event detrimentally affecting (in the reasonable opinion of EUS) the creditworthiness of the Shipper occurs, EUS shall have the right to revise its creditworthiness assessment and the level of the Financial guarantee which the Shipper shall provide in connection with allocated capacity. EUS shall notify Shipper on revision of its creditworthiness assessment and the Shipper is obliged to adjust its financial guarantee to the required level.

11.4. Notwithstanding the above EUS has at any time the right to request the Shipper to provide information (in whatever form) EUS deems necessary for the creditworthiness assessment and the Shipper is obliged to submit the required information. To the extent that such information is confidential, the confidentiality provisions of Article 17 (Confidentiality) of the Contract shall apply.

11.5. EUS is entitled to use the relevant financial guarantee only in order to satisfy its claims towards the Shipper under this Contract and Individual Contact. EUS is allowed to use financial guarantee when Shipper is in delay with any payment under this Contract and Individual Contract for minimum of three (3) calendar days or when the Shipper fail to meet any other obligation specified in this Article (including its failure to update the financial guarantee). Obligation to pay to EUS delay interest under Article 10.5. shall remain unaffected. The Shipper shall maintain the financial guarantee, including its amendments, in the agreed amount valid and effective during the effectiveness of the Booked daily transmission capacity and for an additional period of two (2) months after the termination of effectiveness of the Booked daily transmission capacity. The Shipper shall update the financial guarantee immediately (not later than three (3) calendar days) following performance of the payment to EUS under the financial guarantee according to this Contract.
Article 12
Dispatching centres

Dispatching is performed for EUS by:
eustream, a.s., Commercial Dispatching – com.dispatching@eustream.sk

Dispatching is performed for the Shipper by:

The Parties will exchange relevant contact details, addresses and responsible persons of Dispatch centres.

Article 13
Shipper codes

The Parties shall communicate issues regarding the relationship between the Shipper and the shippers upstream and downstream of the EUS transmission system by using shared Shipper codes. The Shipper code for the Shipper will be designated by Commercial Dispatching. The Shipper shall inform EUS about changes of Shipper’s respective Upstream-Downstream pairs minimum five (5) days in advance.

Article 14
Balancing

The provisions on Balancing as defined in the Operational order shall be applied.

Article 15
Arbitration clause

15.1. This Contract and Individual Contract shall be governed by and construed in accordance with the laws of the Slovak Republic with the exclusion of all rules and regulations governing conflict of laws.

15.2. The Parties shall do their best to solve amicably any disagreement or dispute arising between them in connection with this Contract or Individual Contract through negotiations.
15.3. Where no such settlement is reached within thirty (30) days after receiving a written notice of the affected Party, either Party may, by giving a written notice to the other Party, refer the matter to arbitration as stipulated hereinafter.

15.4. All disputes arising out of or in connection with this Contract or Individual Contract or related to its validity, breach, termination or nullity shall be finally settled under the Rules of Arbitration and Conciliation of the Slovak chamber of commerce and industry. The place of arbitration shall be the arbitration court of the Slovak chamber of commerce and industry, Bratislava. The language of the arbitration shall be English.

15.5. The award shall be final and binding for both Parties.

Article 16
Assignment of Contract or Individual Contract, Cession of claims

16.1. Neither Party may assign this Contract or Individual Contract, either in whole or partially, to the third party, without prior written consent given by the other Party which cannot be unreasonably withheld. The partial assignment shall not be concluded in case that resulting contract on access to the Gas transmission network and Gas transmission is not in full compliance with valid binding legislative in the Slovak Republic. EUS has a right not to give consent to the assignment if the creditworthiness of the third party does not match the level of the creditworthiness of the Shipper. The third party is always obliged to provide the financial guarantee at the same amount and quality as the Shipper before the assignment is in force.

16.2. Neither Party may cede its claims from this Contract or Individual Contract to a third party without the other Party’s prior written consent.

16.3. Written notice/agreement as defined hereinabove must be signed by the authorized representative(s) of the Parties.

Article 17
Confidentiality

17.1. All information shared between EUS and the Shipper concerning the Contract and Individual Contract is considered as confidential and no Party may reveal such information to third parties without the previous written consent of the other Party. The Party, which was requested to provide a consent to disclosure of confidential information, must provide the consent, if the reason for disclosure is reasonable and
should not, taking into account all relevant circumstances, cause any risk to the requested Party.

17.2. The Shipper and EUS are allowed to disclose confidential information concerning the Contract or Individual Contract only to their employees, consultants, counsels or other service providers, as well as to those state authorities who are entitled to request the given information in accordance with the applicable legislation.

17.3. The Shipper and EUS shall take all necessary actions so that all persons and state authorities that received the confidential information pursuant to this Article maintain its confidentiality.

Article 18
Termination of the Contract and Individual Contract

18.1. Either Party shall have the right to rescind from this Contract with immediate effect, if the other Party seriously or regularly breaches the obligations under this Contract, and does not cure its failure within cure period which shall be provided in writing by the Party claiming the breach and which cure period shall not be shorter than 15 days.

18.2. EUS shall have a right to terminate this Contract with immediate effect in case of cancelation of the Alternative Allocation procedure as specified in the Rulebook.

18.3. The Shipper shall have a right to cancel this Contract by paying a termination fee (defined in the Rulebook) as stipulated in section 355 of the Commercial Code ("Step Back Right"), Step back right ceases to exist, unless exercised in writing and delivered to the EUS until 23:59 CET 29.03.2019.

18.4. Any Individual Contract remains valid throughout the validity of this Contract.

Article 19
Liability

19.1. In addition and without prejudice to the other provisions set forth under this Contract, the Operational order, the Rulebook and applicable generally binding legal regulations, EUS is not liable for any cost, damage, liability, loss, arising directly or indirectly:

a) from the information (whatever kind and in whatever form) provided by EUS (including via its representatives and/or advisors) in connection with, or from inaccuracy, incompleteness, or omissions in the contents of this Contract;

b) out of or in connection with the Alternative Allocation Procedure;
c) from (i) the delay of the Project or its part (for whatever reason), or (ii) a delay or failure of (for whatever reason) performance of any obligation by EUS, in connection with the Project and the Offered Capacity, directly or indirectly, caused by other transmission system operator, the Shipper, governmental body or EUS;
d) out of or in connection with (i) termination of the Alternative Allocation Procedure (under conditions defined in the Rulebook), and/or (ii) EUS's rescindment/termination from Contract under clause 18.1. and 18.2. hereof; and
e) from any action or omission of any other neighboring transmission system operator (including, but without limitation to, its non-compliance with the respective interconnection agreement).

19.2. Notwithstanding the article 19.1. letter c), the Parties have agreed that in case the Shipper will not use its Step Back Right as stipulated in Article 18.3. the Shipper has a right to initiate negotiation on liabilities in case of Eustream’s failure resulting in delay of the Project.

Article 20
Final stipulations

25.1. Modifications and amendments of this Contract or Individual Contract, if necessary, shall be made in written form as an amendment. Such amendment must be signed by the authorized representatives of the Parties under the same procedure as this Contract.

25.2. If any provision of this Contract or Individual Contract is or becomes ineffective or void, the effectiveness of the other provisions shall not be affected. The Parties undertake to substitute for any ineffective or void provision a new and effective provision which achieves economic results as close as possible to those of the ineffective or void provision.

25.3. This Contract was executed in two copies in English language, of which each Party receives one copy. All copies are equally valid in law.

25.4. The Rulebook (including the sample Framework contract on access to the transmission network and gas transmission through Alternative Allocation Procedure which forms Annex 3 to the Rulebook) take precedence over the Operational order of EUS.
25.5. For the purposes of this Contract it is understood that any change in the wording of the Operational order or any change of the Rulebook during the term of validity of the Contract shall be automatically applied to the Contract.

25.6. The following documents make the integral part of this Contract:

- Annex 1: Operational order of EUS
- Annex 2: Confirmation on capacity granting
- Annex 3: Rulebook – Binding Alternative Allocation Procedure according to the Commission regulation (EU) No. 459/2017
- Annex 4: Customer Onboarding Form
- Annex 5: Additional Tax Representation

Bratislava, on __________, on __________

For EUS: For the Shipper:

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**Rationale:**

A proposal for the approval of an alternative allocation mechanism according to the HUSKAT Project at the interconnection points Veľké Zlievce, Balassagyarmat and Baumgarten (hereinafter also referred to as “HUSKAT Project”) was delivered to the Regulatory Office for Network Industries, the Finance and Non-Tariff Regulation Section (hereinafter referred to as "the Office") on 19/07/2018 (said proposal is registered under file No. 26762/2018/BA) from the transmission system operator eustream, a.s., Votrubova 11/A, 821 09 Bratislava, Id. No. 35 910 712 (hereinafter referred to as "eustream, a.s.” pursuant to Article 28(1) of Commission Regulation (EU) No 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (“Commission Regulation 2017/459”).

The HUSKAT Project proposal was submitted to the Office for approval by eustream a.s. in accordance with Article 28(1) of Commission Regulation No. 2017/459 and in accordance with the procedures laid down by Articles 22, 26, 27, and 2 of Commission Regulation No. 2017/459.

Pursuant to Article 30 (2) of Commission Regulation No 2017/459, an alternative capacity allocation mechanism can be used, where it is reasonable to conclude from the market demand assessment pursuant to Article 26 or the consultation defined in Article 27(3) of Commission Regulation 2017/459 that the ascending clock auction is not suitable and that the incremental capacity project fulfils both of the following conditions:

- it involves more than two entry-exit systems and bids are requested along several interconnection points during the allocation procedure;
- bids with a duration of more than 1 year are requested.

Market Demand Assessments pursuant to Article 26 of Commission Regulation No. 2017/459 based on non-binding demand indications received from network users in October 2017 concluded that the HUSKAT Project should be started. GCA is prepared to offer in connection with the HUSKAT Project a specific amount of its available existing entry capacity treated as incremental capacity in the course of this bundled/coordinated alternative allocation procedure. The Office came to the conclusion that the HUSKAT Project Proposal fulfils the conditions laid down by Commission Regulation 2017/459 in Article 38(2) as it involves more than two entry-exit systems and bids with a duration of more than 1 year will be submitted.

Pursuant to Article 23(1) of Commission Regulation No. 2017/459, when applying the economic test referred to in Article 22, the national regulatory authority shall set the level of the f-factor for a given offer level. The economic test is based on the anticipated expenditure related to the HUSKAT Project. A technical study for the project, together with cost details, was published by eustream, a.s. for consultation from 25 May 2018 till 25 June 2018 and no objections or comments regarding the technical or price part were received by eustream a.s.

The f-factor was set at level of 1, which means that new booked capacities should cover eustream’s cost of the project. When setting the f-factor, the Office took into account, in addition to the conditions laid down in Article 23 of Commission Regulation No. 2017/459 also the assumptions that

- the indicative demand for capacity for a period of 15 years is significantly higher than the proposed increase in permitted revenues, which means that the expected demand will significantly exceed the minimum required demand for capacity after setting the f-factor at the level of 1,
- capacities will be allocated based on the willingness to pay, encouraging bidders to submit the highest possible bid; the rules also provide for the step back right and the sales process is organised in several rounds, giving bidders additional flexibility when booking capacities.

Pursuant to Article 28(2) of Commission Regulation No. 2017/459, the HUSKAT Project Proposal is subject to coordinated approval by all regulatory authorities involved and, when preparing the national regulatory authority's decision, each national regulatory authority shall consider the views of the other national regulatory authorities. Pursuant to said Article of Commission Regulation 2017/459, national regulatory authorities shall take into account any detrimental effects on competition or the effective functioning of the internal gas market associated with the incremental capacity projects concerned.

The Office came to the conclusion that the application of the alternative allocation mechanism at the interconnection points Veľké Zlievce/Balassagyarmat and Baumgarten, as described in detail in the HUSKAT Project is non-discriminatory and transparent for the gas market participants and that the project will be applied on equal terms for the gas market participants. The HUSKAT Project Proposal does not impede or restrict competition in the gas market and provides all potential users with sufficient time for individual actions in each stage of the binding alternative allocation mechanism. The HUSKAT Project shows no signs of a potential adverse impact on the effective functioning of the internal gas market in the territory of the Slovak Republic or within the region of Central and Eastern Europe.

The coordinated decision approving the HUSKAT Project proposal by all national regulatory authorities involved is a prerequisite for issuing a coordinated decision on the application of the alternative allocation mechanism at the interconnection points between Hungary, Slovakia and Austria. The same view is shared by the national regulatory authorities involved confirming the fact that the HUSKAT Project Proposal had been discussed with and approved by all national regulatory authorities involved. In the proceedings for the approval of the HUSKAT Project, the Office established that the HUSKAT Project Proposal was approved by the Hungarian Regulatory Office for Energy and Public Services and the Austrian National Regulatory Authority (e-control) on 23 July 2018 and 26 July 2018, respectively. Based on the above, the Office believes that the coordinated project approval procedure by the national regulatory authorities as required by Commission Regulation 2017/459 has been complied with.

Pursuant to Section 41 of the Act on regulation, the provisions of Section 33(2) of Act No. 71/1967 Coll. on administrative proceedings (the Administrative Procedure Code), as amended, do not apply to the current proceedings as the decision of the Office is based solely on information and documents submitted by the regulated entity and the application was fully granted.

The Office has carried out all actions required by Commission Regulation 2017/459 for issuing a decision approving the HUSKAT Project.

After examining the submitted HUSKAT Project Proposal, its compliance with Act No. 251/2012 Coll. on energy industries and amending certain laws, as amended, Act No. 250/2012 Coll. on regulation in network industries and Commission Regulation 2017/459, the Office arrived at the conclusion that the HUSKAT Project Proposal satisfies the requirements
for its approval and the Office therefore decided as set out in the operative part of this decision.

Legal notice:
An appeal against this decision is admissible. The appeal must be lodged with the Office for Regulation of Network Industries, the Finance and Non-Tariff Regulation Section, Bajkalská 27, PO Box 12, 820 07 Bratislava 27, within 15 days from the date of communicating the decision. The decision may be reviewed by court following the exhaustion of ordinary remedies.

JUDr. Renáta Pisárová
Director General

The decision shall be delivered to:
eustream, a.s., Votrubova 11/A, 821 09 Bratislava