

**LONG TERM CONTRACT ON USING AND PROVIDING BUNDLED NATURAL GAS STORAGE
SERVICE**

concluded by and **between**

seat:

mailing address:

account keeping bank:

bank account No.:

invoicing address:

tax No.:

court of Reg. and Reg. No.:

hereinafter referred to as **System User**

and

Hungarian Gas Storage Private Company Limited by Shares

seat:

1051 Budapest, Széchenyi István tér 7-8.

mailing address:

1399 Budapest, Pf. 645.

account keeping bank:

CITIBANK

bank account No.:

10800007-00000000-13714002

invoicing address:

1051 Budapest, Széchenyi István tér 7-8.

tax No.:

12543317-2-44

court of Reg. and Reg. No.:

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

hereinafter referred to as **MFGT**

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

PREAMBLE

On 2nd May 2016, MFGT publicly announced an open auction for every system user under the title of “Capacity Auction No. 2016/II” to book available storage capacities via open auction (hereinafter referred to as Auction). During the auction a successful bid was submitted by the System User. MFGT accepted System User’s bid. The bid constitutes Annex 2 to this Contract. Based on the Bid, Parties shall conclude the following contract on booking for the storage years 2016/2017 and 2017/2018.

I Subject and Duration of Contract

1. The subject of this Long Term Contract on Using and Providing Bundled Natural Gas Storage Service (hereinafter referred to as Contract) shall be:
 - a) The storage of natural gas owned by the System User, along with its firm injection into and withdrawal from the Hungarian underground gas storage facilities owned and operated by MFGT – with regard to bundling the capacity bundles awarded at the auction – according to the quantity parameters as per Chapter III and quality parameters as per Chapter IV. and
 - b) offering a positive or negative option exceeding 10% of the daily nomination of the System User to the Natural Gas Transmission Company (FGSZ) for the zero point of MFGT’s unified storage facility (Flex Plus Optional Service). The description and the applicable fees of the service are contained in Section 3. of the Code of Business Conduct. Along with
 - c) providing withdrawal opportunity in the injection cycle, and injection opportunity in the withdrawal cycle for the System User via virtual storage service (Storage Plus Optional Service). The description and the applicable fees of the service are contained in Section 3. of the Code of Business Conduct. Along with
 - d) providing further injection and/or withdrawal capacity (Daily Peak Plus Optional Service) in addition to the booked working gas, withdrawal and injection capacities specified as the subject herein. The description and the applicable fees of the service are contained in Section 3. of the Code of Business Conduct.
2. Pursuant to this Contract, MFGT shall – upon the contractual instruction of the System User – inject the natural gas taken over for the purpose of natural gas storage during the period as per Section I.4, shall keep it in its storage facilities and shall withdraw it in the period as per Section I.4, and shall provide Flex Plus Optional Service and/or Storage Plus Optional Service and/or Daily Peak Plus Optional Service based on the relating instructions of the System User.
3. This Contract shall be concluded for a definite period until 1st April 2018 at 6:00 hours.

4. Parties contract for using and providing a seasonal basic service and Flex Plus Optional Service and/or Storage Plus Optional Service and/or Daily Peak Plus Optional Service. MFGT shall annually publish the duration of the injection and withdrawal cycles. In the first storage year, the contractual injection cycle shall commence at 6:00 on 1st April 2016 and shall end at 6:00 on 1st October 2016, and the contractual withdrawal cycle shall commence at 6:00 on 1st October 2016 and shall end at 6:00 on 1st April 2017. Flex Plus Optional Service and/or Storage Plus Optional Service and/or Daily Peak Plus Optional Service can also be used in this period.
5. System User can use Flex Plus Optional Service if it submits an option exceeding 10% of its daily nomination.
6. System User can use Storage Plus Optional Service if it submits a nomination opposite to the storage periods as per Section 4.
7. System User can use Daily Peak Plus Optional Service if MFGT has in advance announced the duration of the service and the available capacities on its website and the System User has submitted by email its additional booking request for the relevant gas days. If the System User's request is confirmed by MFGT, a specific contract on using Daily Peak Plus injection/withdrawal peak capacities is concluded by and between the Parties for that given day. Other terms and conditions of using the service shall be contained in Annex No. 2.

II. General Terms

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

III Provision of Storage Capacities

1. Firm storage capacities available to the System User in the booked bundles are as follows:

storage working gas capacity:	kWh
injection (peak) capacity:	kWh/day

withdrawal (peak) capacity:

kWh/day

2. System User shall submit the contracted monthly schedule for injection and withdrawal on the IT Platform under the menu item Nomination/Gas Volume Plan.
3. Contracted capacities shall be booked for universal service purposes only, and cannot be subject to primary trading.
4. System User understands that the actual injection and withdrawal capacity may vary according to the working gas stocks and to other, inevitably changing parameters and boundary conditions. The availability of capacities and the minimum and maximum injection and withdrawal capacity values are published by MFGT on its website for the System Users.
5. In case of a positive closing stock for the System User, MFGT shall be entitled to act according to Section 40 of HEPURA Decree No. 1/2013 (Tariff Decree).
6. If required by the System User, further storage products are provided by MFGT for the System Users via optional and specific services, for which the Parties shall conclude a separate contract.
7. The System User may use interruptible capacities as well, for which the Parties shall also conclude a separate contract.
8. System User shall weekly submit the planned injection and withdrawal quantities for the following week on MFGT's IT Platform until 12:00 Friday of the preceding week. This is required for planning the operation of the storage facilities, yet this is not equal to the weekly nomination. However, if the System User's nomination submitted for the given day deviates by more than 10% from the planned schedule, and thus endangers service provision to those System Users who use the storage services according to their forecast, MFGT reserves the right to refuse the nomination in full or in part. Furthermore, by fully exploiting the technical capabilities, MFGT shall do its utmost to accept the daily nominations submitted by the System Users, thus providing the most flexible conditions for the System Users, and only if inevitable, may sanction towards System Users deviating by over 10%.
9. Pursuant to the Code of Business Conduct, MFGT shall be financially responsible for preserving the heat quantity of the actually injected gas, for its settlement and for the injection and withdrawal thereof according to Section III.1 herein.
10. MFGT shall not be obliged to ensure injection and withdrawal capacities exceeding the peak capacity values stipulated by Section III.1 of the Contract, nor to ensure more working gas capacity, or to conduct withdrawal activities exceeding the actually injected working gas heat quantity.
11. System Users shall submit also to MFGT the storage demand forecasts with the date and content prescribed by Section 7.5.2.1 of the Grid Code.

IV Storage gas quality

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

V Natural Gas Delivery and Acceptance, Measurement, Settlement

According to Section 1.3.2 of the Code of Business Conduct, MFGT manages the storage facilities as a unified whole. Based on the daily nomination submitted by the System User for the unified storage facility, MFGT shall allocate the gas quantity to be injected or withdrawn to the relevant underground gas storage facilities. MFGT shall undertake to deliver the nominated quantities allocated to the relevant storage facilities, and in case of non-performance, MFGT shall cover the surcharges and balancing costs incurred by the System User.

V(Operative Flow of Information

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

VII Storage Fee

1. System User purchased the capacities booked in Section III.1 in bundle.

One bundle contains:

- working gas capacity:	1 000 000	kWh
- injection capacity:	7 500.19	kWh/day
- withdrawal capacity:	16 666.67	kWh/day

System User purchased ____ bundles.

The total price of purchased bundles is HUF _____ +VAT.

2. The storage capacity fees payable by the System User shall be the fees as per the successful price bid submitted by the System User during the auction and accepted by MFGT, which shall remain the same throughout the duration of the contract.
3. The volume fees applicable during usage shall be determined by the Hungarian Energy and Public Utility Regulatory Authority's prevailing decree on setting the system usage fees (currently Tariff Decree, while in the future this is expected to be an other legal act of public authority).
4. The extent of volume and capacity fees and their payment schedule are contained in Annex No. 3 hereto.
5. Parties agree to settle the fees arising from herein periodically, in equal monthly instalments pursuant to Section 58, Subsection (1) of Act No. CXXVII of 2007 on Value Added Tax (VAT Act). The bundle fee contains the storage capacity fee, excluding the injection volume fee and the withdrawal volume fee, which shall be paid by the System User according to the prevailing Tariff Decree or to an other legal act of public authority setting the fees, based on the monthly volume, also excluding the fees of optional services used, as contained in Section 3.1 of the Code of Business Conduct.
6. The fees of Flex Plus Optional Service and Storage Plus Optional Service and Daily Peak Plus Optional Service shall be contained in Annex No. 1. Parties agree that in case of Flex Plus Optional Service and/or Storage Plus Optional Service and/or Daily Peak Plus Optional Service only the actual use of such services generates any payment obligation for the System User.
7. With regard to the volume fees, the modified fee items of the Tariff Decree or of the other legal act of public authority setting the fees shall - simultaneously with their coming into force - become part of the contract as a contract amendment by law, without any legal statement required; therefore the Parties shall apply the modifications as of the Decree's effective date or the effective date of another legal act of public authority setting the fees during any settlement arising herefrom.
8. If during the performance of this Contract and before its expiry on 1st April 2018, storage service fees - except for the storage capacity fee as per Section VII.2 - are excluded from the scope of the current framework of official price regulation, MFGT shall be entitled to index the storage contract according to the following at the beginning of each gas year (on 1st October) until the next price (regulated price) fixing:

Volume fees (injection volume fee and withdrawal volume fee) shall be adjusted with the annual producer price index of the energy industry as published by the Central Statistical Office for the preceding year (from 1st October to 1st October), storage capacity fees remain unchanged.

VIII Governing Law, Settlement of Disputes

The provisions of Hungarian law shall apply to both the contract and any arising disputes.

Parties shall agree to settle the disputes relating to the Natural Gas Storage Contract primarily via amicable negotiation.

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

IX Entry into Force

This contract shall enter into force upon signature.

X Miscellaneous Provisions

Contact Persons

In issues related to the Contract:

On behalf of MFGT: Krisztián Deme
Phone: 0036 30 663 0124
Fax: 0036 1 354-7045
email: demek@mfgt.humailto:

On behalf of the System User:

Phone:
Fax:
email:

In issues of daily operative contact:

On behalf of the System User:

Phone:
Fax:
email:

On behalf of MFGT: Dispatching Service
Phone: 0036 52362-574
Fax: 0036 52558-048

email: dispatcher@mfgt.hu

This Contract shall be valid together with the attached annexes, which shall form an inseparable part thereof.

Budapest, 2016

Hungarian Gas Storage Ltd.

System User

.....

Annexes:

- Annex No. 1: Description, fees and terms of using FLEX Plus Optional Service, and Storage Plus Optional Service and Daily Peak Plus Optional Service
- Annex No. 2: Successful bid submitted by the System User during the Auction
- Annex No. 3: Capacity fees payable by the System User
- Annex No. 4: Statement

1. Annex No. 1

Option (Flex Plus) Storage Product

Flex Plus service allows offering a positive or negative option exceeding 10% of the Buyer's daily nomination to the Natural Gas Transmission Company (FGSZ) for the zero point of the unified storage facility of MFGT, which then shall be allocated in the event of using FGSZ. This is referred to as Hydraulic Balancing Gas Option (HEG, HEGO) by the Trading Platform (KP) and the Grid Code. This service is available to Buyers with Natural Gas Storage contract and storage capacity booking for the given storage year.

MFGT facilitates it for the Buyer to provide a positive or negative option via the MFGT IT platform free of charge up to 10% of the daily nominated quantity, and for a fee in excess of 10%. The sum of the largest possible positive option and the nominated quantity may not exceed the capacity available to the customer, while in case of a negative option, it may not be less than zero.

Fee shall be paid only for the quantity drawn by FGSZ and allocated by MFGT in excess of 10% of the daily nominated quantity.

If FGSZ draws the quantity offered in the option, the System User shall pay the fee specified in Section III.1 of the Code of Business Conduct.

If the exercised option does not exceed the 10% of the System User's daily nominated quantity, the Flex Plus Optional Service is free of charge.

If the exercised option exceeds the 10% of the System User's daily nominated quantity, the fee for the Flex Plus Optional Service shall be 0.065 HUF/kWh + VAT for the amount above 10% of the daily nominated quantity.

The financial settlement and invoicing of the Flex Plus Optional Service shall be performed posteriorly at the beginning of the month following the base month by settling the volume fee, and shall be based on the daily value drawn by FGSZ and actually allocated by MFGT above 10% of the daily nominated quantity.

A statement and an invoice based on the statement shall be sent by MFGT to the System User each month regarding the fees relating to using the Flex Plus Optional Service. The payment deadline of the invoice shall be 30 calendar days from the date of issue.

Payment, guarantee and financial guarantee conditions not regulated by the Tariff Decree or the Code of Business Conduct of MFGT shall be determined according to the agreement between the Parties.

In addition to the above, Annex No. 5.12 of the Code of Business Conduct (template contract) shall be applicable to the service.

Storage Plus Service

Storage Plus Service allows the System Users to move gas in the direction opposite to the actual physical flow at the storage facility and/or the direction of flow announced for the relevant period. This means that they will be able to perform injection during the withdrawal cycle, and withdrawal during the injection cycle, regardless of the actual physical direction of flow at the storage facility.

This is possible in two ways:

- either by opposite direction supply at the zero point of the unified storage facility (in which case Backhaul (BH) capacity shall be booked with the FGSZ Natural Gas Transmission Company (FGSZ) for using the service)
- or by starting up a storage facility in the flow direction opposite to that of the announced storage cycle.

Anyone intending to use the Storage Plus Service shall make sure that for performing the transmission, all the conditions prescribed for the service are met with regard to the Natural Gas Transmission (FGSZ) system. MFGT shall assume liability exclusively for providing the storage service, while the transmission service shall be provided by FGSZ.

The fee charged for the Storage Plus Service is 0.325 HUF/kWh/day.

Storage Plus Service fee shall be payable in the event of using injection and withdrawal service in the direction opposite to the actual physical flow at the storage facility and/or the direction of flow announced for the relevant period according to quantities thus injected or withdrawn. The financial settlement and invoicing of the Storage Plus Service shall be carried out posteriorly, based on the quantities actually allocated.

For the days when MFGT interrupts the Storage Plus Service, System User shall not pay the fee up to the extent of interruption.

System User shall pay the injection and withdrawal volume fees related to using the Storage Plus Service in line with the capacities booked in the annual storage contract, at fees calculated pursuant to the Tariff Decree.

The detailed description of the Storage Plus Service is contained in Annex No. 10 of the Code of Business Conduct, while the contract template is attached as Annex No. 5.8.

Daily Peak Plus Service

The subject matter of the Daily Peak Plus Service is the firm withdrawal/injection of the natural gas owned by the System User from or into the Hungarian underground gas storage facilities owned and operated by MFGT.

Within Daily Peak Plus Natural Gas Withdrawal/Injection service, the System User can purchase additional daily withdrawal/injection capacity to complement its booked withdrawal/injection capacity. Daily withdrawal/injection peak capacity thus booked facilitates the faster use of the already existing working gas capacity earlier booked by the System User pursuant to the Natural Gas Storage Contract (hereinafter referred to as master contract). Withdrawal/injection peak capacities booked within Daily Peak Plus Natural Gas Withdrawal/Injection Service shall be settled separately, and will not be combined with the fees of already existing capacities already booked in the master contract. Booked withdrawal/injection capacities available under the annual master contract and the daily withdrawal/injection capacity can be used together.

MFGT shall commit itself to provide additional daily withdrawal/injection capacities only if:

- actually available additional daily withdrawal/injection capacity exists and
- there are no technical obstacles preventing the provision of additional daily withdrawal/injection capacities and
- the System User does not have overdue debts of any kind to MFGT.

Capacities:

In any case, MFGT shall publish the available additional withdrawal/injection capacities and their direction on its website.

The amount of Daily Peak Plus withdrawal/injection peak capacities booked by the System User shall depend on capacity bookings requested by the System User – and confirmed by MFGT.

The System User shall nominate its booking request towards MFGT for the relevant gas days by email.

If the System User's request is confirmed by MFGT, a specific contract on using Daily Peak Plus injection/withdrawal peak capacities is concluded by and between the Parties for that given day.

The basis of settlement shall be the amount of capacities confirmed by MFGT.

The submission and confirmation of the requests for Daily Peak Plus withdrawal/injection peak capacities (conclusion of the specific contract on daily bookings) shall take place as specified. In order to use Daily Peak Plus withdrawal/injection peak capacities, System User shall submit to MFGT its additional withdrawal/injection capacity request until 22:00 hours on the preceding gas day. Only the

contact person(s) specified in the contract shall be entitled to make nominations in connection with the Daily Peak Plus withdrawal/injection peak capacity product. MFGT shall confirm it to the System User until 23:00 hours if the Daily Peak Plus withdrawal/injection peak capacities are available in the required quantity. The specific Contract on Using and Providing Daily Peak Plus Withdrawal/Injection Peak Capacity is concluded by and between the Parties for the given gas day when MFGT confirms the capacity request.

The service fee shall be 0.325 HUF/kWh/day.

MFGT shall not be obliged to provide withdrawal/injection capacities exceeding the applicable peak capacities offered.

Daily Peak Plus withdrawal/injection peak capacities booked by the System User may not be subject to secondary capacity trading, and such transactions will not be recorded on the IT Platform by MFGT.

The System User shall pay the service fee following the reference month, based on the daily additional withdrawal/injection (peak) capacities booked in total in the given month, which fee shall exclude the volume fees.

Template contracts for the Daily Peak Plus Service as a separate, optional service shall be contained in Annex No. 5.12 and 5.13 of the Code of Business Conduct.