

**FIXED-TERM CONTRACT ON USING AND PROVIDING BUNDLED NATURAL GAS STORAGE SERVICE  
BETWEEN STORAGE YEARS**

(Contract No.:     )

concluded by and **between**

seat:

mailing address:

account keeping bank:

bank account No.:

invoicing address:

e-mail address(es)\*:

tax No.:

Court of Registration and Reg. No.:

hereinafter referred to as **System User**

and

**Hungarian Gas Storage Limited Company**

seat:

1138 Budapest, Váci út 144-150.

mailing address:

1399 Budapest, Pf. 645.

account-keeping bank:

OTP Bank

bank account No.:

HU65 11794008-24027731-00000000

tax No.:

12543317-2-44

Court of Registration and Reg. No.: Budapest Court as Court of Registration, Cg. 01-10-045043

hereinafter referred to as HGS (MFGT)

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

*\*HGS will only issue electronic invoices to System Users pursuant to Section 115/E (1a) of the Gas Act Implementation Decree.*

## PREAMBLE

On \_\_\_\_ 20\_\_, HGS publicly announced an open auction for every system user under the title of “Capacity Auction No. 20/\_\_\_” 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. HGS accepted the System User’s bid. The bid constitutes Annex 1 to this Contract. Based on the Bid, Parties shall conclude the following contract on booking for the storage year(s) 20\_\_/20\_\_.

## I SUBJECT AND DURATION OF CONTRACT

1. The subject of this Contract on Using and Providing Bundled Seasonal Basic Natural Gas Storage Service (hereinafter referred to as Contract) shall be: (CPA number: 521002):
  - 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 HGS – 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) during daily nomination and re-nomination, System User may modify between each hour its hourly nominations for the rest of the day, for a fee, in excess of the tolerance range as per the Intra Gas Day Storage Flexibility (Intraday Nomination Plus) optional service. Conditions as per the Fee List contained in Section 3.1 of HGS’s Code of Business Conduct shall apply to the service. Along with
  - c) providing withdrawal opportunity in the injection cycle, and injection opportunity in the withdrawal cycle for the System User via Storage Plus optional service. Conditions as per the Fee List contained in Section 3.1 of HGS’s Code of Business Conduct shall apply to the service. Along with
  - d) providing further injection and/or withdrawal capacity (Daily Peak Plus optional service) in addition to the System User's booked working gas, withdrawal and injection capacities specified as the subject herein. Conditions as per the Fee List contained in Section 3.1 of HGS’s Code of Business Conduct shall apply to the service. Along with
  - e) providing additional interruptible injection and/or withdrawal capacity (Interruptible Injection and Withdrawal Capacity optional service) in addition to the System User's booked working gas, withdrawal and injection capacities specified as the subject herein. Conditions as per the Fee List contained in Section 3.1 of HGS’s Code of Business Conduct shall apply to the service. Along with
  - f) providing 100% Available Flat Curves Injection and Withdrawal Capacity Service in addition to the System User’s booked working gas, withdrawal and injection capacities specified as the subject herein, for an additional fee. Conditions as per

the Fee List contained in Section 3.1 of HGS's Code of Business Conduct shall apply to the service.

2. Pursuant to this Contract, HGS 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 Storage Plus Service and/or Daily Peak Plus Service and/or Intraday Nomination Plus Service and/or Interruptible Injection and Withdrawal Capacity Service and/or 100% Available Flat Curves Injection and Withdrawal Capacity Service based on the System User' corresponding request confirmed by HGS.
3. The contract shall be concluded for a definite period 1 April 20\_\_ at 06:00 hours until 1 April 20\_\_ at 6:00 hours.
4. Parties contract for using and providing a seasonal basic service and – based on the System User' corresponding request confirmed by HGS – Storage Plus Service and/or Daily Peak Plus Service and/or Intraday Nomination Plus Service and/or Interruptible Injection and Withdrawal Capacity Service and/or 100% Available Flat Curves Injection and Withdrawal Capacity Service. The contractual injection cycle starts in the respective storage year at 06:00 on 1st April ..., and shall end at 06:00 1st October ..... The contractual withdrawal cycle shall start in the respective storage year at 06:00 1st October and shall end at 06:00 on 1st April. Storage Plus Service and/or Daily Peak Plus Service and/or Intraday Nomination Plus Service and/or Interruptible Injection and Withdrawal Capacity Service and/or 100% Available Flat Curves Injection and Withdrawal Capacity Service can also be used in this period.
5. System User can use the Intraday Nomination Plus Service if during the hourly nomination, the sum of the absolute value of deviations between subsequent hourly nominations exceeds the percentage published in the applicable Fee List (tolerance range) on the basis of its first non-zero hourly nomination of the relevant gas day. Other terms and conditions of using the service shall be contained in the Fee List published in Section 3.1 of the Code of Business Conduct.
6. System User can use Storage Plus Service if it requests gas volume flow opposite to the actual physical flow of the storage facility and/or the storage periods as per Section I.4. The maximum available extent of the service is published on the HGS website prior to the relevant storage year. Other terms and conditions of using the service shall be contained in the Fee List published in Section 3.1 of the Code of Business Conduct.
7. System User can use Daily Peak Plus Service if HGS has in advance announced the duration of the service and the available capacities on its website and the System User has recorded on HGS's IT Platform (SMCS) its additional booking request for the relevant gas days. If the System User's request is confirmed by HGS, 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 the Fee List published in Section 3.1 of the Code of Business Conduct.

8. System User can use Interruptible Injection and Withdrawal Capacity Service if it requests gas volume flow corresponding to the storage periods as per Section I.4. The maximum available extent of the service is published on the HGS website prior to the relevant storage year. Other terms and conditions of using the service shall be contained in the Fee List published in Section 3.1 of the Code of Business Conduct.
- 9.
10. System User can use 100% Available Flat Curves Injection and Withdrawal Capacity Service if HGS has in advance announced the duration of the service and the available capacities on its website and the System User has recorded on HGS's IT Platform (SMCS) its booking request for flat curves capacities for the relevant gas days. If the System User's request is accepted by HGS, a specific contract on using 100% Available Flat Curves Injection and Withdrawal Capacity Service is concluded by and between the Parties for the relevant day. Other terms and conditions of using the service shall be contained in the Fee List published on HGS's website.

## 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. 4 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 HGS web page ([www.mfgt.hu](http://www.mfgt.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 non-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 HGS on its website for the System Users.

5. In case of a positive closing stock for the System User, HGS shall be entitled to act according to Section 39 of HEPURA Decree No. 11/2016 (XI.14.).
6. The System User may also use interruptible backhaul (Storage Plus Service) and interruptible injection and withdrawal capacity service, subject to the following rules:
  - a) in case of capacity interruption, natural gas cannot be injected into or withdrawn from storage against interrupted capacities.
  - b) system User shall understand that the actually available injection and withdrawal capacity may vary according to the nominations submitted by other System Users.
  - c) in case of interruption, HGS will interrupt the simultaneously used interruptible capacities of the Service based on the nominations submitted, applying the pro rata principle.
  - d) the natural gas storage licensee shall inform the system user on the fact of interruption indicating the date of interruption and the extent of capacity required to be interrupted (kWh/hour).
  - e) HGS shall not be obliged to provide interruptible injection and withdrawal capacities exceeding the peak capacity determined prior to the relevant storage year and published on its website.
  - f) HGS shall be entitled to interrupt the injection or withdrawal at any time – with no obligation whatsoever to state reasons, indemnify or provide fee discounts.
7. System User shall weekly submit the planned injection and withdrawal quantities for the following week on HGS'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, HGS reserves the right to refuse the nomination in full or in part. Furthermore, by fully exploiting the technical capabilities, HGS 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%.
8. Pursuant to the Code of Business Conduct, HGS shall be financially responsible for preserving the energy quantity of the actually injected gas, for its settlement and for the injection and withdrawal thereof according to Section III.1 herein.
9. HGS 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 energy quantity.

10. 9. System User shall submit also to HGS the storage demand forecast with the date as per Section 3.3.3.2 and content as per Section 3.3.3.1 of the Grid Code.

#### **IV STORAGE GAS QUALITY**

HGS 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 (Implementation Decree).

#### **V NATURAL GAS DELIVERY AND ACCEPTANCE, MEASUREMENT, SETTLEMENT**

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

#### **VI OPERATIVE FLOW OF INFORMATION**

1. In the course of its daily activities, HGS shall cooperate with the Natural Gas Transmission System Operator licensee to fulfil its obligations towards the System User.
2. Parties ensure that besides the regular contacts specified in this 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, INDEXATION, VOLUME FEE, FEE OF OPTIONAL SERVICES**

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

One bundle contains:

- working gas capacity: kWh
- injection capacity: kWh/day
- withdrawal capacity: kWh/day

System User purchased          bundles.

The total price of purchased bundles is HUF          +VAT.

- Parties agree to settle the fees arising from herein periodically, in equal monthly instalments pursuant to Section 58 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 Resolution, based on the monthly volume, also excluding the fees of optional services used.

If with regard to the subsequent period – even within the contractual period – the regulated unit price as per the tariff formula for the storage product calculated with injection and withdrawal capacities pursuant to the Capacity Booking contract decreases below the capacity fee (HUF/kWh/year) as per the Capacity Booking contract, the unit price (HUF/kWh/year) of the “Loan fee” shall be increased by the nominal difference between the contractual capacity fee (HUF/kWh/year) and the capacity fee calculated using the tariff formula after the tariff change. MFGT shall issue a document to be treated as an invoice regarding the Service Fee (Gas Loan fee) payable due to the tariff change.

- HGS shall be entitled to modify the price of the bundles each storage year (from 1 April) from the start of the second storage year, by increasing the bundle price for the previous storage year by the average annual consumer price index (%) for the year preceding the current year.

$$K_n = K_{n-1} * Ind_{n-1}$$

where

$K_n$ : shall be the bundle fee for the respective storage year starting from the second storage year

$K_{n-1}$ : shall be the bundle fee for the storage year preceding the respective storage year

$Ind_{n-1}$ : shall be the consumer price index for the calendar year preceding the respective storage year: the value in the "Total column" of the recent (latest) "Consumer price index by main consumption groups and the pensioner consumer price index [previous year = 100.0%]" published by the Central Statistical Office ([https://www.ksh.hu/stadat\\_files/ara/hu/ara0002.html](https://www.ksh.hu/stadat_files/ara/hu/ara0002.html))

(example:  $K_{26/27} = K_{25/26} * Ind_{25}$ )

With regard to volume fees, the stipulations of the HGS Code of Business Conduct shall apply.

- Fee of Optional Services

Description of the Storage Plus Service, Peak Plus Service, Interruptible Injection and Withdrawal Capacity Service and 100% Available Flat Curves Injection and Withdrawal

Capacity Service and Intraday Nomination Plus Service shall be contained in the applicable Fee List under Section 3.1 of the Code of Business Conduct.

To avoid any confusion, Parties agree that fee payment obligation arises for the System User:

- only by the actual use of the service in the case of Storage Plus Service,
- only by the actual use of the service in the case of Interruptible Injection and Withdrawal Capacity Service,
- only by the actual use of the service in the case of Intraday Nomination Plus Service,
- by booking on HGS's IT Platform (SMCS) in the case of Daily Peak Plus Service,
- by booking on HGS's IT Platform (SMCS) in the case of 100% Available Flat Curves Injection and Withdrawal Capacity Service.

## 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 between each other in relation to the Natural Gas Storage Contract primarily via amicable negotiation.

Failing such settlement in any dispute arising from or relating to this contract, with particular regard to its breach, termination, validity or interpretation, parties hereby exclude the state court procedure and agree to subject themselves to the exclusive and final jurisdiction of the Permanent Court of Arbitration (Commercial Arbitration Court Budapest) operating at the Hungarian Chamber of Commerce and Industry, provided that the Court of Arbitration proceeds according to its own Rules of Procedure (supplemented with the provisions of the Sub-Rules of Expedited Proceedings). The number of arbitrators shall be three and the language of procedure shall be Hungarian. Parties exclude the possibility of the retrial of the proceedings as regulated by Chapter IX of Act No. LX of 2017 on Arbitration. In order to settle the legal dispute, the Hungarian substantive law shall apply, excluding its private international law rules. The language of procedure shall be Hungarian.

## IX ENTRY INTO FORCE

This contract shall be concluded and effective upon signature.

## X MISCELLANEOUS PROVISIONS

Contact Persons

**In issues related to the Contract:**

On behalf of HGS:

Phone:

Fax:

e-mail:

On behalf of the System User:

Phone:

Fax:

e-mail:

**In issues of daily operative contact:**

On behalf of the System User:

Phone:

Fax:

e-mail:

On behalf of HGS: Storage Dispatching Service

Phone: +36 52 362-574

Fax: +36 52 558-048

e-mail: [dispatcher@mfgt.hu](mailto:dispatcher@mfgt.hu)

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

Budapest,

Hungarian Gas Storage Ltd.

System User

.....

Name

Position

.....

Name

Position

.....

Name

Position

.....

Name

Position

Annexes:

Annex No. 1: Capacity fees payable by the System Users

Annex No. 2: Declaration

**Annex No. 1**

Capacity fees payable by the System Users

Annex No. 2

Customer

Name	Contract period	Injection capacity		Working Gas capacity	Withdrawal capacity		Capacity fee per unit	Injection fee		Withdrawal fee		Annual capacity fee	
		kWh/day	kWh		kWh/day	kWh/day		HUF/MWh	HUF/MWh	HUF/MWh	HUF/MWh	HUF/year	HUF/year
Capacities	01.04.20__-31.03.20__							As per Tariff Resolution		As per Tariff Resolution			-

20\_\_/20\_\_:

Annual Capacity fee - HUF

Capacity fee - HUF/month