

MONTHLY CAPACITY BOOKING, NATURAL GAS TRANSMISSION, ODOURISATION AND SYSTEM OPERATION FRAMEWORK CONTRACT CONDITIONS

hereinafter referred to as Framework Contract Conditions,

entered into by

FGSZ Natural Gas Transmission Private Company Limited by Shares

hereinafter referred to as **FGSZ Ltd. / Company**

and the

Network User specified in the RBP Auction Confirmation

hereinafter referred to as **Network User**

referred together as: **the Contracting Parties**

with the following terms and conditions:

1. Subject and scope of the Framework Contract

Under the effect of the present Framework Contract conditions, FGSZ Ltd. shall provide the Network User with the capacity for the period and to the extent determined in the RBP Auction Confirmation(s); furthermore it shall provide the Network User with the System Operation Services determined in section I.7.2 of its Business Code, and shall take over the natural gas injected by the Network User at the entry point(s) and shall delivery it to the Network User at the exit point(s).

FGSZ Ltd. shall delivery the natural gas to the Network User odorised in compliance with Hungarian Standard MSZ ISO/TS 16922/2003 at the delivery points listed under subpoint aaa) of point a) of §2 (1) of decree No. 1/2013 (VII. 11.) (hereinafter referred to as: Tariff Decree) on setting the fees for natural gas system usage, the rules of incentivising the improvement of the quality of services provided by the system operator through system usage fee, the system usage fees applicable depending on the quality of service, and the conditions of applying system usage fee.

If the product is a bundled capacity product, it shall remain so under the entire effect of the present Framework Contract conditions.

FGSZ Ltd. hereby undertakes to provide all basic and system level services included in the Framework Contract conditions, whilst the Network User undertakes to pay all fees in accordance with the Framework Contract conditions; and those included in the RBP Auction Confirmation.

Membership of the Balancing Platform (hereinafter EP) or the conclusion of the contract on the use of balancing services is a precondition of providing services based on the present Framework Contract conditions.

2. General Terms and Conditions

The Framework Contract conditions shall be applied on the basis of the document issued as Annex 4.a of FGSZ Ltd.'s Business Code, titled „General Terms and Conditions Regarding System Usage Contracts” (hereinafter referred to as GTC).

Prior to the commencement of the auction, Network User shall acknowledge and accept to be bound by the present Framework Contract conditions, as well as the content of the GTC published on FGSZ Ltd.'s website (www.fgsz.hu), including its modifications and its new provisions, simultaneously accepting and acknowledging the corresponding information provided by FGSZ Ltd, furthermore Network User confirms its consent to be bound by all such learned provisions of the GTC.

The present Framework Contract conditions contains all special terms and conditions that are not ruled by the GTC. Regarding any further issues not ruled by the present Framework Contract conditions, the provisions of the RBP Auction Confirmation, the prevailing law, the Network Code, FGSZ Ltd.'s Business Code approved by the Hungarian Energy and Public Utility Regulatory Authority (hereinafter Energy Office) and the GTC shall be applied.

In case of any difference or discrepancy between the provisions of the present Framework Contract conditions and those of the GTC, the provisions of the present Framework Contract conditions shall be applied. In case of any difference or discrepancy between the provisions of the present Framework Contract conditions and those of the Auction Confirmation, the provisions of the Auction Confirmation shall be applied.

3. Fees

Changes in the natural gas transmission and system operation fees published in the Tariff Decree shall be automatically accepted and applied by the Contracting Parties in accordance with the scope (date and amount) of the change.

The natural gas transmission and system operation fees set in the Tariff Decree in Hungarian Forints do not include VAT; the service fee invoices shall be issued in compliance with the prevailing act on VAT.

3.1. Clearing fee

The clearing fee shall be made up of two fee elements:

- the capacity fee calculated by applying the fixed official price set by the Tariff Decree with regard to the given network point and capacity type, and
- the auction premium established at the given auction, which shall be determined based on the result of the auction, and whose amount shall not be

affected by the change of the official price set for the given network point and capacity type.

Considering that the prices have been established in Ft/MJ/hour or Ft/MJ/day by the Tariff Decree, while the payable capacity fee has been determined in Ft/kWh/h on RBP, conversion of the different unit measures shall be performed for invoicing purposes by applying the method detailed below.

Conditions of conversion:

Capacity fee per unit

With regard to fees set on an hourly basis: Capacity fee E(GCV, 25/0, kWh/h) = Capacity fee E(NCV, 15/15 MJ/h)*=3.248863 rounded to two decimals;

With regard to fees set on a daily basis: Capacity fee E(GCV, 25/0, kWh/h)= Capacity fee E(NCV, 15/15 MJ/day)*=3.248863 * 24, rounded to two decimals

Payable capacity fee = Capacity fee E(GCV, 25/0, kWh/h) * Booked capacity E(GCV, 25/0, kWh/h)

The above ratio number is a theoretical ratio number, whose specific value may change monthly in accordance with the change in gas quality. If the monthly conversion ratio number valid at the time of concluding the contract differs from the one mentioned above, the Company shall publish it on its website. When invoicing the payable capacity fee the conversion ratio number relevant for the given period, published by the Company, shall be applied.

3.2. Volume fee

The volume fee is calculated as follows:

$$VF_{monthly} = \sum Q_{delivered} * SVF$$

Where:

$\sum Q_{delivered}$: The total quantity of natural gas delivered between 06:00 a.m. of the first gas day and the end of the last gas day of the month concerned through the exit points designated in Annex 2. for which §10 (1) of the Tariff Decree stipulates paying volume fee.

SCF: Specific Volume Fee: The volume fee valid for the gas year as set by the Tariff Decree (HUF/GJ).

3.3. Odourisation fee

FGSZ Ltd. determines the monthly quantity of the odorant transferred through the delivery points (l) from the natural gas quantity (kNm³) calculated from the value stipulated by the odourising standard valid for the odorant injection point (ml/kNm³), the quantity of heat transferred daily through the exit points designated in Annex 2 relevant to which odourisation fee is payable (MJ) and the daily average calorific value measured at the given point (MJ/Nm³).

Quantity of odorant transferred (l)=

$$\frac{[\text{actual odourisation standard (ml/kNm}^3\text{)} \times \sum \text{daily calculated natural gas quantity (kNm}^3\text{)}]}{1000}$$

For the odourisation of natural gas, FGSZ Ltd. charges an odourisation fee (HUF) for the quantity of odorant (rounded to litres) transferred to Network User; this fee is calculated from the odourisation unit charge (HUF/l) set by the Tariff Decree.

Odourisation fee (HUF) = quantity of odorant transferred (l) x odourisation unit charge (HUF/l)

3.4. System operation fee

Network User shall be bound to pay the fee set by the Tariff Decree to FGSZ Ltd. for its System Operation services,

If the Network User holds a Long Term KFSZRI Contract, it shall pay the fee for the System Operation services provided by FGSZ Ltd. under the Long Term KFSZRI Contract. Otherwise the fee payable under the effect of the present framework contract shall be 1/12 of the annual fee set by the Tariff Decree.

4. Conditions of capacity use

Considering that the capacity booked in kWh/h on RBP shall be registered in MJ/day or MJ/h on the Informatic Platform, the capacity booked in kWh/h shall be converted to MJ/day or MJ/h applying the below conversion:

Conditions of conversion:

With regard to capacity booked in MJ/h: Energy $E(\text{NCV}, 15/15, \text{MJ/h}) = E(\text{GCV}, 25/0 \text{ kWh/h}) \times 3.248863$ rounded up to a whole number;

With regard to capacity booked in MJ/day: Energy $E(\text{NCV}, 15/15, \text{MJ/day}) = E(\text{GCV}, 25/0 \text{ kWh/h}) \times 3.248863 \times 24$ rounded up to a whole number;

The above ratio number is a theoretical ratio number, whose specific value may change monthly in accordance with the change in gas quality. If the monthly conversion ratio number valid at the time of concluding the contract differs from the one mentioned above, the Company shall publish it on its website.

5. Invoicing and payment conditions

For the invoicing and payment conditions regarding the capacity element of the clearing fee, those of the volume fee, odourisation fee and system operation fee see GTC.

5.1. Invoicing and payment conditions of auction premium

The Network User shall pay the auction premium – as a general rule - monthly in advance in compliance with the stipulations of the RBP Auction Confirmation.

Contracting Parties agree on settlement for a fixed term, the period of settlement being 1 gas month. The payment date shall be determined in compliance with §58 of the prevailing Act on VAT.

Pursuant to the invoice issued by the Company Network User shall be obliged to transfer the auction premium to the bank account of the Company so that it shall be credited to the bank account of the Company by the first day of the settlement period (i.e. by the starting date of natural gas transmission).

Date of payment of the auction premium invoice / document equivalent with the invoice cannot be shorter than 3 working days, as a general rule.

If the amount of auction premium has not been credited to the bank account of the Company by the due date, the Company has the right to suspend natural gas transmission – in compliance with the procedure prescribed in point 12.3.1. of the GTC – of which the Network User shall be notified.

6. Contractual security

For the conditions of Contractual security see GTC.

7. Secondary capacity trade

The Network User can participate in secondary capacity trade without concluding a separate agreement with FGSZ Ltd.

Under the below conditions the Network User is entitled to partly or fully dispose its capacities available based on the RBP Auction Confirmation and/or take over the capacities of an other Network User in compliance with point 8.7. of the Network Code.

A secondary capacity title transfer transaction (hereinafter Transaction) shall be considered complete and acknowledged by FGSZ Ltd. when both the disposing and receiving parties unanimously declare their title transfer intention on the Informatic Platform.

The capacity sale – as a business transaction subject to liabilities - between the disposing and receiving parties is not a matter related to the Transaction, it is regulated by the respective contract concluded between the network users, which should not stipulate obligations for FGSZ Ltd. exceeding the performance of the conditions stipulated by the RBP Auction Confirmation.

7.1. Conditions of the Transaction

Secondary capacity trade can be carried out within the interval specified in the RBP Auction Confirmation.

Regarding that in compliance with the RBP Auction Confirmation the capacity product is bundled, Network User specifically acknowledges that the use of the booked capacity is

inseparable from the use of the other part of the bundled capacity product, secondary capacity trade is possible only by the simultaneous transfer of the bundled capacity to the same receiving Party, during which procedure only a quantitative division of the bundled product shall be allowed without affecting its bundled nature.

Violating the above obligation shall be regarded as breaching the Framework Contract conditions, in which case FGSZ Ltd shall be entitled to terminate the contract with extraordinary notice, with immediate effect.

The receiving party shall have a Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Contract valid for the duration of the capacity to be taken over.

The disposing and receiving Parties shall declare their title transfer intention with identical parameters uploaded onto the Informatic Platform, thus acknowledging the Transaction.

7.2. Rules of capacity use under the effect of the Transaction

If the disposing party has already nominated for the relevant gas day for the capacity to be disposed, the disposing party shall be obliged to renominate after the title transfer.

The Network User primarily booking the capacity shall be obliged to pay the capacity fee to FGSZ Ltd. within the interval specified in the RBP Auction Confirmation. Accordingly, the receiving party shall not pay capacity fee to FGSZ Ltd. in relation to the capacities taken over under the Transaction.

As to the capacity use, the transferred capacity title shall be treated as if it had been booked by the receiving party at FGSZ Ltd.

Accordingly, the recipient shall pay the fees and surcharges arising during capacity use in compliance with its KFSZRI contract, based on the accounts prepared by FGSZ Ltd. according to the Network Code. Such fees and surcharges are:

- volume fee as set by the Tariff Decree
- odourising fee as set by the Tariff Decree
- capacity overrun surcharge as set by the Tariff Decree and in compliance with the regulations of the Network Code

- nomination deviation charge as set by the Tariff Decree and in compliance with the regulations of the Network Code
- balancing surcharge as set by the Tariff Decree and in compliance with the regulations of the Network Code
- price of balancing gas.

8. Breaching the Framework Contract conditions and its consequences

In addition to the cases of breach of contract defined in the GTC the below shall be regarded as breaching the Framework Contract conditions:

- Violating the nature of the bundled capacity during secondary capacity trade. Legal consequence: termination of the contract by FGSZ Ltd with immediate effect.
- Significant change in the performance of the contract regarding the booking of the bundled capacity product on the neighbouring network operator's side, which makes the performance of the present Framework Contract conditions impossible. Especially, but not exclusively these are: the capacity booking contractual conditions regarding the other part of the bundled capacity on the neighbouring network operator's side – for any reason – before expiration
 - have been terminated, legal consequence: termination of the contract by FGSZ Ltd with immediate effect, without paying a refund and/or surcharge, and without a liability to compensate for damages;
 - their performance has been suspended, legal consequence: suspension of the performance of the contract by FGSZ Ltd with immediate effect, without paying a refund and/or surcharge, and without a liability to compensate for damages.

9. Communication and data management

The Contracting Parties agree that - regarding all issues related to the fulfilment of the Framework Contract conditions - they appoint their following organizational units as main contact units:

For operative issues:

On behalf of the Network User: contact persons indicated in the RBP Network User Membership Registration Form.

On duty on behalf of the Network User: contact persons indicated in the RBP Network User Membership Registration Form.

On behalf of FGSZ Ltd.:

Name: Phone: Fax: Mobile: E-mail:	Name: Phone: Fax: Mobile: E-mail:
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System Operation Center (on duty 24/7)

Phone: +36/84-505-777

Fax: +36/84-505-217

E-mail: fri@fgsz.hu

For contractual issues:

On behalf of the Network User: contact persons indicated in the RBP Network User Membership Registration Form.

On behalf of FGSZ Ltd.:

Name: Phone: Fax: Mobile: E-mail:

A copy of every e-mail written to FGSZ Ltd. relating to any issue of the present Framework Contract conditions – in addition to the contact person above - shall be sent to kap@fgsz.hu as well.

Contracting Parties shall notify each other without delay on any changes in their contact information – with special regard to the duty service contacts of Network User and FGSZ Ltd.'s System Operation Centre – and furthermore Network User undertakes to record and keep up-to-date the contact data included in the Informatic Platform's administrative menu (e-mail, mobile phone number, fax number, address) of its contact persons (contracted, operative and to notify in case of restriction) and their deputies.

Any changes in the data of the Contracting Parties recorded in the Company Registry – in particular changes in their seats, representatives, bank account numbers, furthermore changes in the data of organizations acting in the conclusion of the present Framework Contract conditions and fulfilment and changes in the data of contact persons – shall not be considered as contract modification. Depending on the circumstances of the case, the Contracting Party concerned is bound to notify the other Party of such changes either 10 days in advance or within 10 days of the change (or its registration) in writing.

Network User acknowledges and gives its consent that in connection with the performance of the contract (especially, but not exclusively with validity, entering into force, suspension of performance, non-payment by the Network User, ordinary and extraordinary termination of the contract, etc.) FGSZ Ltd shall disclose data and information concerning the Network User only to the system operator providing the neighbouring network operator's part of the bundled capacity product with the purpose of ensuring a harmonised performance of the contract regarding the bundled capacity product during the entire effect of the contract. Disclosure of data and information in accordance with the above shall not be regarded misappropriation of trade secrets.

10. Settling debates

Contracting Parties shall make their best efforts in order to settle any debates in relation to the contract in a peaceful manner. For any debated issues proved impossible to settle in a peaceful manner, in accordance with the rules of the Code of Civil Procedure, Contracting Parties hereby state the exclusive jurisdiction of the Siófok District Court or the Kaposvár County Court, respectively.

For any issues not regulated by the RBP Auction Confirmation, the present Framework Contract conditions and GTC, the rules of the prevailing law and – principally – the provisions of the Civil Code of Hungary shall be applied.

11. Annexes and ancillary documents

The following annexes and ancillary documents are inseparable and integral parts of the present Framework Contract conditions:

Annex 1: Special contract terms and conditions

Annex 2: Acknowledgement of the Network Code

Annex 1: Special contract terms and conditions

Annex 2: Acknowledgement of the Network Code

Network user hereby accepts and acknowledges that in the delivery period as specified in the RBP Auction Confirmation the surcharges and balancing costs stipulated by the provisions of the Business and Commercial Code and by a separate regulation shall be enforceable upon the Network User automatically, without any further legal declaration. . The present declaration on acknowledgement is a precondition of using network operation services specified by §73 (1) of the Government Decree No 19/2009 (I.30.) on the implementation of the provisions of Act XL of 2008 on natural gas supply, thus shall constitute an inseparable part of the Framework Contract Conditions.