

Excerpt of the
Agreement
on Implementation of a
Virtual Interconnection Point
in Brandov
("VIP Agreement")

between

NET4GAS, s.r.o.
Na Hřebenech II 1718/8
14021 Praha 4 - Nusle
Czech Republic
Identification No.: 272 60 364
registered in the Commercial Register at the Municipal Court in Prague, section C,
enclosure 108316

-hereinafter referred to as "N4G"-

and

GASCADE Gastransport GmbH
Kölnische Straße 108-112
34119 Kassel
Germany

-hereinafter referred to as "GASCADE"-

hereinafter referred to individually as "Party"
or collectively as "Parties"

[...]

Preamble

Whereas

N4G and GASCADE concluded the Interconnection Agreement (IA) for the Interconnection Point Olbernhau II on 1 January 2005;

N4G and GASCADE concluded the Interconnection Agreement for the Interconnection Point Brandov-STEAGAL on 1 July 2008;

N4G and ONTRAS concluded the Interconnection Agreement for the Interconnection Point Hora sv. Kateřiny – direction CZ on 1 December 2006;

N4G and ONTRAS concluded the Interconnection Agreement for the Interconnection Point Hora sv. Kateřiny – direction Germany on 1 October 2007;

N4G, OPAL Gastransport GmbH & Co. KG („OGT”) and Lubmin-Brandov Gastransport GmbH („LBTG”) concluded the Interconnection Agreement for the Interconnection Point Brandov on 1 October 2011;

All abovementioned interconnection points are located on the border between the Czech Republic and Germany (GASPOOL market area) and shall be part of the VIP;

According to the Commission Regulation (EU) 2017/459 establishing a network code on capacity allocation mechanisms in gas transmission systems where two or more interconnection points connect the same two adjacent entry-exit systems, the adjacent transmission system operators concerned shall no later than 1 November 2018 offer available capacities at the interconnection points at one Virtual Interconnection Point;

GASCADE, ONTRAS and OGT have agreed upon the terms of cooperation on the German side of the VIP between the Czech Republic and Germany (GASPOOL market area) and the Parties hereby agree upon the terms of cooperation on the Czech side of the VIP between the Czech Republic and Germany (GASPOOL market area). After establishment of the VIP Brandov-GASPOOL (as defined below), new capacity contracts shall be marketed exclusively therein;

GASCADE, ONTRAS and OGT agreed that GASCADE shall be the operator of the VIP Brandov-GASPOOL and as such responsible for the marketing of available capacities and the matching process on the German side;

Firm Capacities of OGT and LBTG that are exempted from the Regulation are not part of the VIP and will not be marketed at the VIP.

N4G shall be the operator of the VIP Brandov-GASPOOL and as such responsible for the marketing of available capacities and the matching process on the Czech side;

Current interconnection agreements for Interconnection Points Olbernhau II, Brandov-STEGAL, Hora sv. Kateřiny – direction CZ, Hora sv. Kateřiny – direction Germany and Brandov shall remain in force with the exception of issues covered by this VIP Agreement.

Article 1 – Definitions

The terms used in this VIP Agreement shall have the meaning as defined below.

Active Shipper shall mean the Shipper who is sending the Single-Sided Nomination to the Active VIP TSO;

Active VIP Transmission System Operator or **Active VIP TSO** shall mean the Party receiving the Single-Sided Nomination from the Active Shipper at the VIP;

Accumulated Imbalance shall mean the accumulation of all Imbalances which is recorded in the OBA, if any, in terms of kWh;

Allocated Quantity shall mean the Matched Daily Quantity in kWh allocated to a Shipper at the respective IP within the VIP Brandov-GASPOOL;

Daily Imbalance shall mean the difference between Energy Quantity measured at the IP for a Gas Day and the Targeted Value for this IP for the same Gas Day expressed in kWh;

DELORD shall mean a notification by which the Initiating VIP TSO informs Matching VIP TSO about Shippers' Nominations and/or Renomination regarding each corresponding Shipper Code Pair at the VIP Brandov-GASPOOL for the particular Gas Day;

DELORD ANC shall mean a notification by which the Active VIP TSO informs the Passive VIP TSO about the Nomination via a Single-Sided Nomination or, as the case may be, the Renomination for a respective Shipper Code Pair at the VIP

Brandov-GASPOOL for the particular Gas Day. The notification shall include a timestamp reflecting the time and date at which the Single-Sided Nomination for the respective Shipper Code Pair was submitted by a GASPOOL Shipper to the Active VIP TSO;

DELRES shall mean a notification by which the Matching VIP TSO informs the Initiating VIP TSO about the Matched Quantities regarding each corresponding Shipper Code Pair at the VIP Brandov-GASPOOL for a particular Gas Day;

Double-Sided Nomination shall mean the nomination process, according to which NET4GAS Shippers and GASPOOL Shippers submit Nominations and Renominations at the VIP Brandov-GASPOOL independently to a respective Party;

Dynamic Data shall mean the minimum or maximum flow requirements (thresholds) representing capacity restrictions for a respective IP (including maintenances), which is agreed between engaged TSOs on daily base with aim to reach Optimum Flow with respect to current operational needs;

Energy Quantity of the Natural Gas in kWh shall mean the product of natural gas volume in (m³) multiplied by gross calorific value in (kWh/m³);

Flow Repartition shall mean the procedure of repartition of the physical gas flow among the respective physical interconnection points integrated into one VIP Brandov-GASPOOL and used for transport of the gas volumes nominated by shippers on the VIP Brandov-GASPOOL or IP on both sides of the border and matched by VIP TSOs;

Gas Day shall mean a period beginning at 06:00 AM on a calendar day and ending at 06:00 AM the following calendar day, and the date of a Gas Day shall be the date of its beginning as herein defined;

Initiating VIP TSO shall mean the Party initiating the Matching Process by sending DELORD;

Matched Daily Quantity shall mean the Energy Quantity complying with the results of the Matching Process. That Energy Quantity shall be available and will be matched on hourly profile.

Matching Process shall mean the process of comparing Nominations and Renominations submitted by Shippers at both sides of the VIP Brandov-GASPOOL,

which results in Matched Daily Quantity for the respective Shipper Code Pairs;

Matching VIP TSO shall mean the Party performing the Matching Process and sending DELRES to the Initiating VIP TSO;

New Capacity Contracts shall mean capacity contracts concluded for periods starting 1 November 2018, 6:00 AM and later, including contracts concluded in the day-ahead and the within-day auction on 31 October 2018 for the Gas Day 1 November 2018 and the monthly auctions on 15 October 2018;

Nomination shall mean both Single and/or Double-Sided Nomination;

Old Capacity Contracts shall mean capacity contracts concluded until 1 November 2018, 6:00 AM related to respective IPs, with the exception of contracts concluded in the day-ahead and the within-day auction on 31 October 2018 for the Gas Day 1 November 2018, the monthly auction on 15 October 2018;

Operational Balancing Account or **OBA** shall mean an account, to be used to manage steering differences between the Targeted Value for a respective IP and the actual gas flow at respective IP in order to simplify gas accounting for Shippers involved at respective IPs;

Passive VIP Transmission System Operator or **Passive VIP TSO** shall mean the VIP TSO at the other side of the VIP than the Active VIP TSO, to whom the Active VIP TSO forwards the Single-Sided Nominations, and at the same side of the VIP as the Passive Shipper;

Passive Shipper shall mean the counterparty of the Active Shipper and, if Single-Sided Nomination is agreed between the two Shippers, not supposed to nominate quantities to the Passive TSO;

Shipper shall mean a N4G system user or system user in the GASPOOL market area;

Renomination shall mean a revision of a previously sent Nomination;

Shipper Code Pair shall mean a set of arrangements defining the commercial flow of gas among Shippers at the VIP Brandov-GASPOOL. Shipper Code Pair is an instrument which intends to facilitate a matching procedure for all natural gas quantities delivered and off-taken at the VIP Brandov-GASPOOL and is based on

information provided daily to the Parties by their respective Shippers via the use of the Shipper Codes;

Single-Sided Nomination shall mean a notice sent by an Active Shipper to the Active TSO on behalf of itself and on behalf of the Passive Shipper for which the Active TSO forwards the Single-Sided Nominations to the Passive TSO. The notice provides Active TSO with advance notification regarding the Energy Quantity of natural gas which Shipper intends to deliver / off-take at the VIP Brandov-GASPOOL;

Targeted Value shall mean the amount of gas to be transported over the IP as a result of the Flow Repartition procedure as communicated by VIP-TSO to all involved TSOs at the VIP Brandov-GASPOOL according to step 5 of the process chart shown in Annex III;

TSO shall mean the Transmission System Operator active in the VIP Brandov-GASPOOL;

Virtual Interconnection Point or **VIP** shall mean two or more interconnection points which connect the same two adjacent entry-exit systems, integrated together for the purposes of providing a single capacity service;

VIP Brandov-GASPOOL shall mean the Virtual Interconnection Point integrating the Interconnection Points Olbernhau II, Brandov-STEAGAL, Hora sv. Kateřiny – direction CZ, Hora sv. Kateřiny – direction Germany and Brandov-OPAL;

VIP Transmission System Operator or **VIP TSO** shall mean the only Transmission System Operator of the respective VIP responsible for marketing of the available capacities and the matching process on respective side of the border.

Article 2 – General Provisions

The subject of this VIP Agreement is to set procedures for management of cross-border natural gas transmission operations taking place at the VIP Brandov-GASPOOL with the purpose of enhancing interoperability of the interconnected pipeline systems and in order to facilitate efficient and reliable operations at the VIP Brandov-GASPOOL.

Article 3 – Business rules

3.1. Nomination and Matching Process

- 3.1.1. GASCADE shall act as the Active VIP Transmission System Operator and N4G shall act as the Passive VIP Transmission System Operator.
- 3.1.2. N4G shall act as the Initiating VIP Transmission System Operator and GASCADE shall act as the Matching VIP Transmission System Operator.
- 3.1.3. GASCADE shall be responsible for the Matching Process at the VIP Brandov-GASPOOL for New Capacity Contracts as well as for Old Capacity Contracts.
- 3.1.4. GASCADE declares that according to its agreement concluded with ONTRAS and OGT it shall receive their Nominations and Renominations for Old Capacity Contracts. GASCADE shall receive Nominations and Renominations for all New Capacity Contracts from the German side. GASCADE shall collect all Nominations and Renominations from the German side assigned to respective IPs or VIP within the VIP Brandov-GASPOOL and differentiated by specific Shipper Code Pairs to perform the Matching Process between N4G and GASCADE.
- 3.1.5. Single-Sided Nomination process shall be performed either between IPs or at the VIP Brandov-GASPOOL. Cross-over Single-Sided Nomination between IP at one side of the border and VIP Brandov-GASPOOL at the other side of the border is not possible.
- 3.1.6. More detailed description of the procedure for performing Nomination and Matching Process is defined in Annex I of this VIP Agreement.

3.2. Flow control and Operational Balancing Account

- 3.2.1. GASCADE shall allocate gas quantities to the GASPOOL Shippers pursuant to the matched confirmed quantities for each hour on a daily basis.
- 3.2.2. NET4GAS shall allocate gas quantities to the NET4GAS Shippers pursuant to the matched confirmed quantities on a daily basis.
- 3.2.3. The Parties use allocation report for exchanging information regarding the Allocated Quantity on the shipper code base.

3.2.4. GASCADE shall inform affected TSOs regarding result of the Flow Repartition procedure as described for respective IPs within the VIP for each hour.

3.2.5. Each TSO operating within the VIP Brandov-GASPOOL keeps its responsibility for handling with Accumulated Imbalances and managing OBA on IPs according to the respective interconnection agreements up to the moment the flows exceed agreed limits of the OBA.

3.2.6. If the Accumulated Imbalance was to exceed the limit of OBA at the IP and the respective TSOs will not agree on the extension of the limit for this IP, NET4GAS shall inform GASCADE about this situation.

In such a case NET4GAS and GASCADE shall determine whether the new Targeted Value for a respective IP could be set in order to bring the respective OBA back within the agreed limit. If NET4GAS and GASCADE do not agree on a change of the Targeted Value or if NET4GAS or GASCADE so requests, the allocation of the confirmed Nomination of affected shippers at respective IP and VIP shall be cut on pro-rata basis without undue delay. The Parties undertake to inform their Shippers about the situation without undue delay.

3.2.7. The Parties have agreed that Accumulated Imbalances potentially arising from ex-post changes in Nominations, Renominations and allocated volumes within the VIP Brandov-GASPOOL shall be primarily allocated to the OBA of IP Olbernhau II.

[...]

Article 4 – Final Provisions

[...]

Prague,

NET4GAS, s.r.o.

Kassel,

GASCADE Gastransport GmbH

List of Annexes:

Annex I Nomination and Matching Process

[...]

ANNEX I

NOMINATION AND MATCHING PROCESS

1. The purpose of this Annex is to design the nomination and matching process according to the rules and obligations derived from Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms ("NC CAM") and Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Balancing ("NC BAL"), in order to facilitate creation of the commercial framework for handling of gas volumes flow between the Czech market area and the GASPOOL market area via the VIP Brandov-GASPOOL.

The quantity of natural gas to be delivered or redelivered will be nominated on the daily basis with hourly profile and in Energy Quantity in kWh.

2. The Parties agreed that both, Single-sided Nominations and Double-sided Nominations can be submitted for the Virtual Interconnection Point Brandov-GASPOOL.

The Parties hereby agreed that:

- regarding Single-sided Nominations:
GASCADE shall be the Active VIP TSO and N4G shall be the Passive VIP TSO.
- regarding Matching Process:
GASCADE shall be the Matching VIP TSO and N4G shall be the Initiating VIP TSO.

3. Application of DELORD ANC to forward a received Single Sided Nomination:
 - 3.1. If GASPOOL Shipper submits Single-sided Nomination or Renomination for the respective Shipper Code Pair at the VIP Brandov-GASPOOL, GASCADE immediately forwards the Nomination or Renomination via DELORD ANC to N4G.

- 3.2. GASCADE shall assure that respective TSOs from GASPOOL market area are responsible for forwarding the Nomination or Renomination in case of Single Sided Nomination for Old Capacity Contracts via DELORD ANC to N4G.
- 3.3. If the respective Shipper Code Pair is not authorized between N4G and N4G Passive Shipper, or if N4G received Nomination from Passive Shipper for a particular Gas Day, N4G shall reject the message.

4. Approval Procedure – Matching

- 4.1. The Parties match Nominations and Renominations in units agreed in this VIP Agreement.
- 4.2. The Parties match Nominations and Renominations on an hourly basis in order to check whether a quantity nominated by the N4G Shipper at the VIP Brandov-GASPOOL or respective IP contributing to this VIP is equal to the quantity nominated or renominated by the GASPOOL Shipper for the respective Shipper Code Pair and the reference period.
- 4.3. It is agreed that the last applicable Nomination or Renomination as the case may be that was sent before a Nomination deadline will be taken into account. This principle of “buffering Nominations” shall be used throughout the whole process.
- 4.4. A matching cycle is successful if a Nomination or Renomination by the N4G Shipper equals in all hours to the Nomination or Renomination by the GASPOOL Shipper. This quantity is declared as the matched quantity (“Matched Quantity”) for the respective Shipper Code Pair.
- 4.5. If a Nomination or Renomination for the respective Shipper Code Pair by the N4G Shipper differs from the Nomination or Renomination by the GASPOOL Shipper, the Parties shall immediately inform each other of the discrepancy by (re)sending of DELORD or DELRES messages. If the difference cannot be solved in further matching cycles, the Matched Quantity shall be equal to the smaller of the quantities.

5. Matching schedule

- 5.1. The Parties hereby agreed on harmonised interoperability rules predefined in the Commission Regulation (EU) 2015/703 of 30 April 2015 (NC INT) and the Business Requirements Specification for the Nomination and

Matching Procedures in Gas Transmission Systems of 22 June 2016 (NOM BRS). NC INT defines nomination and matching deadlines whereas NOM BRS prescribes the details of nomination and matching processes.

5.2. According to role defined under Article 2. N4G initiate the matching process by sending of DELORD message. GASCADE conduct the matching process and informs by sending of DELRES message.

5.3. The Parties hereby agreed on application of the following schedule for mutual communication.

5.4. DELORD

5.4.1. Notification Procedure:

5.4.1.1. In case N4G Shippers have made Nomination before 14:00 on D-1, N4G shall issue a DELORD to GASCADE not later than at 14:45 hours.

5.4.1.2. In case N4G Shippers have made Renomination between 14:00 and 16:00 on D-1, N4G shall issue a DELORD to GASCADE not later than at 16:45 hours.

5.4.1.3. In case that N4G Shippers have made Renomination after 16:00 on D-1, N4G shall also issue DELORD as soon as reasonably possible, not later than 75 minutes before the Renomination becomes effective (within two hours from the full hour within which the renomination was submitted).

5.4.2. Fallback:

5.4.2.1. For matching purposes, the last sent DELORD shall be used.

5.4.2.2. In case that N4G does not issue DELORD for the respective Day, GASCADE shall contact N4G regarding the Nominations and Renominations for respective Shipper Code Pairs at the VIP Brandov-GASPOOL. In case of an IT failure, N4G shall inform GASCADE about Nominations and Renominations by other documented means (e.g. by e-mail.) Otherwise the Nominations or Renominations regarding respective Shipper Code Pairs at the VIP Brandov-GASPOOL for the respective Gas Day shall be deemed zero.

5.5. DELRES

5.5.1. Notification Procedure

- 5.5.1.1. In case GASPOOL Shippers have made Nomination before 14:00 on D-1 or a DELORD has been received, GASCADE shall issue a DELRES to N4G not later than at 15:30 D-1.
- 5.5.1.2. In case GASPOOL Shippers have made Renomination between 14:00 and 16:00 on D-1 or a DELORD has been received, GASCADE shall issue a DELRES to N4G not later than at 17:30 D-1.
- 5.5.1.3. In case that GASPOOL Shippers made Renomination after 16:00 on D-1 or a DELORD was delivered, GASCADE shall issue the DELRES as soon as reasonably possible, not later than 30 minutes before a Renomination becomes effective (within two hours from the full hour within which the renomination was submitted).

5.5.2. Fallback

- 5.5.2.1. For matching purposes, the last sent DELRES shall be used.
- 5.5.2.2. In case that GASCADE does not issue DELRES for the respective Day, N4G shall contact GASCADE regarding the Matched hourly Quantity for respective Shipper Code pairs at the VIP Brandov-GASPOOL. In case of an IT failure, GASCADE shall inform N4G about Matched hourly Quantity by other documented means (e.g. by e-mail.) Otherwise Nominations or Renominations regarding respective Shipper Code Pairs at the VIP Brandov-GASPOOL for the respective Gas Day shall be deemed zero.

6. Exceptional event

In case the result of the Matching Process or the Flow Repartition procedure is or could be affected by an exceptional event defined by Article 2 (a), NC INT the Parties shall inform their Shippers about the possible impact on the matched quantity at the VIP including information about the expected and actual end of an exceptional event.

[...]