

**EXCERPT OF**  
**SIDE LETTER NO. 4**

**TO**

**GRID CONNECTION AGREEMENT**  
(hereinafter referred to as the “**Side Letter**”)

between

**NET4GAS, s.r.o.**

Registered office: Na Hřebenech II 1718/8, 140 21 Prague 4 – Nusle  
Identification No.: 272 60 364  
registered in the Commercial Register at the Municipal Court in Prague, section C,  
enclosure 108316

(hereinafter referred to as “**NET4GAS**”)

and

**GASCADE Gastransport GmbH**

Registered office: Kölnische Straße 108-112, 34119 Kassel, Germany  
Identification No.: DE 245116625  
registered at the Lower Court of Kassel under registration no. HRB 13752

(hereinafter referred to as “**GASCADE**”)

(hereinafter NET4GAS and GASCADE are together referred to as the “**Parties**” and each of them as the “**Party**”)

for

**THE GRID CONNECTION POINT OLBERNHOU II**  
**Preamble**

**Whereas,** the Parties entered into the Grid Connection Agreement for the Grid Connection Point Olbernhau II on 21 December 2005 as amended by Side Letter No. I, dated 30 June 2006, Side Letter No. II, dated 28 December 2006 and Side Letter No. III, dated 19 May 2014 (hereinafter referred to as the “**GCA**”);

**Whereas,** the Parties intend to implement for the Grid Connection Point Olbernhau II (hereinafter referred to as the “**GCP**”) the requirements set forth in the Commission Regulation (EU) 2015/703 establishing a network code on interoperability and data exchange rules (hereinafter referred to as the “**NC INT**”) which obliges them to inter alia cover communication procedures in case of exceptional events to be covered by the GCA;

**Whereas,** the Parties intend to implement their obligation according to 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 to offer available capacities at the interconnection points at one virtual interconnection point (hereinafter referred to as the “**VIP**”) no later than 1 November 2018;

**Whereas,** the Parties entered into Agreement on Implementation of the Virtual Interconnection Point (VIP) in Brandov on [●] (hereafter referred to as the “**VIP Agreement**”) in order to facilitate efficient and reliable operations at the VIP;

**Therefore,** the Parties agreed that the GCA shall be modified as follows:

## **Section I**

1. The following definitions shall be added to § 2 (Definitions) of the GCA:

**FLOW REPARTITION** shall mean the procedure of repartition of the physical gas flow among the respective physical interconnection points integrated into the VIP and used for transport of the gas volumes nominated by shippers on the VIP or physical Grid Connection points (GCP) on both sides of the border and matched by VIP TSOs.

**TARGETED VALUE** shall mean the amount of gas to be transported over the IP as a result of the procedure carried out between the Parties as operators of the VIP on both sides.

**VIRTUAL INTERCONNECTION POINT (VIP)** shall mean Interconnection Points Olbernhau II, Brandov-STEGAL, Hora sv. Kateřiny – direction CZ, Hora sv. Kateřiny – direction Germany and Brandov-OPAL integrated together into VIP Brandov-GASPOOL for the purposes of providing a single capacity service;

**VIP TSO** shall mean the transmission system operator of the VIP responsible for marketing of the available capacities and the matching process on respective side of the border.

2. § 2, § 2.1, § 2.2, § 2.2.1, § 2.2.2, § 2.2.3, § 2.3, § 2.3.1, § 2.3.2, § 2.3.3 and § 2.4 of Exhibit A (Processing Manual) to the GCA shall cease to apply.

For avoidance of doubt the Parties declare that rules on information about transportation nominations included in clauses to be ceased according the previous sentence shall be effectively replaced by Article 3.1 and Annexes I of the VIP Agreement.

3. § 3 of Exhibit A (Processing Manual) to the GCA shall be replaced by the text which reads as follows:

*“TARGETED VALUE will be set for the following time period, based on the outcome of the FLOW REPARTITION procedure. TARGETED VALUE will serve as a foundation for the transport of gas to the relevant grid connection point.”*

4. § 4 of Exhibit A (Processing Manual) to the GCA shall be replaced by the text which reads as follows:

*“Through appropriate steering techniques, the PARTIES will work in close collaboration. The difference between the TARGETED VALUE and the sum of actual flowing gas quantities will be as small as possible. The balance of these quantities will be regularly updated in a BALANCING ACCOUNT. The PARTIES will regularly inform one another of the current account balance of the BALANCING ACCOUNT.*

*GASCADE as an operator of the process equipment at the compressor station in Olbernhau and of the transport system to the GRID CONNECTION POINT Olbernhau II is responsible for control of the natural gas flow including its balance according to TARGETED VALUE on a daily basis. Its necessary precondition is to maintain the minimum transfer pressure of 49.1 bar.*

*NET4GAS as an operator of the adjacent transport system is responsible for control of natural gas transport from the GRID CONNECTION POINT OLBERNHAU II.*

*In the event that pressure in the GRID CONNECTION POINT OLBERNHAU II do not allow optimal control of natural gas flow, both PARTIES are under the obligation to inform each other of the situation arisen and cooperate on establishing such conditions at mutually connected transport systems, which would ensure transport of daily TARGETED VALUE and its balance.*

*The PARTIES will also bring the previously stated BALANCING ACCOUNT in line with TARGETED VALUE based on FLOW REPARTITION procedure.*

*The differential amounts are not to be used for commercial purposes.*

*If a correction in measurement data (using the measurement system described in clause 6) must be carried out and is agreed upon between the PARTIES, the correction amounts will be added to or removed from the BALANCING ACCOUNT and be presented in the new balance.*

*The PARTIES agree to the balance limit of 1.700.000 kWh. The limit of the balancing account should not exceed at the end of the DAY. The PARTIES will, if necessary, adjust both grid- and technical specifications in order to be able to accommodate the account limit.*

*If ACCUMULATED IMBALANCE were to exceed the limit of the Operational BALANCING ACCOUNT, NET4GAS and GASCADE shall determine whether and to which extent the limit could be increased. If NET4GAS and GASCADE do not agree on an increase, the situation will be solved on the VIP level between VIP TSOs according to the VIP Agreement in order to bring the BALANCING ACCOUNT back within the agreed limit and shall return to the normal operation as soon as possible.”*

5. Introductory paragraphs of § 5 of Exhibit A (Processing Manual) of the GCA in following wording:

*“The following method “Allocated as Nominated” will be adopted as the allocation method for the Grid Connection Point Olbernhau II.*

*Allocated as Nominated means:*

*All contractual transportation quantities will be allocated as they were nominated.*

*Differences, which occurred as a result of the technical process of steering will be balanced by the Parties, according to clause 5.”*

shall cease to apply.

6. § 5.1 of Exhibit A (Processing Manual) to the GCA shall be replaced by the text which reads as follows:

*“An allocation report contains:*

- 1. the TARGETED VALUE on a daily basis,*
- 2. the measured quantities, including any measuring adjustment to be used,*
- 3. the current account balance in accordance with § 5 or the tentative account balance of the balancing account in other reports.*

*NET4GAS will report any inconsistencies to GASCADE within three WORKING DAYS of receipt of the monthly allocation report. The scope of the data is defined in the EXHIBIT L.”*

For the avoidance of doubt § 5.1.1, § 5.1.2 and § 5.1.3 of Exhibit A (Processing Manual) remain unchanged.

7. Exhibit B (Nomination and matching process) to the GCA shall cease to apply.
8. In Exhibit O (Monthly Allocation Protocol) to the GCA the data for “nominated quantity” shall be replaced by data for “TARGETED VALUE”.
9. A new § 4a (Communication procedure in case of exceptional events) shall be inserted into the GCA after § 4 (Exchange of information) and shall read as follows:

*“The PARTIES declare that their emergency plans for exceptional events, including preventive action plans, are in full compliance with the respective national safety legislation and were developed in accordance with Commission Regulation (EU) No 2015/703 (NC INT).*

*The procedures in case of exceptional events are described in Exhibit P – Dispatching Agreement to this Grid Connection Agreement.”*

## **Section II**

## Miscellaneous

[...]

### Section III

#### Exhibits

The following exhibits shall be part of this Side Letter:

*Exhibit P Dispatching Agreement*

[...]

Kassel, [●]

Prague, [●]

GASCADE Gastransport GmbH

NET4GAS, s.r.o.

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## **Dispatching Agreement**

### **1. Dispatching activities**

Dispatching activities mean planning, monitoring and control of the transmission system of either PARTY through the GRID CONNECTION POINT OLBERNHAU II, handling of notifications of the expected ENERGY QUANTITY based on result of FLOW REPARTITION process submitted by VIP TSO responsible for FLOW REPARTITION, control of the ENERGY QUANTITY and ENERGY QUALITY of the transmitted natural gas and online exchange of dispatching information.

### **2. Cooperation between dispatching centers**

In order to ensure effective transmission of gas through the GRID CONNECTION POINT OLBERNHAU II the PARTIES shall make operational arrangements and cooperate in accordance with the terms set forth in this exhibit. The PARTIES shall in particular immediately inform each other of any events or measures taken, which could affect the ENERGY QUANTITY and ENERGY QUALITY parameters of gas transmitted through the GRID CONNECTION POINT OLBERNHAU II.

#### **2.1. The dispatching cooperation in case of an exceptional event or other contingencies**

**2.1.1.** In case of an EXCEPTIONAL EVENT, it means any unplanned event that is not reasonably controllable or preventable and that may cause, for a limited period, capacity reductions, affecting thereby the ENERGY QUANTITY or QUALITY of gas at the GRID CONNECTION POINT OLBERNHAU II, with possible consequences on interactions between the PARTIES as well as between a PARTY and network users, the relevant dispatching center shall immediately notify the other PARTY of such situation by phone and to provide it the following information:

- a) cause of the emergency or other contingency situation;
- b) impact of such occurrence on the ENERGY QUANTITY and/or ENERGY QUALITY of gas to be transmitted through the relevant GRID CONNECTION POINT OLBERNHAU II and the expected pressure level at the GRID CONNECTION POINT OLBERNHAU II;
- c) expected duration of the failure, emergency or other contingency situation,

including the estimated time of its removal.

The information shall be subsequently confirmed in writing by fax or e-mail in accordance with a pre-agreed form without any undue delay.

**2.1.2.** The PARTIES shall immediately inform each other by phone of:

- a) any change in the agreed or carried out maintenance works,
- b) completion dates for maintenance works and contingency situations in the transmission system of either PARTY, which resulted in the restriction of transmission capacity through the GRID CONNECTION POINT OLBERNHAU II,
- c) any connections along cross-border pipeline sections that could affect the transmission of gas through the GRID CONNECTION POINT OLBERNHAU II,
- d) any change in the quality parameters of the gas flowing towards the GRID CONNECTION POINT OLBERNHAU II.

Such information shall be confirmed in writing by fax or e-mail in accordance with a pre-agreed form without undue delay.

**2.1.3.** The dispatching centers shall inform each other on the progress of the ongoing maintenance works and steps taken in order to remove a failure, emergency or other contingency situation in the interval of at least every six hours, or more frequently in exceptional situations when requested of the other PARTY.

**2.1.4.** In case the result of the MATCHING PROCESS or FLOW REPARTITION process on the VIP level is or could be affected by the EXCEPTIONAL EVENT on the GRID CONNECTION POINT OLBERNHAU II, the PARTIES shall inform shippers about the possible impact on the MATCHED QUANTITY and about expected and actual end of the EXCEPTIONAL EVENT.

[...]