

Year ___ / ___ Storage Cycle ___
capacity Product Auction Regulation

Auction identification number — Conexus Baltic Grid __

1. Purpose of the Auction, general information

- 1.1. The purpose of the Auction is to ensure a clear, transparent and non-discriminatory allocation of Inčukalns underground gas storage capacity (hereinafter - storage) to users of the natural gas storage system (hereinafter - system user) when carrying out storage capacity booking.
- 1.2. Joint Stock Company “Conexus Baltic Grid” (hereinafter - AS “Conexus Baltic Grid”), unified registration number: 40203041605, address: Stigu Street 14, Riga, LV – 1021, taking into account the Decision No 1/14 of the Public Utilities Commission of 1 October 2020 “Regulations Regarding the Use of the Inčukalns Underground Gas Storage Facility“, "(hereinafter - “Storage Regulation”), as defined in Annex 2, points 1.2 and 1.3, the system user ___ capacity product for the year ___/___ storage cycle shall be allocated by applying the auction procedure (“Auction”).
- 1.3. The Auction item is a specific storage capacity usage right in the year ___/___ storage cycle within ___ capacity product, using which the system user can store natural gas at the amount of storage capacity allocated as a result of the Auction, place natural gas in storage and remove natural gas from storage.
- 1.4. Type of Auction method: “pay- as-clear”.
- 1.5. Within the framework of this Auction ___ capacity product for year ___/___ storage cycle, the maximum amount of storage capacity available — ___ MWh.
- 1.6. Any user of the natural gas transmission system and system user (the entity with whom the transmission system services contract has been concluded, the balancing agreement with one of the natural gas transmission system operators of Common Estonia and Latvia balancing zone and the natural gas storage service contract) may participate in the auction (hereinafter - Applicant).
- 1.7. AS “Conexus Baltic Grid” shall, at the request of the Applicant, provide an explanation of the requirements contained in this Regulation. The Applicant shall submit the request for clarification electronically to the contact persons of AS “Conexus Baltic Grid” specified in Sub-paragraph 2.24 of this Regulation not later than three working days prior to the date of the Auction referred to in Sub-paragraph 2.1 of this Regulation. “Conexus Baltic Grid” shall reply to the request for clarification electronically not later than one working day prior to the date of the Auction.
- 1.8. The Applicant when contacting AS “Conexus Baltic Grid” in the cases provided for in this Regulation, submit the information and documents on an optional basis in Latvian or English.
- 1.9. AS “Conexus Baltic Grid” after the closing of the auction is entitled to request and the Auction Participant has an obligation to submit a collateral or information regarding the credit rating of the Auction Participant, taking into account the requirements of the Storage Regulation.

2. Auction process, submission of applications and offers

- 2.1. AS “Conexus Baltic Grid” holds an Auction on *Day / Month / Year*.
- 2.2. Not later than two working days prior to the date specified in Sub-paragraph 2.1 of this Regulation, the Applicant shall submit an application for participation to AS Conexus Baltic Grid (hereinafter - Application) to the e-mail address izsole@conexus.lv and

- shall indicate in the application the information with the persons, their telephone numbers and the e-mail addresses authorised to submit the Offer sheet in accordance with Annex 1 to this Regulation (hereinafter - Offer). The Application shall be signed by the applicant's authorised person, procurator or holder of Power of Attorney, and the application shall be signed with a secure electronic signature containing the time stamp.
- 2.3. Not later than one working day prior to the date specified in Sub-paragraph 2.1 of this Regulation, AS "Conexus Baltic Grid" shall electronically inform the Applicants of the right to participate in the Auction and the rights to submit Offer.
 - 2.4. The Offer may be submitted by an Auction Participant who has submitted an Application in accordance with Sub-paragraph 2.2 of this Regulation and has submitted an Offer security in accordance with paragraph 5 of this Regulation.
 - 2.5. The Auction Participant shall submit an Offer to AS "Conexus Baltic Grid" by sending it to the izsole@conexus.lv e-mail address from *Day / Month / Year* 12:00 to *Day / Month / Year* 14:00 (Latvian time). Offer submitted outside that time limit shall not be considered.
 - 2.6. The Auction Participant shall submit one Offer with one e-mail. If several Offers are submitted with one e-mail, all Offers submitted by the Auction Participant are rejected and not considered by the AS "Conexus Baltic Grid".
 - 2.7. Offer shall be submitted by the person authorised by the Auction Participant in accordance with the procedures specified in Sub-paragraph 2.2 of this Regulation and the Offer shall be presented in an electronic format (.xlsx or .ods), in compliance with the regulation regarding the drawing up of electronic documents, signed with a secure electronic signature containing the time stamp, and protected by the encryption of an AES (*Advanced Encryption Standard*) using a password. The encryption key to use is 128 or 256 bits, the encryption algorithms to use are AES-128 or AES-256.
 - 2.8. The Application and the Offer may be signed with electronic signature if a separate agreement has been reached between the AS "Conexus Baltic Grid" and the Applicant on the receipt and acceptance of documents without a secure electronic signature. When signing an Application and an Offer electronically, the Applicant shall comply with the requirements for the drawing up and encryption of documents specified in Sub-paragraph 2.2 of this Regulation and Section 2.7 of the Regulation.
 - 2.9. AS "Conexus Baltic Grid" immediately but not later than *Day / Month / Year* 14:05 (Latvian time), shall electronically inform the Auction Participant regarding receipt of the Offer. A statement regarding receipt of an Offer shall not be regarded as a statement that the Offer submitted by an Auction Participant has been made or submitted in conformity with the requirements of this Regulation.
 - 2.10. Auction Participant from *Day / Month / Year* 14:00 to *Day / Month / Year* 15:00 (Latvian time) sends the password of the AS "Conexus Baltic Grid" Offer file to the e-mail address izsole@conexus.lv. AS "Conexus Baltic Grid" immediately but not later than *Day / Month / Year* 15:00 (Latvian time), shall electronically inform the Auction Participant regarding receipt of the password submitted electronically. If the password of the Offer file is not submitted, it is not possible to open the Offer file, the password uses an encryption algorithm that does not comply with the requirements of Sub-paragraph 2.7 of this Regulation, or the Auction Participant does not submit a password corresponding to the opening of the Offer file within that time, or the password of the Offer file is submitted outside the time specified in this Sub-paragraph, the Offer shall not be considered.

- 2.11. AS “Conexus Baltic Grid” only open Offers received within the time limit specified in Sub-paragraph 2.5 of this Regulation. All Offers received after the deadline referred to in Sub-paragraph 2.5 of this Regulation, and Offers which from *Day / Month / Year* 12:00 to *Day / Month / Year* 14:00 have been revoked, are not opened. The submitted Offer shall be opened after the expiry of the deadline for the delivery of the Offer file password specified in Sub-paragraph 2.10 of this Regulation.
- 2.12. Auction Participant may recall the submitted Offer by the end of the time period for the submission of the Offer, which is specified in Sub-paragraph 2.5 of this Regulation. If Auction Participant recalls the Offer by the deadline referred to in Sub-paragraph 2.5 of the Regulation, the Offer shall be evaluated in accordance with paragraph 4 of this Regulation and the Auction Participant shall be bound by the results of the Auction and the amount of the commitments announced by AS “Conexus Baltic Grid” in accordance with paragraph 6 of this Regulation.
- 2.13. The content of the Offer and information regarding the process of submitting and evaluating the Offer shall be limited availability information, which shall be regarded as such in accordance with Section 112 (18) of the Energy Law, Section 2 of the Law on Protection of Commercial Secrets and Section 5, Paragraph two, Clause 3 of the Law on Disclosure of Information.
- 2.14. AS “Conexus Baltic Grid” may, following the opening of the Offer, request clarification from the Auction Participant regarding the Offer submitted by it. The Auction Participant shall send the explanation to the AS “Conexus Baltic Grid” electronically within the time limit specified in the request for clarification.
- 2.15. Auction Participant may include, within the scope of the Offer, several price bid offers for an Auction Participant's freely selected amount of storage capacity (hereinafter - Bid).
- 2.16. Auction Participant Bids for the volume of the requested _ _ _ capacity product, not less than 1 MWh, rounded to an integer.
- 2.17. The Auction Participant shall specify in the Offer whether the requested amount of the _ _ _ capacity product is considered to be fixed or variable, in order to avoid the allocation of a minor amount of storage capacity, if the circumstances specified in Sub-paragraph 4.5.2 of this Regulation arise.
- 2.18. Within the time limit specified in Sub-paragraph 2.5 of this Regulation, an Auction Participant may submit a new Offer. The last Offer submitted by the Auction Participant shall be used when assessing the Offer in accordance with paragraph 4 of this Regulation.
- 2.19. AS “Conexus Baltic Grid” rejects the Offer if it does not comply with the requirements laid down in this Regulation or does not have the original Offer security attached to it in accordance with Sub-paragraph 5.2 of this Regulation.
- 2.20. AS “Conexus Baltic Grid” may terminate the Auction at any time if it has objective justification.
- 2.21. The Auction Participant shall bear all costs incurred by it in connection with the preparation and submission of the Offer. AS “Conexus Baltic Grid” does not compensate or reimburse the Auction Participants for the losses associated with the Auction.

- 2.22. When submitting several Bids within the framework of the Offer, the Participant shall assume the responsibility that such structured Offer may be rejected in part in accordance with Sub-paragraph 4.3 of this Regulation.
- 2.23. AS “Conexus Baltic Grid” has the right to reject the Offer of an Auction Participant which has not renewed the performance security from the beginning of the year __ __ / __ storage cycle withdrawal season until the date of the Auction and to which the storage system operator has sent the warning provided for in paragraph 75 of the Storage Regulation.
- 2.24. AS “Conexus Baltic Grid” has authorised the Head of Division, *Name, Last name*, to provide information on the Auction Procedure and the requirements included in this Law, phone *12345678* and Deputy Head of Division *Name, Last name* phone *12345678*, email: *email@domain.lv*.

3. Bid price

- 3.1. Minimum Bid price for __ capacity product is EUR 0/MWh.
- 3.2. The Auction Participant shall present the Bid price per MWh *in euro* (EUR) with an accuracy of up to two decimal places without value added tax (VAT).

4. Evaluation of Offers, setting the premium

- 4.1. AS “Conexus Baltic Grid” shall evaluate only Offer submitted in accordance with the requirements of paragraph 2 of this Regulation.
- 4.2. AS “Conexus Baltic Grid” evaluates the Bid Price, without Value Added Tax (VAT), specified in the Auction Participants Offers.
- 4.3. AS “Conexus Baltic Grid” sorts out the Bids corresponding to the requirements of this Regulation in order of economic advantage following the Bid Price (EUR/MWh) submitted in the Offer, starting with the highest offered Bid price proposed, until the total amount of __ __ __ __ __ capacity product is reached under the Auction.
- 4.4. If the total volume of the __ __ capacity product required by the Offers of the Auction Participants is less than the amount specified in Sub-paragraph 4.3 of this Regulation, AS “Conexus Baltic Grid” shall be granted to the Auction Participant the maximum amount of the capacity product requested in the Offer.
- 4.5. If the total volume of the __ __ capacity product required by the Offers of the Auction Participants exceeds the amount specified in Sub-paragraph 4.3 of this Regulation, AS “Conexus Baltic Grid” allocates __ __ the capacity product in the following order and sequence:
 - 4.5.1. For an Auction Participant whose Bid price in the Offer is not the lowest (is not the closing Bid price, reaching __ __ MWh) in accordance with the procedure laid down in Sub-paragraph 4.3 of the Regulation, __ __ the capacity product shall be allocated to the requested amount;
 - 4.5.2. The amount of __ __ capacity product equal to the difference between the amount specified in Sub-paragraph 4.3 of this Regulation and the amount of __ __ capacity product allocated in accordance with the procedures specified in Sub-paragraph 4.5.1 of this Regulation the __ __ capacity product volume shall be allocated proportionally to the share of __ __ capacity product requested by the Participant of

the auction out of the total ___ capacity product of the Bids, in which the offered bid price is the closing price. Bids from auction participants, identified as fixed but not fully allocated, shall not be taken into account and capacity shall not be allocated.

- 4.5.3. The auction capacity shall be allocated to the Auction Participants up to a full MWh. ___ capacity product volume what cannot be allocated to full MWh, is not allocated to Auction Participant.
- 4.6. The premium applicable to the volume of the ___ capacity product awarded to the Participants of AS Conexus Baltic Grid Auction shall be determined in accordance with the following procedures:
 - 4.6.1. if the total amount of the ___ capacity product requested in the Offers submitted in the Auction does not exceed the amount specified in Sub-paragraph 4.3 of this Regulation, the premium applicable to the volume of the ___ capacity product to the Participants shall be equal to the minimum Bid price specified in Sub-paragraph 3.1 of this Regulation.
 - 4.6.2. if the total amount of the ___ capacity product requested in the submitted Offers exceeds the amount specified in Sub-paragraph 4.3 of this Regulation, the premium applicable to the volume of the ___ capacity product to the Auction Participants shall be equal to the price indicated in the closing Bid before the amount of storage capacity ___ MWh has been reached or exceeded in accordance with Section 4.5 of the Regulation.

5. Offer security

- 5.1. The Auction Participant shall submit to AS “Conexus Baltic Grid” an irrevocable Offer security of 5000 EUR (five thousand euro) no later than the time limit specified in Sub-paragraph 2.2 of this Regulation. The Offer security must be valid for 7 days from the time limit for the submission of a Offer specified in Sub-paragraph 2.5 of this Regulation.
- 5.2. The Auction Participant shall submit the Offer security to AS “Conexus Baltic Grid” in one of the following forms:
 - 5.2.1. A financial service provider original Guarantee issued to an Auction Participant, operating in the Republic of Latvia or abroad, for which or a group of long-term foreign currency borrowing has a credit rating of at least Baa1 in accordance with the agency Moody's or BBB + under the agency Standard & Poor's or BBB + under the agency Fitch Ratings, in accordance with template in Annex 2 of this Regulation. The guarantee of the financial service provider must be issued and registered in accordance with the regulatory enactments of the country of registration of the financial service provider;
 - 5.2.2. payment order copy showing that the payment was made on the bank account of the AS Conexus Baltic Grid: unified registration No 40203041605, Swedbank AS, HABALV22, account No. LV08HABA0551042978827. The payment order must indicate that it is the Offer security for year ___ / ___ Storage Cycle ___ capacity product storage Auction “Offer security for AS “Conexus Baltic Grid” year ___ / ___ cycle auction of the ___ Capacity Product (id. No. Conexus Baltic Grid ___) '.

- 5.3. AS “Conexus Baltic Grid” returns Offer security to the Auction Participant within ten days at the latest if:
- 5.3.1. the term of validity of the Offer security specified in Sub-paragraph 5.1 of this Regulation has expired;
 - 5.3.2. The decision of AS Conexus Baltic Grid on the termination or termination of the auction has entered into the force;
 - 5.3.3. The Auction Participant has recalled the Offer by the end of the time period for the submission of Offer specified in Sub-paragraph 2.5 of this Regulation.
- 5.4. The Offer security in the form of a cash revision shall be repaid to the Auction Participant's account, the original guarantee shall be returned after receipt of the written request of the Auction Participant.

6. Notification of the results of the Auction, procedures for dispute, extent of the obligations and settlement procedures

- 6.1. AS “Conexus Baltic Grid” until the 11:00 following day after the Auction, simultaneously publishes on the IT platform of Common Estonia-Latvia balancing zone, informing all Auction Participants of the results on the website of AS “Conexus Baltic Grid”. On the AS “Conexus Baltic Grid” website shall be published information on the total amount of storage capacity allocated as a result of the Auction and the applicable premium (EUR/MWh) for all Auction Participants. AS “Conexus Baltic Grid” shall send information regarding the results of the Auction to the relevant Auction Participant on the Common Estonia-Latvia balancing zone IT platform and electronically only in the part attributable to the Offer submitted by the relevant Auction Participant.
- 6.2. Auction Winner in three working days from the day of announcement of Auction results within framework of review of Auction results has rights to dispute Auction results in the part that do not comply with Offer submitted by Auction Winner (hereinafter – Complaint). Auction Winner sends to AS "Conexus Baltic Grid" email address izsole@conexus.lv justified Complaint stating nonconformity between allocation of _ _ _ capacity product and the Offer. AS "Conexus Baltic Grid" reviews the Complaint and within two working days informs respective Auction Winner about taken decision. Complaint shall not affect obligation of Auction Winner that is stated in sub-paragraph 6.4 of this Regulation unless AS "Conexus Baltic Grid" in the decision of Compliant review states differently.
- 6.3. AS “Conexus Baltic Grid” shall inform the Auction Participant of the allocation of the _ _ _ capacity product of the amount of the _ _ _ capacity product (MWh) allocated and the premium EUR/MWh (excluding VAT) applicable to it in the notification specified in section 6.1 of this Regulation.
- 6.4. Following receipt of the announcement of the allocation of the _ _ _ capacity product, the Auction Participant is obliged to settle with AS “Conexus Baltic Grid” for the granted _ _ _ capacity product according to the terms of Storage Regulation, the Storage service contract and in accordance with the procedures specified in this Regulation in accordance with the tariffs of the storage service and the premium determined by the Auction.
- 6.5. The Auction Participant's fee to AS “Conexus Baltic Grid” for the allocated storage capacity by the Auction is determined by multiplying the premium (EUR (excluding VAT)) by the amount of the _ _ _ capacity product (MWh) allocated by the Auction.

- 6.6. The fee for the full premium specified by the Auction Participant shall be included in the first invoice for the amount of the year ___ / ___ storage cycle ___ capacity product issued under the Storage Service Contract.
- 6.7. The payment for the premium specified as a result of the Auction shall be performed by the Auction Participant in accordance with the terms of the Storage Service Contract regarding the procedures for payment and settlement.
- 6.8. The amount of mutual liability and liability of the parties for the premium determined by the Auction Participant as a result of the Auction shall be interpreted in accordance with the terms of the Storage Service Contract.

Offer (Offer SHEET)

___ capacity product auction (id. No. Conexus Baltic Grid __)

Date to be viewed on time stamp

The auction participant shall:

EIC code:
 Legal address:
 Phone number:
 Email address:

We are hereby submitting our offer for the auction of year ___/___ storage cycle ___ capacity product (“Auction”) under the following conditions:

Bid No.	___ Capacity Product Volume ** (MWh)	___ Capacity Product Volume *		Price (EUR/MWh) ***
		Fixed	Variable	

Note:

** for each bid, it shall be indicated whether the volume of the capacity product indicated therein is fixed or variable, marked with ✓ the corresponding column.*

If the Auction Participant has chosen to submit several bids, the Auction Participant shall complete several bid boxes.

*** The volume of the ___ capacity product shall be indicated rounded to an integer.*

**** The bid price shall be indicated to two decimals.*

By signing this offer, we confirm that we have prepared the offer independently.

By signing this offer, we shall confirm that we comply with the requirements of the Auction Participants set out in the Auction Regulation and agree with the procedures for the performance of the auction, the valuation of offers and the allocation of storage capacity.

By signing this offer, we confirm that in regards to us as Auction participant, to members of our Board of directors, to members of our Management board, to our authorised persons or procurators who are

authorised to represent us, there are no international or national sanctions, there are no sanctions imposed by a Member State of the European Union or of the North Atlantic Treaty Organisation affecting significant financial and capital market interests which could have an impact on the fulfilment of obligations under the Auction and the Natural Gas Storage Service Agreement

Basis of representation of the person signing the offer: _____

Position of signer

(signature *)

Name

* document signed with secure electronic signature

_____, 20 _____

Stigu Street 14, Riga,
LV – 1021, Latvia,
Reg. No 40203041605

Offer guarantee No _____

Guarantee Form

We – _____ (registration number: _____; legal address: _____) (hereinafter – Financial service provider) – are informed that our customer – _____ (registration number: _____; legal address: _____) (hereinafter – Auction Participant) – has submitted its offer in your – _____ (registration number (tax payer number): _____; legal address: _____) (hereinafter – AS "Conexus Baltic Grid") – for the Auction of year ___/___ storage cycle ___ capacity product (Auction ID number Conexus Baltic Grid _____), hereinafter – Auction, according to the Decision No 1/14 of the Public Utilities Commission of 1 October 2020 “Regulations Regarding the Use of the Inčukalns Underground Gas Storage Facility“. According to Regulation of respective Auction, the Auction Participant shall submit to AS "Conexus Baltic Grid" its Offer security in order to be entitled to submit to AS "Conexus Baltic Grid" offer according this Regulation.

This guarantee shall be valid until _____
_____ (hereinafter referred to as the End Date).

This guarantee will expire before the expiry of the period specified in the guarantee if the AS “Conexus Baltic Grid” releases the Financial Services Provider in writing from its obligations under this guarantee.

This guarantee is subject to the Uniform Rules for Demand Guarantees (2010 version, publication 758 of the International Chamber of Commerce). The laws and regulations of the Republic of Latvia shall apply to this guarantee and the related legal relationship, in so far as the relevant issues are not governed by the said Uniform Rules on Demand Guarantees. Any dispute arising between the Financial Services Provider and AS “Conexus Baltic Grid” in relation to this guarantee shall be settled in the Republic of Latvia court.

[Title of signatory] [personal signature] [name and last name of signatory]