

**Elering AS Transmission System Operator
AS Conexus Baltic Grid Transmission System Operator**

STANDARD TERMS AND CONDITIONS OF THE NETWORK RULES

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1. General provisions

- 1.1 These standard terms and conditions of the network rules (hereinafter: the standard terms and conditions) set out the rights and obligations and the information exchange procedure between the transmission system operator (hereinafter TSO and, where appropriate, jointly TSOs) and the transmission network users (hereinafter also referred to separately as party and jointly as the parties) in relation to the use of the gas transmission systems capacity booking and nominations in common balancing zone of Estonia and Latvia (hereinafter: common balancing zone).
- 1.2 The network users who have concluded with one transmission system operator the balancing agreement for the operation in the common balancing zone shall be a pre-condition to conclude transmission service agreement with the same transmission system operator in order to use the transmission system services and carry out transactions at the virtual trading point of the common

balancing zone.

- 1.3 The standard terms and conditions shall apply:
 - 1.3.1 to both transmission networks' areas in the territory of Estonia and Latvia and transmission service agreement shall form an integral part of the standard terms and conditions;
 - 1.3.2 to all network users that have concluded a legally binding balancing agreement and the transmission service agreement with any TSO in the common balancing zone.
- 1.4 The standard terms and conditions shall determine:
 - 1.4.1 Capacity booking principles on all of the relevant entry/exit points;
 - 1.4.2 Nominations and matching principles for the entry/exit points;
 - 1.4.3 Allocation principles for all the entry/exit points.
- 1.5 The entry/exit points regulated under these standard terms and conditions, where the gas can be input or off-taken from the common balancing zone are:
 - 1.5.1 3rd country points:
 - 1.5.1.1 Entry/exit Värskä (Russia-Estonia)
 - 1.5.1.2 Entry/exit Izborsk (Russia-Estonia)
 - 1.5.1.3 Entry/exit Narva with metering at the GMS (Russia-Estonia)
 - 1.5.2 Entry/exit Balticconnector IP (Estonia-Finland)
 - 1.5.3 Entry/exit GMS Kiemenai (Lithuania-Latvia)
 - 1.5.4 Entry/exit Inčukalns UGS entry (Latvia)
 - 1.5.5 Exit to Estonian domestic consumption
 - 1.5.6 Exit to Latvian domestic consumption
 - 1.5.7 Entry from Estonian production
 - 1.5.8 Entry from Latvian production
 - 1.5.9 Exit to directly connected consumers to the gas transmission system.

2 Definitions

- 2.1 **Additional capacity** means capacity of entry or exit point made available in the event of congestion management, or in the event of submission of nominations capacity in excess of the network user's booked capacity.
- 2.2 **Allocation** means the quantity of gas attributed to a network user by a TSO as an input or an off-take expressed in kWh units.
- 2.3 **Available capacity** means the part of the technical capacity that is not allocated and is still available to the system at that moment.
- 2.4 **Bio natural gas (hereinafter BNG)** means the biogas which has been upgraded with a view to meeting the quality specifications for natural gas injected to the transmission system.
- 2.5 **Business day** means the day from Monday to Friday, excluding public holidays in the TSO country.
- 2.6 **Capacity** means the maximum flow, expressed in energy unit per time unit, to which the network user is entitled to in accordance with the provisions of the transmission service agreement.
- 2.7 **Capacity allocation mechanism** means a system of measures selected by the TSO allowing network user to allocate transmission capacities in a cost-effective, efficient and optimal manner.
- 2.8 **Capacity booking application** means a request which a network user submits to the TSO regarding the booking of capacity of a certain duration via electronic capacity booking using the standard communication protocol.

- 2.9 **Common balancing zone** means the combined area of the natural gas transmission networks in Estonia and Latvia where these standard terms and conditions apply.
- 2.10 **Common IT platform for transmission service and balancing (hereinafter – Common IT Platform)** means an online system developed and administered by the TSOs of the common balancing zone where the TSOs and network users exchange information on transmission services and balancing.
- 2.11 **Confirmed quantity** means the quantity of gas confirmed by a transmission system operator to be scheduled or re-scheduled to flow on gas day D.
- 2.12 **Congestion management** means management of the capacity portfolio of the TSO with a view to optimal and maximum use of the technical capacity and the timely detection of future congestion and saturation points.
- 2.13 **Contractual congestion** means a situation where the level of firm capacity demand exceeds the technical capacity.
- 2.14 **Counterparty** means a natural or legal person making use of an adjacent transmission system of a foreign state or of liquefied natural gas terminal facilities, supplying natural gas to the network user at the entry and exit points of the transmission system, or the network user delivers gas to him.
- 2.15 **Daily metered point** means the physical point of natural gas metering where a commercial metering device with a remote (telemetric) data transmission has been installed and where natural gas quantity is measured at least once per gas day.
- 2.16 **Distribution system operator** (hereinafter: DSO) means a natural or legal person who carries out the function of distribution and is responsible for operating, ensuring the maintenance of, and, if necessary, developing the distribution system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the distribution of gas.
- 2.17 **Capacity booking** means the procedure of online booking of transmission capacity using the standard communication protocol.
- 2.18 **Energy identification code** (hereinafter: the EIC) means the identification code assigned to the network user and other entities active within the transmission system based on the Energy Identification Coding scheme.
- 2.19 **Entry capacity** means the transmission system capacity at a given entry point.
- 2.20 **Entry point** means a physical point where gas is delivered to the transmission system from the adjacent transmission system, UGS or BNG producer site and where the transmission of gas through the natural gas transmission system begins.
- 2.21 **Exit capacity** means the capacity of the transmission system at a given exit point.
- 2.22 **Exit point** means a physical point where the gas transmission ends and gas is supplied to the adjacent transmission system, distribution system or to the consumption site directly connected to the transmission system. If the distribution system is connected to the transmission system in several points of the transmission system, then all connection points shall be considered as a single exit point.
- 2.23 **Firm capacity** means gas transmission capacity contractually guaranteed as uninterrupted by the TSO.
- 2.24 **First-Come-First-Served principle** (hereinafter - FCFS) means the capacity allocation method when capacity is allocated primarily to the network users who have applied for capacity booking at

the earliest.

- 2.25 **Gas day** means the period from 5.00 to 5.00 UTC (from 7:00 am to 7:00 am local time) the following day for winter time and from 4.00 to 4.00 UTC (from 7:00 am to 7:00 am local time) the following day when daylight saving is applied.
- 2.26 **Trading platform** means an electronic platform by means of which network user or TSO may post and accept bids and offers for gas, in accordance with the terms and conditions applicable on the trading platform;
- 2.27 **Gas month** (hereinafter – the Month) means a period beginning on the first day, at 5:00 UTC (7:00 am local time) of each calendar month and ending on the first day, at 5:00 UTC (7:00 am local time) of the next calendar month from 4:00 to 4:00 UTC (from 7:00 am to 7:00 am local time) when daylight saving is applied.
- 2.28 **Gas quarter** (hereinafter – the Quarter) – the period from 5:00 UTC on January 1 to 5:00 UTC on April 1 (Q2); the period from 5:00 UTC on April 1 to 5:00 UTC on July 1 (Q3); the period from 5:00 UTC on July 1 to 5:00 UTC on October 1 (Q4); the period from 5:00 UTC on October 1 to 5:00 UTC on January 1 (Q1) (from 7:00 am to 7:00 am local time) In the period of winter time from 4:00 to 4:00 UTC when daylight saving is applied (from 7:00 am to 7:00 am local time).
- 2.29 **Gas year** (hereinafter - the Year) means a period beginning on October 1 at 5:00 UTC of each year, and ending on October 1 at 5:00 UTC of the following year (from 7:00 am to 7:00 am local time). In the period of winter time from 4:00 to 4:00 UTC when daylight saving is applied (from 7:00 am to 7:00 am local time).
- 2.30 **Imbalance** means a situation where inputs into the transmission system by a network user differs from off-takes from the transmission system by that network user during the gas day, or a situation where the aggregate natural gas quantity input into the transmission system differs from the aggregate natural gas quantity off-taken from the transmission system based on the metering data.
- 2.31 **Implicit capacity allocation** means a capacity allocation method where both transmission capacity and a corresponding quantity of gas are allocated at the same time.
- 2.32 **Interconnection point** (hereinafter: IP) means a physical or virtual point connecting the adjacent entry-exit systems or connecting an entry-exit system with an interconnector, in so far as these points are subject to booking procedures by the network users; or an IP of the transmission system to the neighbouring transmission systems, or any other gas system.
- 2.33 **Interruptible capacity** means gas transmission capacity that may be interrupted by the TSO in accordance with the conditions stipulated in the standard terms and conditions.
- 2.34 **Interruption** means limitation of network user's rights to use the transmission system, i.e. the limitation of the right to transmit gas by using booked firm or interruptible capacities.
- 2.35 **Lesser rule** means that, in case of different nominated quantities at either side of an interconnection point, the confirmed quantity will be equal to the lower of the two processed quantities.
- 2.36 **Long-term services** means services offered by the TSO with a duration of one year or more.
- 2.37 **Matching process** means the process of comparing and aligning processed quantities of gas for network users at both sides of a specific IP, which results in confirmed quantities for the network user.
- 2.38 **Natural gas off-take quantity** means the natural gas quantity that has been off-taken or is due to be off-taken from the transmission system at an exit point.
- 2.39 **Network user** is an entity who:

- 2.39.1 Transport gas to/from transmission network via entry-exit points and/or
- 2.39.2 Trades gas to/from VTP as trading participant and/or
- 2.39.3 Books and uses capacity under a transmission service agreement.
- 2.40 **Nomination** means the prior reporting by the network user to the TSO of the actual flow that the network user wishes to inject into or withdraw from the system.
- 2.41 **Non-daily metered point** means the physical point where the gas quantity is measured and collected less frequently than once per gas day.
- 2.42 **Operational balancing account** means an account between adjacent gas system operators, to be used to manage steering differences at an IP in order to simplify gas accounting for network user involved at the IP.
- 2.43 **Pro rata** means a procedure of natural gas quantity allocation at entry and exit points whereby the natural gas quantity to be delivered is allocated to network users pro-rata to the actual measured natural gas quantities or quantity applications or a principle of transmission capacity allocation whereby the offered transmission capacity is proportionally distributed between network users who have submitted the capacity booking application.
- 2.44 **Re-nomination cycle** means the process carried out by the TSO in order to provide a network user with the message regarding the confirmed quantities following the receipt of a re-nomination.
- 2.45 **Re-nomination** means the subsequent reporting of a changed nomination.
- 2.46 **Reporting period** means one gas month.
- 2.47 **Secondary capacity market** means the market of the capacity traded otherwise than on the primary market.
- 2.48 **Secondary capacity trading** means transfer of booked capacities as specified in the standard terms and conditions.
- 2.49 **Short-term services** means services offered by the TSO with a duration of less than one year.
- 2.50 **Technical capacity** means the maximum firm capacity that TSO can offer to the network user, taking account of system integrity and the operational requirements of the transmission network.
- 2.51 **Transmission service agreement** means the agreement concluded between the TSO and the network user, which entitles the network user to use the transmission systems of the common balancing zone and ensures the performance of the transmission services to the network user.
- 2.52 **Underground Gas Storage** (hereinafter: UGS) means Inčukalns underground gas storage facility.
- 2.53 **UGS operator** means operator of UGS which provides gas storage services at the UGS (natural gas injection into the facility, storage, and withdrawal from the UGS).
- 2.54 **Unused capacity** means firm capacity which a network user has acquired under transmission service agreement but which that network user has not nominated by the deadline specified in the standard terms and conditions.
- 2.55 **Use It Or Lose It (hereinafter UIOLI)** means a procedure of reallocation of transmission system capacities booked but not used.
- 2.56 **Virtual trading point** (hereinafter: VTP) means a point without a defined physical location in the common entry-exit system where trade in natural gas is carried out.
- 2.57 **Within day capacity product** means one hour or up to 24 (twenty-four) consecutive hours within a particular gas day until the end of the same gas day.
- 2.58 **Fixed delivery agreement** means type of gas sale - purchase agreement where gas is supplied in accordance to in advance arranged delivery schedule.

2.59 **Flexible delivery agreement** means type of gas sale - purchase agreement that allows gas to be supplied in accordance with network user's demand with flexibility to adjust delivery schedule.

3 Procedure for the conclusion of transmission service agreement

- 3.1 The potential user willing to use the transmission services in the common balancing zone shall submit to one of the TSO's application for the conclusion of transmission service agreement in writing and in accordance with the application form provided on the website of TSO. Along with the application potential user shall provide the following data and documents:
- 3.1.1 a document that proves that the potential user has registered for commercial activity pursuant to the national legislation and regulations;
 - 3.1.2 a proof of representation, if the application is submitted by an authorised representative of the potential user;
 - 3.1.3 the TSO may request the potential user to submit additional documents necessary for the conclusion of the transmission service agreement;
 - 3.1.4 a document that has been issued not earlier than one month before the date of submission and proves that the potential user is not under insolvency proceedings, the potential user's economic activity is not suspended, and the potential user is not under liquidation;
 - 3.1.5 at the TSO's request the annual report for the previous three years (or the actual operation period, taking into account the time of founding or beginning of operation of the applicant on which the annual report is to be submitted) or an equivalent document proving the applicant's economic and financial position under the national laws and regulations;
 - 3.1.6 After the submission of the request in case of changes in the data or documents of the potential user, the potential user within a reasonable period, but no longer than within 3 business days, shall notify the TSO thereof.
- 3.2 The potential user in order to be entitled to use the transmission services in the common balancing zone shall conclude a transmission service agreement with one TSO only.
- 3.3 After the conclusion of the transmission service agreement, the potential user shall become a network user and shall be entitled to book capacity, at any entry point and exit point and transport gas through the transmission systems of the common balancing zone and perform other actions related to the use of transmission services in the common balancing zone. The TSO shall review the application and documents set out in article 3.1. of these standard terms and conditions within five business days from the day of receipt. The TSO may request the potential user to submit missing documents and additional information.
- 3.4 If the TSO has requested the potential user to submit additional information or documents, the potential user shall submit such within 10 business day from the date of dispatch of the request. If the potential user does not submit the requested additional information or documents within deadline specified in this section, the potential user shall be deemed to have withdrawn its application.
- 3.5 If the potential user has submitted to the TSO all documents and additional information referred to in articles 3.1. and 3.3. of the standard terms and conditions, the TSO shall within five business days from the receipt of the documents and additional information prepare the transmission service agreement and shall send it to the potential user electronically. In the transmission service agreement, the TSO shall assign to the network user an energy identification code (EIC), unless the network user already has one.

- 3.6 The potential user shall return to the TSO a signed transmission service agreement electronically, or in two copies in case of the transmission service agreement signed in a written form, within ten (10) business days from the day of dispatch of the transmission service agreement. If the potential user does not return to the TSO a signed transmission service agreement within fifteen (15) business days from the day of dispatch of the transmission service agreement, the potential user shall be deemed to have withdrawn its application.
- 3.7 The TSO shall sign the transmission service agreement within three business days from the receipt of the transmission service agreement signed by the potential user and return one copy thereof to the potential user.
- 3.8 The TSO shall notify the potential user of refusal to conclude the transmission service agreement within one business day after the review of the application by sending a notice to the electronic mail address indicated in the application.

4 Capacity allocation

- 4.1 Capacity allocation mechanism set out in these standard terms and conditions shall apply at all entry and exit points with exception on:
 - 4.1.1 Entry/exit Inčukalns UGS entry
 - 4.1.2 Exit to Estonian Domestic consumption
 - 4.1.3 Exit to Latvian Domestic consumption
 - 4.1.4 Entry from Estonian production
 - 4.1.5 Entry from Latvian production
 - 4.1.6 Exit to directly connected customers to the gas transmission system
- 4.2 At entry/exit point Balticconnector:
 - 4.2.1 Capacity is allocated:
 - 4.2.1.1 by implicit capacity allocation rules via trading platform as described under article 4.6.
 - 4.2.1.2 by implicit capacity allocation rules by the TSO as described under article 4.5.
- 4.3 At entry/exit points with 3rd countries:
 - 4.3.1 Capacity is allocated by FCFS rules under article 4.7.
 - 4.3.2 Congestion management rules under article 4.8 apply.
- 4.4 At entry/exit point GMS Kiemenai (Lithuania-Latvia)
 - 4.4.1 Capacity is allocated :
 - 4.4.1.1 by implicit capacity allocation rules via trading platform under article 4.6.
 - 4.4.1.2 by FCFS rules under article 4.7.
 - 4.4.2 Congestion management rules under article 4.8 apply.
- 4.5 **The booking rules of implicit capacity allocation**
 - 4.5.1 Network user shall implicitly be allocated with the capacity on the basis of:
 - 4.5.1.1 Confirmed Nominations which has gone through the TSO's local processing of Nominations and the Matching Process as described in section 4 of this document.
 - 4.5.1.2 Trading at the trading platform(s) using daily quota to implicitly allocate the capacity according to the concluded trades, as described in article 4.6.

4.6 **Implicit capacity allocation booking rules via trading platform**

- 4.6.1 Part of the capacity shall be offered via trading platform of gas exchange(s) that have signed the respective implicit capacity allocation agreement with the TSO.
- 4.6.2 The following information shall be published on TSO's respective website:
 - 4.6.2.1 Information about active gas exchange(s) offering implicit capacity is published on TSO's respective website.
 - 4.6.2.2 The amount of capacity (%) given for a gas exchange.
- 4.6.3 TSO shall treat all gas exchanges offering implicit capacity equally.
- 4.6.4 Amount of capacity given to each respective gas exchange is agreed between TSO and gas exchange operator and any change in the amount of capacity given is communicated via TSO respective website at least three days prior to the change.
- 4.6.5 The residual amount of capacity given for day ahead shall be surrendered by trading platform by the deadline agreed between gas exchange and TSO.
- 4.6.6 TSO shall coordinate daily and within-day offered capacity values given to gas exchange for implicit capacity allocation by the deadline agreed between gas exchange and TSO.
- 4.6.7 TSO shall reserve part of the capacity of their IP's technical capacity for implicit allocation by itself for bilateral agreements between the network users. The exact distribution of capacity allocated by TSO shall be published on TSO's relevant website.

4.7 **First-Come-First-Served (FCFS) capacity booking rules**

- 4.7.1 Following capacity products in firm and/or interruptible basis are offered:
 - 4.7.1.1 Yearly product is the capacity offered by a TSO in the same amount for all gas days of one Gas Year starting on the first (1st) of October;
 - 4.7.1.2 Quarterly product is the capacity offered by a TSO in the same amount for all gas days in a particular Quarter starting from the first (1st) of October, from the first (1st) of January, from the first (1st) of April or from the first (1st) of July, respectively;
 - 4.7.1.3 Monthly product is the capacity offered by a TSO in the same amount for all gas days in a calendar Month (starting on the first day of each month);
 - 4.7.1.4 Daily capacity product is the capacity offered on day ahead basis by a TSO in the same amount for a whole gas day;
 - 4.7.1.5 Within-day capacity product is the capacity offered by a TSO in the same amount from a start time within a particular gas day until the end of the same gas day.
- 4.7.2 TSO taking into account technical restrictions in the system, may offer other capacity products including capacity products with capacity allocation restrictions and capacity delivery restrictions as well as services related there.
- 4.7.3 TSO shall publish capacity allocation restrictions and capacity delivery restrictions, if any, affecting individual entry or exit points.
- 4.7.4 The capacity products shall be expressed in units of energy per unit of time - kWh/day.
- 4.7.5 Network users, which deliver gas to the transmission system, must purchase entry capacity at the entry points.
- 4.7.6 Yearly capacity booking using FCFS principle
 - 4.7.6.1 The network user shall submit the yearly capacity booking application of a long-term capacity 3 months before beginning of the gas year up to 2 months prior to the start of the gas year.

- 4.7.6.2 After receiving the capacity booking application, the TSO shall notify the network user of receiving the capacity booking request and notifies the status of received request.
- 4.7.6.3 If the request for the firm capacity exceeds the available capacity and the network user has not indicated the minimum acceptable quantity the TSO shall reject the capacity booking application and notify the network user. If network user has indicated minimum acceptable quantity and it is less or equal to all available capacity then all available capacity shall be allocated. If network user has indicated minimum acceptable quantity, but it is higher than all available capacity, TSO shall reject the capacity booking application and notify the network user.
- 4.7.6.4 After accepting the booking request the TSO shall make the quantity confirmed available for network user as soon as possible but not later that on next calendar day.
- 4.7.6.5 When notifying the network user of the long-term capacities booked at a given entry and exit point, the TSO will make publicly available total quantities allocated.

- 4.7.7 Short-term capacity booking using FCFS principle
 - 4.7.7.1 The network user shall submit short-term capacity booking applications within the following periods:
 - a) quarterly product starting two (2) months before gas year including respective quarter until 15:00 EE(S)T on a day before respective quarter.
 - b) monthly product starting twenty (20) days before the quarter including the month until 15:00 EE(S)T on a day before the beginning of the respective month;
 - c) daily product not earlier than nine (9) days before the gas month including respective gas day and not later than D-1 15:00 EE(S)T.
 - d) daily capacity product may be booked by submitting nomination as set in section 6 of these standard terms and conditions.
 - e) within-day capacity product is booked only by submitting re-nomination from D-1 17:00 EE(S)T to three (3) hours before end of gas day.
 - 4.7.7.2 After receiving the capacity booking application the TSO shall notify the network user of receiving the capacity booking request and notifies the status of received request.
 - 4.7.7.3 If the request for the firm capacity exceeds the available capacity and the network user has not indicated the minimum acceptable quantity the TSO shall reject the capacity booking application and notify the network user. If network user has indicated minimum acceptable quantity and it is less or equal to all available capacity then all available capacity shall be allocated. If network user has indicated minimum acceptable quantity but it is higher than all available capacity TSO shall reject the capacity booking application and notify the network user.
 - 4.7.7.4 After accepting the booking request the TSO shall make the quantity confirmed available for network user as soon as possible but not later that on next calendar day.
 - 4.7.7.5 When notifying the network user of the capacities booked at a given entry and exit point, the TSO will make publicly available total quantities allocated.

- 4.7.8 Interruptible capacity
 - 4.7.8.1 The TSO shall only offer interruptible capacity at entry-exit zone and IPs with a term of more than one day if the corresponding firm capacity on a monthly, quarterly or annual basis has been sold out or has not been offered. The TSO shall be entitled to offer interruptible Daily capacities at entry-exit points only if the firm capacities for the following gas day have been sold out or have not been offered
 - 4.7.8.2 Interruptible capacity offered will be made available for the booking in the timeframe of the firm capacity. Information about firm capacity will be published at the same place as the information about available firm capacity.

- 4.7.8.3 If the TSO finds necessary to interrupt the provision of interruptible capacity products to the network users to the extent required for the provision of firm capacity, it shall do so by first interrupting the capacity for the network users who were the last to book interruptible capacity.
- 4.7.8.4 TSO shall notify network user of the capacity interruption of the allocated interruptible capacity at least ninety (90) minutes in advance in the matching timeframe by providing the interruption notice to the network user.
- 4.7.8.5 TSO shall have a right to amend gas quantity requested under a nomination or re-nomination for interruptible capacity in order to manage contractual congestion.

5 Management of contractual congestion

- 5.1 Management of contractual congestion is applicable to all the relevant points where capacity booking is done under these standard terms and conditions.
- 5.2 In order to use firm capacity efficiently and to facilitate conditions for network users to book only necessary capacity, when the demand for capacity exceeds the offer, the TSO shall perform procedures of congestion management. TSO shall perform congestion management using the following measures:
 - 5.2.1 accepting surrendered capacity;
 - 5.2.2 applying long-term UIOLI mechanism;
 - 5.2.3 offering secondary capacity market trading.

5.3 Surrendered capacity

- 5.3.1 The network user may submit capacity surrender request for the booked firm capacity to the TSO right after the capacity amount is confirmed until D-1 11:00h local time.
- 5.3.2 The TSO shall reallocate capacity only in case there is a contractual congestion on relevant entry-exit point.
- 5.3.3 The TSO, having received the network user's surrender request regarding the booked firm capacity in case there is a contractual congestion on entry-exit point, shall publish information on the quantity of capacity and the entry and exit point where capacity is surrendered.
- 5.3.4 The TSO shall allocate the surrendered capacity if other network user wish to book the firm capacity at the specific entry or exit point. The surrendered capacity shall be allocated after the available capacity determined before the surrender of capacities has been allocated.
- 5.3.5 In case TSO receive surrender request from several network users, the TSO should reallocate the surrendered capacity to the extent there is demand for it, in timely order that the capacity has been surrendered to the TSO.
- 5.3.6 The TSO shall notify the network user who surrendered capacity of the reallocation of the surrendered capacity to another network user pursuant to the allocation.
- 5.3.7 The network user shall retain its rights and obligations in relation to the surrendered capacity until the TSO has reallocated it in full or in part to another network user. The network user shall be released from the obligation to pay for the reallocated capacity to the extent the TSO has received payment from another network user for the surrendered capacity.
- 5.3.8 The TSO shall allocate the surrendered capacity as the available capacity pursuant to the capacity allocation principles laid out in section 4. In addition, network user shall refrain from any action hindering capacity re-marketing.

5.4 Long Term UIOLI mechanism

- 5.4.1 The TSO has the right to enforce the transfer of yearly booked capacity on a UIOLI basis, if at least one of the following circumstances applies:
- a) The network user uses less than eighty per cent (80%) on average of its contracted capacity both from 1 April until 30 September and from 1 October until 31 March with an effective agreement duration of more than one year and no proper justification is provided to TSO;
 - b) the network user at a given entry or exit point systematically nominates more than 80% of the booked capacity product and re-nominates it downwards below 80%.
- 5.4.2 If the TSO finds that the circumstances set out in article 5.4.1 of these standard terms and conditions apply, the TSO shall notify the relevant network user about the underutilisation.
- 5.4.3 Network user has to provide a justification and reasoning for unused capacity amount within five business days from receiving the notification from TSO.
- 5.4.4 If the network user does not provide valid reasoning the TSO remains the right to apply use it or lose it principle by notifying the network user and the national regulatory authority of any such cases applied.
- 5.4.5 In the case of UIOLI the network user loses the rights for the capacity for the remaining days of that long term product.

5.5 Secondary capacity trading

- 5.5.1 A network user who has booked the capacity products may arrange with another network user and transfer right to use capacity.
- 5.5.2 Network users are not allowed to create financial instruments in connection with capacity contracts sold on the secondary market.
- 5.5.3 The network users agree on a capacity trade and its conditions in advance bilaterally.
- 5.5.4 The network user who transfers a booked capacity and the network user who acquires such capacity shall notify the TSO of the transferred capacity no later than 11.00 EET on a gas day D-1 by submitting to the TSO the following information:
- a) the entry or exit point;
 - b) the quantity of the transferred capacity (kWh/d);
 - c) the start and end date of the period of use of the transmitted capacity product;
 - d) the identification of both parties.
- 5.5.5 The TSO shall confirm a transfer of a booked capacity within one hour after receiving the information from both transaction parties.
- 5.5.6 With the confirmation of the transaction, the network user has acquired the right to use the transferred capacity.
- 5.5.7 The TSO may refuse to confirm a transfer of a capacity booked if:
- a) information about the transfer of the capacity is received only from one network user (one transaction party);
 - b) the information submitted by the network users does not match or is incomplete;
 - c) the quantity of the capacity to be transferred by the network user exceeds the unused capacity of the network user transferring the capacity.
- 5.5.8 Network user shall have the right to change the concluded and confirmed transactions in the secondary capacity market by providing update of the transfer advice document.

- 5.5.9 In order to cancel the TSO-confirmed transactions the network user shall inform the TSO no later than 12.00 EET on gas day D-1.
- 5.5.10 The transaction shall be deemed changed only if both network users who have previously reported on the conclusion of the transaction have informed the TSO about the update of transfer of the transaction. If information about the transaction change is received only from one network user, the transaction shall be deemed not changed, and the TSO shall immediately inform the counterparties thereof.

6 Nomination

- 6.1 Network user wishing to deliver gas shall provide nominations or re-nominations under the following conditions:
 - 6.1.1.1 Nomination submitted by network user for gas volume wished to input into the system are not required to match nominations for gas volume to be released from the system, and vice versa, as gas can be purchased and sold inside the common balancing zone at VTP.
 - 6.1.1.2 If quantity in nomination is bigger than capacity booked by network user for relevant gas day in all entry-exit points except IPs where capacity booking is applied, the nomination exceeding booked capacity for gas day D shall be considered as capacity booking application for additional firm daily capacity.
 - 6.1.1.3 In case when demand for additional firm daily capacity according to article **Error! Reference source not found.** exceeds such capacity offer (available technical capacity) for relevant gas day, additional firm daily capacity requested by the network user shall be allocated using pro-rata principle.
 - 6.1.1.4 In case if there is no available firm daily capacity according to article **Error! Reference source not found.** exceeding acquired firm daily capacity for relevant gas day, nomination is rejected and, additional capacity shall not be granted to network user. Network user shall be informed about possibility to book interruptible capacity if available.
- 6.1.2 Network user shall submit nominations or re-nominations as described in article 6.3 of these standard terms and conditions at:
 - 6.1.2.1 3rd country points:
 - 6.1.2.1.1 Entry/exit Värskä (Russia-Estonia);
 - 6.1.2.1.2 Entry/exit Izborsk (Russia-Estonia);
 - 6.1.2.1.3 Entry/exit Narva with metering at the GMS (Russia-Estonia);
 - 6.1.2.2 Entry/exit Balticconnector IP (Estonia-Finland);
 - 6.1.2.3 Entry/exit GMS Kiemenai (Lithuania-Latvia);
 - 6.1.2.4 Entry/exit Inčukalns UGS entry (Latvia);
 - 6.1.2.5 Exit to Estonian Domestic consumption;
 - 6.1.2.6 Exit to Latvian Domestic consumption;
 - 6.1.2.7 Entry from Estonian production;
 - 6.1.2.8 Entry from Latvian production
- 6.1.3 A network user may correct the nomination by submitting to the TSO a re-nomination as described in article 6.3 of these rules.
- 6.1.4 If a network user does not submit a nomination for gas day D, the TSO shall assume that the network user's nomination equals zero.

- 6.1.5 If nominated quantity is larger than capacity booked by network user for relevant gas day, the nomination is accepted for processing, while network user is notified at the time of receiving the nomination, with exemption on the points where implicit capacity allocation is applicable.
- 6.1.6 If re-nominated quantity is larger than capacity booked by network user for relevant gas day, re-nomination is considered as capacity booking request in the amount that the re-nomination exceeds the capacity already booked.
- 6.1.7 The last (re)nominated and accepted/validated quantity by TSO is taken into account in all the matching processes for that specific gas day.
- 6.2 Content of nomination
 - 6.2.1 In case of nomination or re-nomination to the TSO, the network user shall provide the following information in standard communication protocol containing at least information about:
 - 6.2.1.1 entry/exit point;
 - 6.2.1.2 direction of gas flow;
 - 6.2.1.3 EIC of the network user;
 - 6.2.1.4 EIC of the counterparty related to network user;
 - 6.2.1.5 start and end time of the gas flow for which the nomination or re-nomination is submitted;
 - 6.2.1.6 the gas quantity in kWh requested to be transported;
 - 6.2.1.7 gas day D.
 - 6.3 Nomination and re-nomination submission and approval terms
 - 6.3.1 A network user may submit the nomination for gas day D no later than 13.00 UTC winter time and 12.00 UTC daylight saving time (15:00 local time) gas day D-1.
 - 6.3.2 A network user may submit a re-nomination at any re-nomination period which shall begin immediately after the end of the nomination confirmation deadline and shall end three hours before the end of gas day D. The re-nomination cycle shall start at the start of every hour within the re-nomination period.
 - 6.3.3 If a network user has submitted nomination for gas day D within the deadline set out in article **Error! Reference source not found.** of the standard terms of conditions, the TSO shall notify the network user of the natural gas quantity confirmed for gas day D no later than 15:00 UTC winter time and 14:00 UTC daylight saving time (17:00 local time) on gas day D-1 pursuant to the standard communications protocol set out in annex [Exchange of information] to these standard terms and conditions, stating:
 - 6.3.3.1 whether the nomination is confirmed;
 - 6.3.3.2 whether the natural gas quantity indicated in the nomination has been reduced or rejected as set in article 6.4;
 - 6.3.3.3 whether the natural gas quantity indicated in the nomination is reduced due to the procedure of natural gas quantity matching at the request of the TSO or the adjacent TSO.
 - 6.3.4 During the re-nomination period, a network user shall be entitled to adjust the confirmed nomination for gas day D pursuant to the following:
 - 6.3.4.1 the network user may adjust the confirmed nominations of gas day D from 15.00 UTC winter time and 14.00 UTC daylight saving time (17:00 local time) on gas day D-1 and until 3.00 UTC winter time and 2.00 UTC daylight saving time (5.00 local time) on gas day D-1;
 - 6.3.4.2 the network user may adjust the confirmed nominations for the remaining hours of gas day D-1 from 3.00 UTC winter time and 2.00 UTC daylight saving time (5:00 local time) (on gas day D-

1 and until 2.00 UTC winter time and 1.00 UTC daylight saving time (4.00 local time) on gas day D;

- 6.3.5 The last re-nomination version received from the network user before the re-nomination cycle starts shall be taken as valid.
- 6.3.6 Having received a re-nomination, the TSO within two hours from the beginning of the following re-nomination cycle shall notify the network user whether:
 - 6.3.6.1 the submitted re-nomination has been confirmed,
 - 6.3.6.2 the natural gas quantity has been reduced or rejected due to the matching procedure
- 6.3.7 TSO shall assess only the last nomination/re-nomination timely submitted at specific point for the relevant period.
- 6.3.8 When assessing whether nomination has been submitted on time, TSO shall take into account only time/date of receiving, and not time of sending the nomination.
- 6.3.9 If TSO within two (2) hours from the receipt of nomination does not send network user notice on approval/rejection/reduction, network user shall immediately contact TSO.
- 6.3.10 TSO shall reserve the right to stop re-nomination submission cycle or extend it. TSO shall inform related network users.

6.4 **Nomination and re-nomination reduction and rejection**

- 6.4.1 TSO can reduce nominated gas volume due to technical, crash, gas quality noncompliance and other reasons proportionally.
- 6.4.2 The TSO shall be entitled to reject a nomination or re-nomination, notifying the network user at receiving the nominations if any of the following conditions apply:
 - 6.4.2.1 the content of the nomination or re-nomination does not comply with the requirements set out in article **Error! Reference source not found.**
 - 6.4.2.2 the nomination or re-nomination was submitted by a person who is not entitled to do so under the transmission service agreement;
- 6.4.3 The TSO shall be entitled to reject or reduce the nomination or re-nomination, notifying the network user at the matching conformation if any of the following conditions apply:
 - 6.4.3.1 in the case of acceptance of a daily capacity nomination and re-nomination, the implied nomination flow rate would become negative. Meaning the already imported gas quantity for previous hours is larger than re-nominated quantity;
 - 6.4.3.2 the nomination or re-nomination exceeds the quantity of capacity products offered to be allocated to the network user and additional capacity cannot be allocated via re-nomination taking into account the ramping flow change limitations. Meaning that the hourly flat capacity is not sufficient to technically allow the gas flow change;
 - 6.4.3.3 TSO does not receive information necessary for gas volume reconciliation from the adjacent system operator;
 - 6.4.3.4 in the case of acceptance of a re-nomination, there is an expected change in the natural gas flow direction before the end of the re-nomination period;
 - 6.4.3.5 nomination has been not provided following conditions set out in the standard terms and conditions;
 - 6.4.3.6 in case of an exceptional event or emergency situation where the evident danger occurs to the system security and stability.

6.4.4 If the TSO reject a nomination, the TSO shall use the last confirmed network user's nomination or re-nomination, if any.

6.5 Nomination Matching

6.5.1 TSO shall carry out regular matching procedure and shall verify with the adjacent system operator whether gas volume planned for entry/exit at specific point of the system as indicated in submitted network user nomination comply with gas volume planned for entry/exit as related to network user's nomination.

6.5.2 If provided gas volume indicated in article 6.2 does not match, the adjacent TSOs shall apply matching principles agreed in the cooperation arrangements of relevant interconnection point.

6.5.3 Matching rule for the UGS shall be as follows:

6.5.3.1 The Lesser Rule principle shall not be applicable at the entry point of the transmission system from the entry/exit point of UGS if the UGS operator in accordance with the or rules of use of UGS unilaterally adjusts nominations submitted by the users of UGS. In this case, nomination submitted by the network user shall be adjusted and approved in accordance with the nomination unilaterally adjusted by the UGS operator;

6.5.3.2 After the matching of the quantity of natural gas flow with the adjacent TSO, the UGS operator or the application of the Lesser Rule, the nomination shall be deemed to be confirmed and the TSO shall send to the network user the notification set out in Article **Error! Reference source not found.**6. Upon confirmation of the nomination, the TSO shall inform the adjacent transmission system operator or the UGS operator.

7 Allocation

7.1 General

7.1.1 The TSO shall allocate gas quantity for a network user for each gas day D at each entry or exit point.

7.1.2 A network user's allocation shall be equal to the last confirmed nomination or re-nomination for that gas day D after matching the natural gas quantity with the adjacent system operator at IPs.

7.1.3 A network user's allocation at entry-exit point with UGS is determined following way:

7.1.3.1 Preliminary allocation shall be equal to last confirmed nomination or re-nomination for that gas day D after matching the natural gas quantity with the UGS operator;

7.1.3.2 Final allocation shall be available after update from UGS operator no later than 8th calendar day after end of the month.

7.1.4 A network user's allocation at entry points from 3rd countries shall be determined based on the following criteria:

7.1.4.1 Network user's with fixed delivery agreement allocation shall be equal to the last confirmed nomination or re-nomination;

7.1.4.2 If there is an agreement establishing operational balancing account between adjacent operator or network user(s) and TSO, allocation shall be equal to nomination. The difference between the nominated flow and measured quantity shall be allocated to operational balancing account;

7.1.4.3 In case there is no agreement establishing operational balancing account, TSO shall allocate the difference between the nominated flow and the measured quantity pro-rata to nominated gas quantity of all network users. Allocated gas quantity shall not exceed flexibility limits specified in network user's flexible delivery agreement;

7.1.4.4 If there is no flexible delivery contracts between network user(s) and TSO, then the difference between

the nominated flow and measured quantity shall be allocated pro rata to all network users;

7.1.4.5 Final allocation shall be completed no later than eight (8) calendar days after the end of the month.

7.1.5 A network user's allocation at domestic exit points shall be determined as follows:

7.1.5.1 At non-daily metered points:

- a) to determine the daily gas volume submitted, daily gas consumption data provided by DSOs shall be used;
- b) no later 8th calendar day of the next reporting period, the gas quantities shall be adjusted based on the actual quantities accounted during the reporting period, where the DSO provides such data.

7.1.5.2 At daily metered points:

- a) at exit points where consumers are directly connected to transmission system the allocation shall be determined based on the measured quantity;
- b) at exit points where gas is delivered to distribution systems, network user's allocation shall be equal to measured quantity. Measured quantity shall be determined by TSO based on information received from DSO. TSO shall provide information about allocated quantity next calendar day.
- c) At BNG entry points the allocation shall be determined based on the measured quantity. At one biogas entry point it shall be allowed injection of only one network user. In one biogas portfolio it shall be maximum as many network users as biogas entry points.

7.2 Exchange of information about allocated gas volume

7.2.1 TSO shall provide the network user with information about gas volume allocated to them in two stages: daily and monthly data.

7.2.2 The TSO shall announce to the network user the allocation for gas day D at the specific entry and exit point no later than 14:00 (12.00 UTC winter time and 11.00 UTC summer time) on gas day D+1.

7.2.3 Information about monthly allocation shall be delivered as follows:

7.2.3.1 TSO not later than 10:00 (7 UTC summer time and 8 UTC winter time) of 6th calendar day of following reporting Month, during which gas is transmitted, presents each network user with information about final volume allocated at each exit and entry point which will be used for payment (information submitted on daily and monthly gas volume value and CGV).

7.2.3.2 Gas quantities may be subject to adjustment in cases where either the DSO or the TSO adjust their data on the quantity transported to the delivery point, provided any such adjustment is made for a period not exceeding one year.

8 Reconciliation

8.1 Gas metering data may be re-adjusted during the year in accordance with the data provided by the DSO or by the TSO's adjusted data. Updated data from DSO shall be provided together with the data for the previous reporting period.

8.2 The difference between the preliminary metered quantity and the re-adjusted metered quantity for the particular point will determine the reconciliation quantity for that month.

8.3 Reconciliation quantities are taken into account in following invoicing procedures as described in section 9.

9 Operations and gas entry provisions

9.1 Gas quality

- 9.1.1 Components and quality parameters of the gas at the entry points of the particular common balancing zone country shall correspond to the requirements set out in the applicable legislation;
- 9.1.2 The measurement of natural gas quality shall be performed at:
 - 9.1.2.1 Kiemenai interconnection point;
 - 9.1.2.2 Balticconnector interconnection point;
 - 9.1.2.3 entry points with 3rd countries;
 - 9.1.2.4 entry/exit point with UGS;
- 9.1.3 If gas delivered to the entry point does not correspond the natural gas quality requirements, TSO shall have the right to refuse to accept and transmit the gas.
- 9.1.4 If gas delivered to the exit point does not meet gas quality requirements, the network user shall have the right to refuse to accept such gas by providing the information about the measurement deviation from required parameters as set out in national legislation.

9.2 Accounting of gas quantities

- 9.2.1 The TSO, in cooperation with the adjacent system operators, shall ensure the accounting of the transmitted gas at the entry and exit points and the gas metering locations, recording the quantity, pressure and temperature of the transmitted gas on regular basis with frequency requested by respective legislation.
- 9.2.2 The TSO shall use of energy units (kWh) in the gas accounts and reports.

9.3 Maintenance

- 9.3.1 The TSO shall publish the schedule of works to be performed at the transmission network with indication of gas transmission network construction, reconstruction, and maintenance works planned for the current year, which may affect the rights of the network users provided in these standard terms and conditions.
- 9.3.2 The planned gas network maintenance or the start of connection works of other operators or consumers, during which gas transmission shall be terminated or restricted shall be announced no later than 42 calendar days before the start of works.
- 9.3.3 In case of interruption of transmission services, TSO shall inform the network users individually since when and for what period of time the gas transmission shall be restricted.
- 9.3.4 TSO shall inform about the unplanned termination of interruptible transmission services and the probable time of renewal of such services immediately after the determination of the need of such termination.

10 Suspension or restriction of the transmission system service

- 10.1 The TSO may have the right to take actions that might lead to interruptions/reductions of the capacities in the event of emergency incidents not falling under the scope of Force Majeure events. In the event of such emergency incident, the TSO shall make reasonable efforts and take actions to ensure that continuity of the service is established without an undue delay with the aim to minimize the impact on network users.
 - 10.1.1 The TSO may suspend or restrict the input of gas in the transmission network, its transmission and off-take from the transmission network without prior warning in the following cases:
 - 10.1.1.1 the network user's gas supply network directly connected to the transmission network presents a risk to human life, health or property;
 - 10.1.1.2 the pressure of the gas input flow does not meet the requirements set out in the cooperation agreement

between natural gas network operators or the Connection Agreement;

- 10.1.1.3 an accident has occurred in the transmission network or there is an emergency situation as it is specified in the national law and/or Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010.
- 10.1.1.4 an energy crisis in the country has been announced as it is specified in the national law;
- 10.1.1.5 the transmission network, the distribution network, UGS is damaged which may cause transmission network accidents;
- 10.1.1.6 the transmission network, gas distribution network, UGS has deviated from normal operation or has been damaged and the adjacent TSO, DSO, UGS has requested to immediately stop the transmission of gas to or from such network;
- 10.1.1.7 the input of the gas at the entry points from IPs, 3rd countries is suspended or restricted for reasons beyond the TSO's control;
- 10.1.1.8 the functioning and safety of the transmission network is at risk due to imbalance caused by the network user;
- 10.1.1.9 it is necessary to perform emergency maintenance works to resolve an emergency situation in the transmission network or in the UGS;
- 10.1.1.1 the quality indicators of the natural gas input into the transmission network do not comply with the gas quality requirements;
- 10.1.1.2 When the network user fails to pay for gas transmission services on time and under terms determined in these standard terms and conditions.
- 10.1.2 If the transmission of gas is suspended or restricted the TSO shall publish information about the suspension or restriction of the transmission network service and shall notify the network users.
- 10.1.3 The TSO may suspend or restrict the input of gas in the transmission network, its transmission and off-take from the transmission network by notifying the network user at least 5 calendar days in advance in the following cases:
 - 10.1.3.1 the network user through its act or omission causes threat to the operation and safety of the transmission network or has a negative impact on the quality of gas;
 - 10.1.3.2 it is necessary to perform gas network maintenance or connection works;
 - 10.1.3.3 in other cases provided by the national legislation of each TSO.

11 Invoicing and settlement

- 11.1 The network users shall settle for the transmission system services (the booking of transmission system capacities at the entry and exit point) in accordance with the deadlines and procedures set out in the standard terms and conditions and pursuant to the applicable tariffs set pursuant to the procedure stipulated in the national law of the TSO.
- 11.2 The TSO has the right, in accordance with procedure and on conditions set forth by the TSO's national law, to unilaterally amend the tariffs of the transmission services.
- 11.3 These standard terms and conditions shall not apply to the fee for the provision of transmission services for exit to Estonian domestic consumption. For the exit to Estonian domestic consumption "Standardized terms of domestic gas transmission service at Elering AS" apply.
- 11.4 According to data submitted by DSO, metering data at the delivery locations directly connected to the transmission system and/or according to an act of the transmitted natural gas, TSO shall prepare a report on quantities of the transmitted natural gas for each reporting period and shall submit it to the network user together with an invoice according to the procedure indicated in article 7.2.

- 11.5 The TSO shall submit to the network user an invoice for transmission services provided during the reporting period until the 10th calendar day following the reporting period. The TSO shall indicate in the invoice data of the network user for the reporting period in kWh.
- 11.6 The TSO shall send the invoice to the network user's e-mail address specified in the transmission service agreement. The invoice shall be valid without signature and it shall be replaced with authorization or signed with a secure electronic signature. The date of receipt of the invoice shall be the day of its dispatch.
- 11.7 All payments shall be made in Euros to the TSO's account specified in the transmission service agreement.
- 11.8 The network user shall pay for the transmission system services in a calendar month by 21st day of the following calendar month. If the due date falls on a Saturday, Sunday or national holiday of the country where the TSO has its registered office, the final date of the deadline of invoice payment shall be the following business day.
- 11.9 All payments are deemed to have been made on the date when the corresponding amounts have been credited to the bank account of the party that has issued the invoice. Irrespective of what is indicated in the payment order, any payments received shall be deemed to cover payments obligations in the following order: (1) interest on late payment, (2) outstanding payments for previous reporting periods, (3) current payments.
- 11.10 If the network user fails to pay for the transmission system services provided in the reporting period within the deadline specified in article 11.4, the TSO shall calculate interest of late payment at a rate of 0.05% of the amount not timely paid for each day of delay. Interest of late payment shall be calculated once per month and identified along with other information in the invoice for the transmission system services provided in the previous month.
- 11.11 The principles on the maximum amount of contractual penalties in the country where the TSO has its registered office shall apply.

12 Creditworthiness, credit management and collaterals

- 12.1 In case of conclusion of the transmission service agreement with the Estonian TSO the network user shall present appropriate collateral for the fulfilment of the network user's obligations under the transmission service agreement in accordance with the Estonian national laws or regulations.
- 12.2 Upon the conclusion of the transmission service agreement with the Latvian TSO the network user shall provide a collateral (in the form of a financial service provider's guarantee or a security deposit) for the fulfilment of the network user's obligations under the transmission service agreement in accordance with the criteria and regulations coordinated with the national regulatory authority established under the Latvian jurisdiction.

13 Dispute settlement and applicable law

- 13.1 All disputes and disagreements (hereinafter in this section: Dispute) arising in relation to the implementation of the transmission service agreement and (or) the standard terms and conditions and application of provisions shall be settled by means of mutual negotiations in accordance with the standard terms and conditions and the applicable legal acts. In the event of a Dispute, the party invoking it shall submit to the other party a written notice containing a description of the Dispute, the suggested solution, and the persons authorised to hold negotiations related to the Dispute on

behalf of the party.

- 13.2 In case a TSO and a network user are unable to resolve Dispute through negotiations within thirty (30) business days from its emergency (unless the authorised representatives of the parties have agreed upon a different deadline) in accordance with the procedure and cases described under the national law of the TSO the Dispute shall be referred to the relevant national regulatory authority for the out-of-court examination of the Dispute or directly to the court of the country where the TSO has its registered office.
- 13.3 The transmission service agreement and the standard terms and conditions shall be governed by and construed and interpreted in accordance with national law of the place where the TSO has its registered office.

14 Validity period, amendment and termination of the transmission service agreement

- 14.1 The transmission service agreement shall enter into force upon signature by both parties and after fulfilment of obligations related to guarantees.
- 14.2 The TSO shall have the right to amend the terms and conditions set out in the transmission service agreement, to implement any amendments to the standard terms and conditions, which are coordinated with the relevant national regulatory authority, provided that such amendments are also coordinated between both TSOs operating in the common balancing zone. The TSO shall notify the network user in writing and post these amendments on its website no later than thirty (30) calendar days before the amendments become effective.
- 14.3 The TSO shall furthermore have the right to amend the standard terms and conditions and the balancing agreement in situations stipulated by law, with immediate effect where necessary to comply with applicable laws or regulations and/or legally binding orders made by national or international courts or authorities, including but not limited to administrative rulings and related notifications issued by the national regulatory authorities or to comply with generally approved technical standards, provided that the amended form of the standard terms and conditions and (or) the balancing agreement does not violate any applicable legal acts in force. TSO shall notify network user of any amendments in writing without undue delay.
- 14.4 The transmission service agreement may be terminated by common written agreement between the parties.
- 14.5 The transmission service agreement may be terminated unilaterally if the party gives a 30 calendar days prior notice to the other party on the termination of the transmission service agreement in the event that the latter party fails to comply with or improperly executes the transmission service agreement provided that the party wishing to terminate it has demanded in writing that the material breach be remedied and the other party has not remedied the material breach within 10 (ten) business days of receiving such demand. In such case the party wishing to terminate the transmission service agreement.
- 14.6 Material breach of the transmission service agreement shall cover the following circumstances:
 - 14.7 where a network user fails to make a timely settlement for the transmission services received;
 - 14.8 where a network user, in spite of the existence of grounds as provided for by the standard terms and conditions, fails to submit to the TSO insufficient documentation for a credit approval and/or security for the fulfilment of obligations in accordance with the standard terms and conditions.
- 14.9 The party is entitled to terminate the transmission service agreement without notice if the other party

is declared bankrupt or becomes insolvent, suspends its payments or is subject to compulsory or voluntary liquidation.

14.10 About terminated transmission service agreement TSO shall immediately inform gas exchange operator and DSO, to which distribution systems in accordance with that transmission service agreement natural gas was transported.

14.11 Termination of the transmission service agreement shall not relieve the parties from the performance of all obligations emerged during the validity period of the transmission service agreement.

15 Liability

15.1 The rights and obligations of the parties are laid down in the standard terms and conditions and the prevailing legal acts.

15.2 The network user and TSO are liable for appropriate performance of the requirements established for them in the standard terms and conditions and obligations undertaken within the scope of the transmission service agreement. Liability of the network user and the TSO may be limited or inapplicable only on the grounds established in the legal acts of the country where the TSO has its registered office. Either party shall compensate losses incurred by the other party if the guilty party improperly performs or does not perform the transmission service agreement.

15.3 The TSO shall be only liable for fulfilment of obligations provided for in the legal acts, standard terms and conditions and transmission service agreement, in accordance with the procedure specified in the legal acts, standard terms and conditions and transmission service agreement.

15.4 The party failing to perform in accordance with the transmission service agreement and (or) the standard terms and conditions shall be liable to compensation only for direct loss and/or loss of direct nature caused to the other party, provided there is a causal link between the fault(s) and amounts in dispute.

15.5 A party shall not be held liable for losses caused by the other party to any third parties. Neither party is liable for actions or inaction of third parties.

15.6 The network users compensate other network users, third parties, or properties for damages done through their action or inaction. Damages may not exceed the actual loss and are available only for loss which is proven by the aggrieved party, or where the amount of damages cannot be established with a sufficient degree of certainty, assessed by the court or tribunal. Nothing in these standard terms and conditions shall limit or exclude the TSO's and/ or network user's liability caused by the performance of its obligations under gross negligence, fraud or willful default.

15.7 The TSO shall not be liable for any damage caused by malfunctioning of the online platform used for performing auctions and its improper use, in particular if caused by users not authorized by the system user and/or incorrect data input during the auctions. The network user shall indemnify and hold harmless the TSO against any potential damages incurred by the TSO and/or by third parties resulting from these circumstances.

15.8 The network user shall be liable for the caused damage and suffered by the TSO or third parties through natural gas or BNG gas which does not comply with specifications and shall fully indemnify and hold harmless the TSO in such cases.

15.9 If the quality of gas does not meet the requirements of the standard terms and conditions, the TSO may refuse to input such gas into the transmission system of the common balancing zone and suspend the transmission system services. In such case, the TSO shall not be obliged to compensate

the possible losses caused to the network user through suspension of the transmission system services, whereas the network user balance responsibility remains.

- 15.10 The TSO shall not be liable to the network user for damage suffered by the network user from legal agreements with third parties, even if such legal agreements are required in order to use the transmission services provided by the TSO.

16 Force majeure

- 16.1 TSO and network user shall not be held liable for a full or partial non-performance of the transmission service agreement obligations if caused by *force majeure* circumstances. For the purposes of this section, *force majeure* circumstances shall be an obstacle that has occurred beyond the control of the TSO and network user, prevents it from performing its obligations under the transmission service agreement, and cannot be eliminated by the TSO or network user. Primarily such circumstances are catastrophes, fire, earthquakes and other natural phenomena, warfare, economic sanctions, embargoes or any other circumstances which the TSO and network user could not foresee at the time of entering in the transmission service agreement.
- 16.2 Individual obstacles to the performance of the transmission service agreement obligations having occurred at the time when the defaulted TSO or network user delayed the performance of its transmission service agreement obligations shall not be considered *force majeure* circumstances. For instance, lack of funds shall be an individual obstacle.
- 16.3 The TSO or network user invoking *force majeure* should strive to continue fulfilling their obligations as soon as may reasonably be required, provided that this is possible without incurring unreasonable charges.
- 16.4 If *force majeure* circumstances persist for more than thirty (30) calendar days, the TSO or network user shall enter into negotiations over a suitable solution for the performance of the transmission service agreement obligations. In such case the termination of the transmission service agreement shall only be possible by mutual agreement of the TSO and network user.
- 16.5 The TSO and network user shall immediately, but not later than twenty four (24) hours, notify each other of *force majeure* circumstances. If the parties do not notify of force majeure circumstances, the TSO or network user may not invoke them as grounds of non-performance of the transmission service agreement.
- 16.6 When the *force majeure* circumstances are no longer in place, the TSO and network user shall immediately resume the performance of the obligations which they performed up to the day of emergence of the *force majeure* circumstances, unless agreed otherwise by the TSO and network user.
- 16.7 The parties shall make all reasonable efforts to mitigate the effects of the force majeure event or circumstance and endeavor to ensure as soon as possible that normal performance of the transmission service agreement is re-established.

17 Confidentiality

- 17.1 Data on the quantities of natural gas transmitted to the network user, capacity booked and distributed under the transmission service agreement and other information which become known in performing the activities of the TSO shall be considered and safeguarded as commercially sensitive information in compliance with the applicable laws and regulations.

- 17.2 The parties shall treat and keep all information such as but not limited to information of business, legal, technical, financial nature obtained by one party from the other in any form, such as but not limited to in writing, orally, virtually or electronically, as confidential. Parties shall not disclose any such confidential information to any third party without the prior written consent of the other party, except where needed for the proper performance of the transmission service agreement to the parties.
- 17.3 The TSO shall provide the data specified in article 17.1 to undertakings engaged in UGS, distribution or liquefaction activities to the extent as necessary for the proper execution of these standard terms and conditions as well as to institutions entitled to regulate, control and/or inspect undertakings involved in energy activities, in accordance with the procedure established by legal acts.
- 17.4 The TSO may provide the data specified in article 17.1 to institutions, organizations, and undertakings performing natural gas sector research, preparing reviews, and carrying out other similar activities, provided that the institutions, organizations, and undertakings specified in this article submit a written request to disclose data with indication the purpose of the use of those data and provide a written consent of the network user regarding the disclosure of the data, wherein the degree of detail of the disclosure of the data is specified (transmitted quantities/booked capacity; date/period; entry/exit point).
- 17.5 The TSO may provide the data specified in article 17.1 if the information is already in public domain or the information is already available to the receiving party from another source without breaching of the present clause.
- 17.6 The TSO shall provide the data specified in section 15 to law enforcement agencies which, in accordance with the procedure established by legal acts, have the right to demand and receive such data.
- 17.7 The confidentiality obligations under this section are binding upon the parties for the entire duration of the transmission service agreement and shall survive after its termination or expiry. As the case may be, the confidentiality obligations under this section will cease to apply from the moment that the information enters into the public domain without breaching the present clause.

18 Provisions applicable for the transition period

- 18.1 Gas year for the 2020 year shall be for the period from 1st of January 2020 to 1st of October 2020.
- 18.2 For the gas year 2020 the 1st quarter of the gas year is not bookable under the terms set out in these rules.
- 18.3 Capacity booking period for gas year of 2020 shall begin from 1st of November 2019 and shall end at 1st of December 2019.
- 18.4 2nd Quarter product of the gas year 2020 is offered from 1st of December 2019 up to 20th December 2019.
- 18.5 First gas monthly product offered is for January and shall be available for booking based on booking period set out in these standard terms and conditions.
- 18.6 First daily product offered is for gas day of January 1st 2020 and shall be available for booking based on booking period set out in these standard terms and conditions.
- 18.7 All day and within day capacity products are available for booking starting from the 1st of January and in the deadlines set out in these standard terms and conditions.

19 Final provisions

- 19.1 These standard terms and conditions and transmission service agreement exist in both national language (according to the place where the TSO has its registered office) and English versions, any conflicts between them are unintentional. The official language of business shall be national and English. In case of discrepancies or inconsistencies between different language versions of the balancing agreement, the English language version shall prevail.
- 19.2 Documents intended for national institutions shall be drawn in the national language or their translation into the national language complying with the requirements set forth in the legal acts.
- 19.3 All the appendices specified in these standard terms and conditions shall form an integral part of these standard terms and conditions. These standard terms and conditions and all the annexes specified in these standard terms and conditions shall constitute an integral part of the transmission service agreement.
- 19.4 Procedures, document forms, and/or other requirements specified in these standard terms and conditions are published on the internet website of the TSO.
- 19.5 The network users who have a contractual arrangement in force for the provision of transmission services and the balancing in the transmission system with the TSO in force on 31 December, 2019 and who want to receive the transmission system services in the common balancing zone shall be under the obligation to submit to the TSO the application and documents set out in article 3 of these standard terms and conditions with a pre-condition that the balancing agreement is concluded with the same TSO in accordance with the balancing rules of the common balancing zone.
- 19.6 These standard terms and conditions shall enter into force and become effective on 1st of January 2020.