

**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 - the TSO and, where appropriate, jointly TSOs) and the transmission network users (hereinafter - separately as party and jointly as the parties) in relation to the use of the gas transmission systems capacity booking and nominations in the combined balancing zones consisting of Estonia and Latvia.
- 1.2 The network users who have concluded a balancing agreement with one TSO for the operation in the common balancing zone shall conclude transmission service agreement with the same TSO 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;
 - 1.3.3 in a non-discriminatory way to any type of gas in so far as such gases can technically and safely be injected into, and transported through, the transmission networks of the combined balancing zones of Estonia and Latvia in accordance with the applicable relevant national technical rules and safety standards, provided that such gases comply with the applicable gas quality requirements.
- 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 Third 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 underground gas storage facility 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 Entry point from LNG facility.
- 1.6 The network user shall, when contacting the TSO in the cases provided for in these standard terms and conditions, submit information and documents to the TSO either in English or the national language of the country where the TSO has its registered office. The information and documents laid down in these standard terms and conditions and sent electronically shall be signed with a secure electronic signature, unless the TSO and the network user agree otherwise.

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 **Applicant** means a person who submits an application to the TSO to acquire the rights to use the transmission system of the common balancing zone. **Biomethane** means the biogas which has been upgraded with a view to meeting the quality specifications for natural gas injected to the transmission system.
- 2.3 **Business day** means any day from Monday to Friday that is not a public holiday in any of the countries in the common balancing zone.
- 2.4 **Capacity booking application** means a request which a network user submits to the TSO regarding the booking of capacity using the standard communication protocol.
- 2.5 **Common balancing zone** means the combined Estonian and Latvian balancing zones in which an imbalance position for each network user is determined and where these standard terms and conditions apply.
- 2.6 **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.
- 2.7 **Connection agreement** means the agreement between the connected party and the TSO concerning the connected party's connection to the gas transmission network.
- 2.8 **Counterparty** within the meaning of these standard terms and conditions 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 gas to the network user at the entry and exit points of the transmission system, or the network user delivers gas to him.
- 2.9 **Capacity booking** means the procedure of online booking of transmission capacity using the standard communication protocol.
- 2.10 **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.
- 2.11 **Entry capacity** means the transmission system capacity at a given entry point.
- 2.12 **Entry point** means a physical or virtual point where gas is delivered to the transmission system, and where the transmission of gas through the gas transmission system begin.
- 2.13 **Exit capacity** means the capacity of the transmission system at a given exit point.
- 2.14 **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.
- 2.15 **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.

- 2.16 **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.
- 2.17 **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).
- 2.18 **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).
- 2.19 **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 gas quantity input into the transmission system differs from the aggregate gas quantity off-taken from the transmission system based on the metering data.
- 2.20 **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.
- 2.21 **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.
- 2.22 **Network user** within the meaning of these standard terms and conditions means a customer or a potential customer of a TSO, and transmission system operators themselves in so far as it is necessary for them to carry out their functions in relation to transmission. Functions as listed, but not limited to:
- 2.22.1 Transport gas to/from transmission network via entry-exit points and/or
- 2.22.2 Trades gas to/from the virtual trading point as trading participant and/or
- 2.22.3 Books and uses capacity under a transmission service agreement.
- 2.23 **Production** within the meaning of these standard terms and conditions means gas injected into a TSO network by the gas producer from the production installation that uses renewable energy sources or fossil energy sources.
- 2.24 **Re-nomination** means the subsequent reporting of a changed nomination.
- 2.25 **Reporting period** means the time period of one gas month.
- 2.26 **Standard communication protocol** means the format of information exchange between the TSO and the network user according to EDIG@S standard.
- 2.27 **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 within the common balancing zone.
- 2.28 **Long Term Use It Or Lose It (hereinafter - UIOLI)** means a procedure of reallocation of transmission system capacities systematically booked but not used in case of the request of other network users for the firm capacity.
- 2.29 **Within day capacity product** means one hour or up to 24 consecutive hours within a particular gas

day until the end of the same gas day.

- 2.30 **Fixed delivery agreement** means type of gas sale - purchase agreement where gas is supplied in accordance to in advance arranged delivery schedule.
- 2.31 **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
- 2.32 Other terms used in these standard terms and conditions and not explicitly defined in this section shall be understood as they are defined within the meaning of the applicable EU legislation.

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 any of the TSOs, operating in the common balancing zone, 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 information about the applicant's credit rating awarded by a commonly known credit agency or rating agency (not required if it is planned to provide a collateral pursuant to section 13 of these standard terms and conditions);
 - 3.1.6 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;
- 3.2 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 three business days, shall notify the TSO thereof.
- 3.3 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.
- 3.4 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.
- 3.5 The TSO shall evaluate the application referred to in article 3.1 and the documents appended thereto

within 10 business days from the date of receipt thereof. The TSO may request the applicant to submit the missing documents and additional information.

- 3.6 If the TSO has requested the potential user to submit additional information or documents, the potential user shall submit such within ten 10 business days 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.
- 3.7 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.
- 3.8 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 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 15 business days from the day of dispatch of the transmission service agreement, the potential user shall be deemed to have withdrawn its application.
- 3.9 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.
- 3.10 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. The TSO shall send a motivated written refusal to conclude the transmission service agreement electronically or by post to the address indicated in the application within the time period established under the laws of the country where the TSO has its registered office.

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 underground gas storage facility entry;
 - 4.1.2 Exit to Estonian Domestic consumption;
 - 4.1.3 Exit to Latvian Domestic consumption.
- 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 4.7;
 - 4.2.1.2 by implicit capacity allocation rules by the TSO as described under article 4.6.
- 4.3 At entry/exit points with third countries:
 - 4.3.1 Capacity is allocated by FCFS rules under article 4.8.
 - 4.3.2 Congestion management rules under article 5 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 4.7.
 - 4.4.1.2 by FCFS rules under article 4.8.
- 4.4.2 Congestion management rules under article 5 apply.
- 4.5 At Entry points from Estonian and Latvian production:
 - 4.5.1 Capacity is allocated by FCFS rules under article 4.8.
- 4.6 The booking rules of implicit capacity allocation
 - 4.6.1 Network user shall implicitly be allocated with the capacity on the basis of:
 - 4.6.1.1 Confirmed quantities which has gone through the TSO's local processing of nominations and the matching process as described in section 6 of this document.
 - 4.6.1.2 Trading at the trading platform(s) using daily quota to implicitly allocate the capacity according to the concluded trades, as described in article 4.7.
- 4.7 Implicit capacity allocation booking rules via trading platform
 - 4.7.1 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.
 - 4.7.2 The implicit capacity allocation method shall be applicable to at least day-ahead capacities, other products can be added in cooperation with trading platform.
 - 4.7.3 The following information shall be published on TSO's respective website:
 - 4.7.3.1 Information about active gas exchange(s) offering implicit capacity is published on TSO's respective website.
 - 4.7.3.2 The amount of capacity (%) given for a gas exchange.
 - 4.7.4 The amount of capacity given for trading platform(s) is determined based on historical data and on the principle of minimising capacity shortage either for implicit capacity allocation via trading platform and for implicit capacity allocation via confirmed quantities. In case on previous day all capacity given to trading platform(s) was allocated, the trading platform(s) may request amount of capacity to be increased by five per cent. In case on previous day all capacity available for allocation by confirmed quantities was allocated and all capacity given to trading platform(s) was allocated, the amount of capacity given for trading platform(s) is reduced by five per cent.
 - 4.7.5 TSO shall treat all gas exchanges offering implicit capacity equally.
 - 4.7.6 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.
 - 4.7.7 The residual amount of capacity given for day ahead shall be surrendered by trading platform by the deadline agreed between gas exchange and TSO.
 - 4.7.8 TSO shall coordinate all of the offered capacity values given to gas exchange for implicit capacity allocation by the deadline agreed between gas exchange and TSO in order to maximise the capacity amount.
- 4.8 First-Come-First-Served (FCFS) capacity booking rules
 - 4.8.1 Following capacity products in firm and/or interruptible basis are offered:
 - 4.8.1.1 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;
 - 4.8.1.2 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 of October, from the first of January, from the first of April or from the first of July, respectively;

- 4.8.1.3 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);
- 4.8.1.4 Day-ahead capacity product is the capacity offered on day ahead basis by a TSO in the same amount for a whole gas day;
- 4.8.1.5 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.
- 4.8.2 The capacity products shall be expressed in units of energy per unit of time - kWh/day.
- 4.8.3 Network users, which deliver gas to or from the transmission system of the common balancing zone, must book corresponding entry or exit capacity at the entry or exit points.
- 4.8.4 Yearly capacity booking using FCFS principle
 - 4.8.4.1 The network user shall submit the yearly capacity booking application of a long-term capacity three months before beginning of the gas year until 15:00 EE(S)T on a day before respective gas year.
 - 4.8.4.2 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.
 - 4.8.4.3 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.
 - 4.8.4.4 After accepting the booking request the TSO shall make the quantity confirmed available for network user as soon as possible but not later than on next calendar day.
 - 4.8.4.5 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.
- 4.8.5 Short-term capacity booking using FCFS principle
 - 4.8.5.1 The network user shall submit short-term capacity booking applications within the following periods:
 - a) quarterly product starting two months before gas year including respective quarter until 15:00 EE(S)T on a day before respective quarter.
 - b) monthly product starting 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) day-ahead product not earlier than 14 days before the gas month including respective gas day and not later than D-1 15:00 EE(S)T.
 - d) within-day capacity product not earlier than nine conformation deadline of nomination 17:00 EE(S)T and not later than three hours before the end of gas day.
 - e) within-day interruptible capacity product is in addition booked by submitting re-nomination from D-1 17:00 EE(S)T to three hours before end of gas day.
 - 4.8.5.2 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.
 - 4.8.5.3 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.
 - 4.8.5.4 After accepting the booking request the TSO shall make the quantity confirmed available for network user as soon as possible but not later than on next calendar day.
 - 4.8.5.5 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.

4.8.6 Interruptible capacity

- 4.8.6.1 The TSO shall only offer interruptible capacity at the common balancing zone entry and exit points and interconnection points 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 day-ahead capacities at entry-exit points only if the firm capacities for the following gas day have been sold out or have not been offered.
- 4.8.6.2 Interruptible capacity offered will be made available for the booking in the timeframe of the firm capacity or given for overnomination. Information about interruptible capacity will be published at the same place as the information about available firm capacity.
- 4.8.6.3 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.
- 4.8.6.4 TSO shall notify network user of the capacity interruption of the allocated interruptible capacity at least 90 minutes in advance in the matching timeframe by providing the interruption notice to the network user.
- 4.8.6.5 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 applied 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 Surrendered capacity;
 - 5.2.2 Long-term UIOLI mechanism;
 - 5.2.3 Oversubscription and buyback scheme.
- 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 Capacity surrender is made available for longer than day-ahead products (monthly, quarterly, yearly).
 - 5.3.3 The TSO shall reallocate capacity only in case there is a contractual congestion on relevant entry-exit point.
 - 5.3.4 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.
 - 5.3.5 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.
 - 5.3.6 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.

- 5.3.7 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.
- 5.3.8 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.
- 5.3.9 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 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 Relevant network user after notification from TSO about the underutilisation has 10 calendar days to sell the underutilised part on the secondary market.
- 5.4.4 The network user shall retain its rights and obligations under the transmission service agreement until the capacity is reallocated by the TSO and to the extent the capacity is not reallocated by the TSO.
- 5.4.5 In the case of network user has not conformed with article 5.4.3 the network user loses the unused part of contracted capacity partially or completely.
- 5.5 Oversubscription and buy-back scheme
- 5.5.1 Having received a Network User's capacity booking request and in cases of contractual congestion, the TSO having assessed statistical data of booked and used capacities at a certain entry/exit point during the previous period, and having established that not all technical capacities at that point are historically exploited, and having regard to the possible scenarios of the unused amount of capacity at a given point during the specific period, shall offer to the market additional capacity, i.e. capacity exceeding technical capacity.
- 5.5.2 By offering additional capacity, the TSO shall take into account the associated potential risks and the likelihood of repurchase of capacity in the market.
- 5.5.3 The Network User shall submit to TSO its request to buy additional capacity for day D no later than by 10:00 h of day D-1. The TSO shall calculate additional capacity no later than by 12:00 h of day D-1 and inform Network Users about additional capacity. If day D-1 is an official holiday or a weekend day, the Network User shall submit a request to buy additional capacity, and the TSO shall calculate additional capacity and inform Network Users thereof on the last working day preceding day D-1.
- 5.5.4 In a situation where all network users want to use 100% of the capacity booked; however, the TSO is unable to meet the needs of network users, the TSO shall apply the capacity buy-back procedure

aiming to repurchase the amount of capacity booked exceeding technical capacity from the Network users in the secondary market.

- 5.5.5 The TSO shall inform the network users about the quantity and price of buy-back capacity to be redeemed during a given period no later than by 12:00 of day D.
- 5.5.6 The price of buy-back of capacities may not be higher than the price set for the within-day capacities for that day, multiplied by coefficient 3.
- 5.5.7 All network users, who have booked firm transmission capacities for the day for which the buy-back procedure is organized, may take part in the capacity buy-back procedure.
- 5.5.8 Network users taking part in capacity buy-back procedure shall submit their offers to sell back capacities to TSO no later than by 14:00 h of day D. When submitting an offer to sell back capacities, the network user shall indicate the quantity and the price of capacities offered for buy-back.
- 5.5.9 The TSO shall have the right to uphold the offer for capacity buy-back submitted by the network user in full or in part.
- 5.5.10 The TSO shall buy back capacities pursuant to the principle of the lowest price, i.e. first of all buying back capacities, which network users have offered to buy back at the lowest price.
- 5.5.11 The TSO shall inform the network user about its consent to buy back capacities no later than by 16:00 h of day D.
- 5.5.12 Having received from the TSO information about transmission capacities to be bought back, the network user shall submit the re-nomination, reducing gas volume to be transported by the amount of the capacity sold.
- 5.5.13 In cases where the TSO does not buy back the necessary capacity amount after the capacity buy-back procedure and cannot fulfil all nominations approved for day D, the TSO shall restrict firm transmission capacities. In the performance of restriction of firm capacities, the shortest capacity products (starting with within-day capacities) shall be restricted first of all. Firm capacities of the same duration shall be restricted in proportion to the amount of nomination submitted for day D.

6 Secondary capacity trading

- 6.1 A network user who has booked the capacity products may arrange with another network user and transfer right to use the unused capacities.
- 6.2 Network users are not allowed to create financial instruments in connection with capacity contracts sold on the secondary market.
- 6.3 The network users agree on a capacity trade and its conditions in advance bilaterally.
- 6.4 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:
 - 6.4.1 the entry or exit point;
 - 6.4.2 the quantity of the transferred capacity (kWh/d);
 - 6.4.3 the start and end date of the period of use of the transmitted capacity product;
 - 6.4.4 the identification of both parties.
- 6.5 The TSO shall confirm a transfer of a booked capacity within one hour after receiving the information from both transaction parties.
- 6.6 With the confirmation of the transaction, the network user has acquired the right to use the

transferred capacity.

- 6.7 The TSO may refuse to confirm a transfer of a capacity booked if:
 - 6.7.1 information about the transfer of the capacity is received only from one network user (one transaction party);
 - 6.7.2 the information submitted by the network users does not match or is incomplete;
 - 6.7.3 the quantity of the capacity to be transferred by the network user exceeds the unused capacity of the network user transferring the capacity.
- 6.8 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.
- 6.9 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.
- 6.10 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.

7 Nomination

- 7.1 Network user wishing to deliver gas shall provide nominations or re-nominations under the following conditions:
 - 7.1.1 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 the virtual trading point.
 - 7.1.2 If quantity in nomination is bigger than capacity booked by network user for relevant gas day in all entry-exit points where capacity booking is applied, the nomination exceeding booked capacity for gas day D shall be considered as interruptible capacity booking application for additional firm within day capacity.
 - 7.1.3 In case if there is no available firm within day capacity for relevant gas day, renomination 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.
- 7.2 Network user shall submit nominations or re-nominations as described in article 7.9 of these standard terms and conditions at:
 - 7.2.1 Third country points:
 - 7.2.1.1 Entry/exit Värskä (Russia-Estonia);
 - 7.2.1.2 Entry/exit Izborsk (Russia-Estonia);
 - 7.2.1.3 Entry/exit Narva with metering at the GMS (Russia-Estonia);
 - 7.2.2 Entry/exit Balticconnector IP (Estonia-Finland);
 - 7.2.3 Entry/exit GMS Kiemenai (Lithuania-Latvia);
 - 7.2.4 Entry/exit Inčukalns underground gas storage facility entry (Latvia);
 - 7.2.5 Exit to Estonian Domestic consumption;
 - 7.2.6 Exit to Latvian Domestic consumption;
 - 7.2.7 Entry from Estonian production;
 - 7.2.8 Entry from Latvian production
- 7.3 A network user may correct the nomination by submitting to the TSO a re-nomination as described

in article 7.9 of these rules.

- 7.4 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.
- 7.5 If nominated quantity is larger than capacity booked by network user for relevant gas day, the nomination is rejected, while network user is notified at the time of receiving the nomination, with exemption on the points where implicit capacity allocation is applicable.
- 7.6 If re-nominated quantity is larger than capacity booked by network user for relevant gas day, re-nomination is considered as capacity booking request for interruptible capacity if it is available in the amount that the re-nomination exceeds the capacity already booked.
- 7.7 The last (re)nominated and accepted/validated quantity by TSO is taken into account in all the matching processes for that specific gas day.
- 7.8 Content of nomination
 - 7.8.1 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:
 - 7.8.1.1 entry/exit point;
 - 7.8.1.2 direction of gas flow;
 - 7.8.1.3 EIC of the network user;
 - 7.8.1.4 EIC of the counterparty related to network user;
 - 7.8.1.5 start and end time of the gas flow for which the nomination or re-nomination is submitted;
 - 7.8.1.6 the gas quantity in kWh/h requested to be transported during each hour of the gas day;
 - 7.8.1.7 gas day D for which the nomination is applicable.
 - 7.9 Nomination and re-nomination submission and approval terms
 - 7.9.1 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 gas day D-1.
 - 7.9.2 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
 - 7.9.3 During the renomination period network user can only update the hours that have not entered the matching process in accordance to the matching timeline in section 7.11.
 - 7.9.4 If a network user has submitted nomination for gas day D within the deadline set out in article 7.11, the TSO shall notify the network user of the gas quantity confirmed for gas day D no later than 15:00 UTC winter time and 14:00 UTC daylight saving time on gas day D-1 pursuant to the standard communications protocol, which is available on the TSO's website, stating:
 - 7.9.4.1 whether the nomination is confirmed;
 - 7.9.4.2 whether the gas quantity indicated in the nomination has been reduced or rejected as set in article 7.10;
 - 7.9.4.3 whether the gas quantity indicated in the nomination is reduced due to the procedure of gas quantity matching at the request of the TSO or the adjacent TSO.
 - 7.9.5 During the re-nomination period, a network user shall be entitled to adjust the confirmed quantity for gas day D that have not entered matching procedure pursuant to the following:
 - 7.9.5.1 the network user may adjust the confirmed quantities of gas day D from 15.00 UTC winter time and 14.00 UTC daylight saving time on gas day D-1 and until 3.00 UTC winter time and 2.00 UTC daylight saving time on gas day D-1;
 - 7.9.5.2 the network user may adjust the confirmed quantities for the remaining hours that have not entered

matching procedure of gas day D-1 from 3.00 UTC winter time and 2.00 UTC daylight saving time (on gas day D-1 and until 2.00 UTC winter time and 1.00 UTC daylight saving time on gas day D;

- 7.9.6 The last re-nomination version received from the network user before the re-nomination cycle starts shall be taken as valid.
- 7.9.7 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:
 - 7.9.7.1 the submitted re-nomination has been confirmed,
 - 7.9.7.2 the gas quantity has been reduced or rejected due to the matching procedure
- 7.9.8 TSO shall assess only the last nomination/re-nomination timely submitted at specific point for the relevant period.
- 7.9.9 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.
- 7.9.10 TSO shall reserve the right to stop re-nomination submission cycle or extend it. TSO shall inform related network users of any such situation.

7.10 Nomination and re-nomination reduction and rejection

- 7.10.1 TSO can reduce nominated gas volume due to technical, crash, gas quality noncompliance and other reasons proportionally.
- 7.10.2 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:
 - 7.10.2.1 the content of the nomination or re-nomination does not comply with the requirements set out in article 7.8.1.
 - 7.10.2.2 the nomination or re-nomination was submitted by a person who is not entitled to do so under the transmission service agreement;
- 7.10.3 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:
 - 7.10.3.1 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;
 - 7.10.3.2 TSO does not receive information necessary for gas volume reconciliation from the adjacent system operator;
 - 7.10.3.3 in the case of acceptance of a re-nomination, there is an expected change in the gas flow direction before the end of the re-nomination period;
 - 7.10.3.4 nomination has been not provided following conditions set out in the standard terms and conditions;
 - 7.10.3.5 in case of an exceptional event or emergency situation where the evident danger occurs to the system security and stability.
- 7.10.4 If the TSO reject a nomination, the TSO shall use the last confirmed network user's nomination or re-nomination, if any.

7.11 Nomination Matching

- 7.11.1 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.

- 7.11.2 If provided gas volume indicated in nominations does not match, the adjacent TSOs shall apply matching principles agreed in the cooperation arrangements of relevant interconnection point.
- 7.11.3 Matching rule for the Inčukalns underground gas storage facility shall be lesser rule.
- 7.11.3.1 After the matching of the quantity of gas flow with the adjacent TSO, the Inčukalns storage system 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.** Upon confirmation of the nomination, the TSO shall inform the adjacent transmission system operator or the Inčukalns storage system operator.

8 Allocation

8.1 General

- 8.1.1 The TSO shall allocate gas quantity for a network user for each gas day D at each entry or exit point.
- 8.1.2 A network user's allocation shall be equal to the last confirmed quantity or re-nomination for that gas day D after matching the gas quantity with the adjacent system operator at interconnection point.
- 8.1.3 A network user's allocation at entry-exit point with Inčukalns underground gas storage facility is determined following way:
- 8.1.3.1 Preliminary allocation shall be equal to last confirmed quantity or re-nomination for that gas day D after matching the gas quantity with the Inčukalns storage system operator;
- 8.1.3.2 Final allocation shall be available after update from Inčukalns storage system operator no later than 8th calendar day after end of the month.
- 8.1.4 A network user's allocation at entry points from third countries shall be determined based on the following criteria:
- 8.1.4.1 Network user's with fixed delivery agreement allocation shall be equal to the last confirmed quantity or re-nomination;
- 8.1.4.2 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;
- 8.1.4.3 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;
- 8.1.4.4 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;
- 8.1.4.5 Final allocation shall be completed no later than 8 calendar days after the end of the month.
- 8.1.5 A network user's allocation at domestic exit points shall be determined as follows:
- 8.1.5.1 At non-daily metered points:
- a) to determine the daily gas volume submitted, daily gas consumption data provided by forecasting party shall be used;
 - c) 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 distribution system operator provides such data.
- 8.1.5.2 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;
- d) 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 distribution system operator. TSO shall provide information about allocated quantity next calendar day.
- e) At biomethane entry points the allocation shall be determined based on the measured quantity. At one biomethane entry point it shall be allowed injection of only one network user.

8.2 Exchange of information about allocated gas volume

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

8.2.2 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.

8.2.3 Information about monthly allocation shall be delivered as follows:

8.2.3.1 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).

8.2.3.2 Gas quantities may be subject to adjustment in cases where either the distribution system operator 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.

9 Reconciliation

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

9.2 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.

9.3 Reconciliation quantities are taken into account in following invoicing procedures as described in section 10.

10 Operations and gas entry provisions

10.1 Gas quality

10.1.1 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;

10.1.2 The measurement of gas quality shall be performed at:

10.1.2.1 Kiemenai interconnection point;

10.1.2.2 Balticconnector interconnection point;

10.1.2.3 entry points with third countries;

10.1.2.4 entry/exit point with Inčukalns underground gas storage facility;

10.1.2.5 entry point with LNG facility;

10.1.2.6 entry from Latvian/Estonian production.

10.1.3 If gas delivered to the entry point does not correspond the gas quality requirements, TSO shall have the right to refuse to accept and transmit the gas.

- 10.1.4 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.
- 10.2 Accounting of gas quantities
- 10.2.1 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.
- 10.2.2 The TSO shall use of energy units (kWh) in the gas accounts and reports.
- 10.3 Maintenance
- 10.3.1 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.
- 10.3.2 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 immediately when the TSO becomes aware or should have become aware, but no later than 42 calendar days before the start of works.
- 10.3.3 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.
- 10.3.4 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.

11 Suspension or restriction of the transmission system service

- 11.1 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.
- 11.1.1 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:
- 11.1.1.1 the network user's gas supply network directly connected to the transmission network presents a risk to human life, health or property;
- 11.1.1.2 the pressure of the gas input flow does not meet the requirements set out in the cooperation agreement between gas network operators or the connection agreement between TSO and party connected to the transmission network;
- 11.1.1.3 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.
- 11.1.1.4 an energy crisis in the country has been announced as it is specified in the national law;
- 11.1.1.5 the transmission network, the distribution network, Inčukalns underground gas storage facility is damaged which may cause transmission network accidents;

- 11.1.1.6 the transmission network, gas distribution network, Inčukalns underground gas storage facility has deviated from normal operation or has been damaged and the adjacent TSO, distribution system operator, Inčukalns storage system operator has requested to immediately stop the transmission of gas to or from such network;
- 11.1.1.7 the input of the gas at the entry points from interconnection points, third countries is suspended or restricted for reasons beyond the TSO's control;
- 11.1.1.8 the functioning and safety of the transmission network is at risk due to imbalance caused by the network user;
- 11.1.1.9 it is necessary to perform emergency maintenance works to resolve an emergency situation in the transmission network or in the Inčukalns underground gas storage facility;
- 11.1.1.10 the quality indicators of the gas input into the transmission network do not comply with the gas quality requirements;
- 11.1.1.11 when the network user fails to pay for gas transmission services on time and under terms determined in these standard terms and conditions.
- 11.1.2 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.
- 11.1.3 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 five calendar days in advance in the following cases:
 - 11.1.3.1 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;
 - 11.1.3.2 it is necessary to perform gas network maintenance or connection works;
 - 11.1.3.3 in other cases provided by the national legislation of each TSO.

12 Invoicing and settlement

- 12.1 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.
- 12.2 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.
- 12.3 Network users are invoiced for capacity products based on the tariffs applicable at the time, when the capacity is used and when the transmission system services by the TSO are provided.
- 12.4 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.
- 12.5 According to data submitted by the distribution system operator, metering data at the delivery locations directly connected to the transmission system and/or according to an act of the transmitted gas, TSO shall prepare a report on quantities of the transmitted gas for each reporting period and shall submit it to the network user together with an invoice according to the procedure indicated in article 8.2.
- 12.6 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.
- 12.7 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.

- 12.8 All payments shall be made in Euros to the TSO's account specified in the transmission service agreement.
- 12.9 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.
- 12.10 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.
- 12.11 If the network user fails to pay for the transmission system services provided in the reporting period within the deadline specified in article 12.9, 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.
- 12.12 The principles on the maximum amount of contractual penalties in the country where the TSO has its registered office shall apply.

13 Creditworthiness, credit management and collaterals

- 13.1 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 Annex 1 to the standard terms and conditions.
- 13.2 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 provided in Annex 2 of these standard terms and conditions.

14 Dispute settlement and applicable law

- 14.1 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.
- 14.2 In case a TSO and a network user are unable to resolve Dispute through negotiations within 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.

- 14.3 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.

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

- 15.1 The transmission service agreement shall enter into force upon signature by both parties and after fulfilment of obligations related to guarantees.
- 15.2 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.
- 15.3 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.
- 15.4 The transmission service agreement may be terminated by common written agreement between the parties.
- 15.5 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 business days of receiving such demand. In such case the party wishing to terminate the transmission service agreement.
- 15.6 Material breach of the transmission service agreement shall cover the following circumstances:
- 15.7 where a network user fails to make a timely settlement for the transmission services received;
- 15.8 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.
- 15.9 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.
- 15.10 About terminated transmission service agreement TSO shall immediately inform gas exchange operator and the distribution system operator, to which distribution systems in accordance with that

transmission service agreement gas was transported.

- 15.11 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.

16 Liability

- 16.1 The rights and obligations of the parties are laid down in the standard terms and conditions and the prevailing legal acts.
- 16.2 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.
- 16.3 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.
- 16.4 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.
- 16.5 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.
- 16.6 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.
- 16.7 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.
- 16.8 The network user shall be liable for the caused damage and suffered by the TSO or third parties through gas which does not comply with specifications and shall fully indemnify and hold harmless the TSO in such cases.
- 16.9 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.
- 16.10 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.

17 Force majeure

- 17.1 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.
- 17.2 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.
- 17.3 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.
- 17.4 If *force majeure* circumstances persist for more than 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.
- 17.5 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.
- 17.6 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.
- 17.7 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.

18 Confidentiality

- 18.1 Data on the quantities of 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.
- 18.2 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.
- 18.3 The TSO shall provide the data specified in article 18.1 to undertakings engaged in gas storage, 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.
- 18.4 The TSO may provide the data specified in article 18.1 to institutions, organizations, and undertakings performing 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).
- 18.5 The TSO may provide the data specified in article 18.1 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.
- 18.6 The TSO shall provide the data specified in section 18 to law enforcement agencies which, in accordance with the procedure established by legal acts, have the right to demand and receive such data.
- 18.7 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.

19 Provisions applicable for the transition period

- 19.1 Gas year for the 2020 year shall be for the period from first of January 2020 to first of October 2020.
- 19.2 For the gas year 2020 the first quarter of the gas year is not bookable under the terms set out in these standard terms and conditions.
- 19.3 Capacity booking period for gas year of 2020 shall begin from first of November 2019 and shall end at 31st of December 2019.
- 19.4 Second Quarter (January-March) product of the gas year 2020 is offered from first of December 2019 up to 31st December 2019.
- 19.5 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.
- 19.6 First day-ahead product offered is for gas day of January first, 2020 and shall be available for booking based on booking period set out in these standard terms and conditions.
- 19.7 All day and within day capacity products are available for booking starting from the first of January and in the deadlines set out in these standard terms and conditions.

20 Final provisions

- 20.1 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. The official language of business shall be national and English. In case of discrepancies of

inconsistencies between different language versions of these standard terms and conditions and transmission service agreement, the English language version shall prevail.

- 20.2 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.
- 20.3 All the annexes 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.
- 20.4 Procedures, document forms, and/or other requirements specified in these standard terms and conditions are published on the internet website of the TSO.
- 20.5 The network users who have a contractual arrangement for the provision of transmission services with the TSO in force on 31 October, 2019 and who want to receive the transmission system services in the common balancing zone shall be under the obligation to submit to any TSO the application and documents set out in section 3 of these standard terms and conditions for the conclusion of the transmission service agreement 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.
- 20.6 These standard terms and conditions shall enter into force and become effective on the first of November 2019.

Annex 1 - Collateral rules for Estonia accompanying the standard terms and conditions of the network rules

1. The Estonian TSO shall be entitled before conclusion of the transmission service agreement or during the validity period of the transmission service agreement to request the network user to submit a collateral for fulfilment of liabilities in the form of either:
 - 1.1 security deposit;
 - 1.2 guarantee of the bank registered in European Union Member State or in European Economic Area country, being in compliance with the criteria determined in article 5;
 - 1.3 proof of appropriate credit rating complying with article 3.
2. The network user shall have an obligation to inform immediately the TSO on any changes in the credit rating of the network user. The TSO shall be entitled to request the network user to submit updated information on the credit rating of the network user.
3. The network user's credit rating shall be deemed appropriate, if it complies with at least one of the following criteria:
 - 3.1 a long-term rating of BBB- or higher under Standard & Poor's;
 - 3.2 a rating of BBB- or higher under Fitch;
 - 3.3 a long-term rating of Baa3 or higher under Moody's;
4. The network user shall submit the collateral to the TSO within seven business days from the receipt of the TSO's request.
5. A financial service provider's guarantee shall be recognised by the TSO as a suitable collateral if it meets the following conditions:
 - 5.1 the guarantee is issued by a financial service provider whose or whose group's credit rating of long-term borrowing in foreign currency is at least Baa1 according to Moody's or BBB+ according to the Standard&Poor's, or BBB+ according to Fitch Ratings. If the financial service provider or its group has been granted the required long-term borrowing rating by at least one credit agency mentioned in this Article, the guarantee provided by such financial service provider or its group shall be deemed suitable;
 - 5.2 it is an irrevocable first demand guarantee.
6. The collateral must be valid for the entire duration of the transmission service agreement.
7. The amount of security deposit or guarantee for fulfilment of liabilities of the transmission service agreement shall be either 30 000 € or forecasted next month's service fee under transmission service agreement, whichever is higher. In case forecast is not available, previous month's entry and exit flow with related transmission tariffs are used to calculate collateral amount. TSO has the right to request increasing of the security deposit or guarantee amount during a month in case the forecast is exceeded.
8. If the network user does not renew the collateral or does not increase the collateral amount within 20 business days from the moment the collateral no longer complies with the provisions of these rules, the TSO shall be entitled to terminate the provision of the transmission system services as stipulated by the transmission service agreement until the network user provides a new collateral that fulfils the provisions of these rules or increases the current collateral. While the services are not provided, the TSO shall be

entitled to allocate the transmission capacity booked by the network user to another network user as unused capacity.

9. Upon termination of the transmission service agreement, the TSO shall return the collateral to the network user within five business days in the amount not used to discharge the network user's outstanding obligations or shall return the original guarantee of the financial service provider or of related merchant.

Annex 2
Rules for the credit management and collaterals

1. The TSO shall evaluate the information established in article 3.1.5. of these standard terms and conditions to determine the need to request the network user to submit a security for the fulfilment of liabilities (security deposit, guarantee of a financial service provider or the affiliate entity, which corresponds to the criteria established in article 4 of this Annex, guarantee) when concluding the transmission service agreement or during its validity.
2. The network user after the first full calendar year since the conclusion of transmission service agreement shall, not less than once a year, submit to the TSO updated information on credit rating of the network user. The network user has an obligation to immediately inform the TSO of any changes in the credit rating of the network user. The TSO shall have a right to require the network user to submit an actual information on the credit rating of the network user.
3. The TSO shall be entitled to request a network user, when concluding the transmission service agreement, or during duration of the transmission service agreement, to submit a security for fulfilment of liabilities (security deposit, guarantee of a financial services provider or the affiliate entity, which corresponds to the criteria established in article 4 of this Annex, guarantee) to cover the payment claims arising from the transmission service agreement if:
 - 3.1. The TSO has grounds to believe that the network user is wholly or partly unable to cover the liabilities arising from the transmission service agreement;
 - 3.2. An insolvency procedure or liquidation proceedings have been initiated for the network user;
 - 3.3. According to the criteria established in article 4 of this Annex, the network user does not have an appropriate credit rating;
 - 3.4. The network user delays payments arising from the transmission service agreement, which have become due, twice over 12 months.
4. The credit rating of the network user shall be deemed appropriate if it complies with at least one of the following criteria:
 - 4.1. Standard & Poor's long-term rating is BBB- or higher;
 - 4.2. Fitch rating is BBB- or higher;
 - 4.3. Moody's long-term rating is Baa3 or higher;
 - 4.4. Creditreform rating for risk class II or higher, or an equivalent credit rating of a generally known credit agency or rating agency and the credit amount, established in the issued rating reference to the network user, complies or exceeds the amount of security for fulfilment of liabilities as set in article 10 of this Annex.
5. If the network user or the affiliate entity does not agree with the findings of the TSO of the non-compliance of the network user or the affiliate entity with the credit rating, the network user or the affiliate entity, as appropriate, may, within five business days, submit appropriate evidence for the TSO to objectively evaluate creditworthiness of the network user.
6. The network user may simultaneously choose one or more types of security for the fulfilment of liabilities (a security deposit, guarantee of a financial service provider or the affiliate entity, which credit rating corresponds to the criteria established in article 4 of this Annex, guarantee).

7. The network user shall submit a security for the fulfilment of liabilities to the TSO within seven business days from the day of receipt of the relevant request.
8. The TSO shall recognize the guarantee as a proper security for the fulfilment of liabilities if it complies with the following provisions:
 - 8.1. The guarantee has been issued by a financial services provider who or whose group has at least Baa1 credit rating in accordance with Moody's agency or BBB+ in accordance with Standard & Poor's agency, or BBB+ in accordance with Fitch Ratings agency for long-term foreign currency loans. If at least one of the credit rating agencies indicated in this paragraph has granted a long-term loan to the financial services provider or its group, it shall be deemed that the guarantee issued by such financial services provider or group thereof is appropriate;
 - 8.2. The guarantee has been issued by an affiliate entity, which credit rating corresponds to article 4 of this Annex;
 - 8.3. The guarantee shall be first demand and irrevocable.
9. A security for the fulfilment of liabilities must be in force during the operation of the transmission service agreement, if the TSO has requested the security for the fulfilment of liabilities.
10. The TSO shall lay down an amount of the security for fulfilment of liabilities under the transmission service agreement in double amount of the average monthly payment by the network user for capacity over the last 12 months. If the period of use of the transmission system is shorter than 12 months, this period shall be used as the grounds for the determination of an amount for the fulfilment of liabilities, but amount of the security for the fulfilment of liabilities shall not be less than EUR 25 000.
11. If liabilities of the network user within the framework of the transmission service agreement exceed the sum for which the security for the fulfilment of liabilities has been issued, the TSO has the right to request the network user to increase the amount of the security for the fulfilment of liabilities and submit a new security for the fulfilment of liabilities to the TSO within seven business days which complies with the provisions of this Annex.
12. If the network user fails to restore the security for the fulfilment of liabilities or to increase the amount thereof within 20 business days from the moment when the security for the fulfilment of liabilities does not comply with the provisions of this Annex, the TSO has the right to discontinue provision of transmission system service in accordance with the procedures laid down in the standard terms and conditions and the transmission service agreement until the moment the network user submits a new security for the fulfilment of liabilities or increases amount of the existing security for the fulfilment of liabilities complying with the provisions of this Annex. During discontinuation period of the provision of service the TSO has the right to allocate the capacity reserved by the network user in the transmission system to another network user as unused capacity.
13. Upon termination of the transmission service agreement, the TSO shall, within five business days, refund to the network user the sum of security for the fulfilment of liabilities which is not used to extinguish the unfulfilled liabilities of the network user or return the original of the guarantee of the financial service provider or the affiliate entity, which credit rating corresponds to article 4 of this Annex, guarantee original.