FGSZ NATURAL GAS TRANSMISSION PRIVATE COMPANY LIMITED BY SHARES

GENERAL TERMS AND CONDITIONS REGARDING SYSTEM USAGE CONTRACTS

FGSZ NATURAL GAS TRANSMISSION CLOSED COMPANY LIMITED BY SHARES
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1. Definitions

In addition to the notions and their definitions used in Act XL of 2008 on Natural Gas Supply (hereinafter GET) and in the Government Decree No. 19/2009. (I. 30.) on the implementation of GET (hereinafter Vhr), in the prevailing Business and Commercial Code (hereinafter Network Code), in the main text of the Business Code of FGSZ Ltd, the notions and their definitions used in the General Terms and Conditions (hereinafter GTC) and in every contract concluded on the basis of the GTC are as follows:

Net calorific value (Lower heating value):

The amount of heat which would be released by the complete combustion in air of a specified quantity of gas in such a way that the pressure at which the reaction takes place remains constant, and all the products of combustion are returned to the same specified temperature as that of the reactants, all of these products being in the gaseous state (according to Hungarian Standard MSZ ISO 6976, measurement unit: MJ/cm^3).

Free balance of security

The difference between the cumulative balance of balancing transactions and the value of the guarantee provided as a security for the accounting of transactions resulting from secondary capacity transactions, and from contracts on balancing gas settlement and balancing services concluded by the Network User who is not a member of the Daily Natural Gas and Capacity Trading Market (EP).

Cumulative balance of balancing transactions/secondary capacity transactions

The balance of open financial assets and liabilities including VAT arising under secondary capacity transactions and contracts on balancing gas settlement and balancing services concluded by the Network User who is not a member of the EP. It can be either claim or debt.

Neighbouring network operator

The network operator whose technological system connects to the system of another network operator so that it is suitable for physical transmission of natural gas.

Standard operation at natural gas delivery stations

The operating condition when the gas filtering, pressure regulating, gas heating and overpressure protection devices of the station, if it has such devices, operate according to standard.

Non-standard operation at natural gas delivery stations

The operating condition when one or more of the gas filtering, pressure regulating, gas heating and overpressure protection devices of the station, if it has such devices, become faulty, do not operate according to standard.

Regional Booking Platform:

An electronic surface, operated by FGSZ Ltd, accessible via the internet, on which Network Users can book the available capacities of entry and exit points. The Operational Rules of the Regional Booking Platform (hereinafter RBP Operational Rules) has been approved by the Hungarian Energy and Public Utility Regulatory Authority.

Website of the Company:

www.fgsz.hu

2. Rules regarding Terms and Conditions

2.1. Terms and Conditions

GTC as part of the Business Code of FGSZ Ltd (hereinafter Company) approved by the Hungarian Energy and Public Utility Regulatory Authority (hereinafter Authority) constitutes part of the paper-based Long-term/Monthly Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Contract, the Daily Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Framework Contract (KFSZRI) concluded between the Network Users and the Company, and/or electronic RBP Auction Confirmation, and that of the System Operation Contract (hereinafter Contract or System Usage Contract) concluded between the licensees and the Company. Under the above contracts the Company provides pipeline capacity, natural gas transmission and/or system operation and/or odourising services for the Network Users.

The stipulations of the GTC cover the balancing gas settlement and balancing service contracts, the title transfer service contract and the accession agreement to the Balancing Platform (EP), provided by the Company compulsorily and available for the Network Users. When the present GTC mentions Contract or System Usage Contract, the above contracts are included.

The GTC is in compliance with the laws and regulations listed in Annex 2 of the Business Code of the Company and the stipulations of RBP Operational Rules (annex 4).

The Company specifically excludes applying its contractual partners' general terms and conditions regarding the above system usage contracts.

2.1.1. Modification of GTC

The modifications affecting the GTC and approved by the Authority shall be recorded in the Business Code by the Company. The modifications become contractual content in the Contracts as of the date the approval decision of the Authority enters into effect. On receiving the decision the Company publishes the modification via its customer service and on its website. Publication on the website shall be regarded as informing the Network Users and Licensees.

2.2. Rules regarding Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Contracts

Basic services provided by the Company, and services defined in contracts on balancing gas settlement and balancing services can only be requested by concluding a long-term or short-term

- Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Contract,
- RBP bundled product contract (Auction Confirmation), or
- System Operation Contract

regulating the legal relationship of the Network Users and the Company.

Under the Contract the Network Users shall pay the fee set by decree No. 1/2013 (VII. 11.) (hereinafter referred to as: Tariff Decree) on setting the fees for natural gas system usage, the rules of incentivising the improvement of the quality of services provided by the system operator through system usage fee, the system usage fees applicable depending on the quality of service, and the conditions of applying system usage fee, in compliance with §105 (1) of GET.

For conditions not stipulated by the GTC see the Contract.

The Company, as the bidder of the above system usage contracts under the effect of the present GTC, shall specifically restrict the acceptance of offers relating to concluding a contract specifically to conditions included in the bid. Legal declarations amending or differing from the bid shall not become part of the contract.

2.3. Rules regarding System Operation Contracts

The Company provides system operation services for the Licensees in compliance with point I.7.2. of the Business Code after concluding the System Operation Contract. Under the Contract the Licensees are obliged to pay the fee set by the Tariff Decree in compliance with §105 (1) of GET.

2.4. Concluding a contract, booking capacities

Contracting Parties shall conclude the Contracts listed under point 2.2. only by mutual consent in writing, in a document signed by those authorised to sign for the company, or electronically in compliance with the stipulations of the Civil Code regarding the competitive tendering procedure in compliance with the stipulations of RBP Operational Rules.

Electronic contracts currently may only be concluded in relation to capacity bookings via the Regional Booking Platform.

In the System Usage Contract concluded with the Company the Network User can book capacities regarding the available capacities of network points defined in the Business Code of the Company, published on the website of the Company in compliance with the laws and regulations listed in point 2.1.

2.5. Managing commercial imbalance in contracts

If the Network User is a member of the EP, it shall make its balancing gas settlement with the clearing house according to the EP's rules.

If Network User is not a member of the EP, simultaneously with signing the contract defined in point 2.2 of the present GTC it is bound to conclude a contract with the Company on the

use of balancing services in order to correct end-of-gas-day trading imbalances (Annex 4.8. of the Business Code). In this case the settlement of balancing gas is executed according to the above contracts.

2.6. Modification and termination of the Contract

2.6.1. Modification of the Contract

Contracting Parties shall modify the Contract only by mutual consent in writing, in a document signed by those authorised to sign for the company, with the exception of the GTC, which shall be modified in compliance with the relevant regulations and the stipulations of the present GTC.

The Contract may be modified on paper (regarding contracts concluded out of the Regional Booking Platform) or electronically by uploading the modification request to the Informatic Platform followed by its approval on the Informatic Platform (regarding contracts concluded via the Regional Booking Platform). The Informatic Platform shall send a system message to the Network User concerning the electronic contract modification, which may be later retrieved with reference to the original contract identification number (original contract number and its version number).

Under the term of the Contract modifications affecting the relevant effective laws and the regulations approved by the Authority shall be applied to the Contract with the modifications coming into force as prescribed by the law or the approval decision of the Authority, GTC modifications approved by the Authority shall be applied to the Contract with the modifications entering into force as prescribed by the GTC.

If the date of entering into force regarding the GTC is not prescribed by an Authority resolution, the modification enters into force with the Authority decision becoming effective.

If, after concluding the Contract and under its effect, as a result of a modification affecting a regulation or the GTC, which is obligatory regarding the Parties, the conditions set by the Contract are significantly modified and the Network User/Licensee and/or the Company cannot be expected to maintain the Contract with the altered content, on the initiative of any of the Contracting Parties, the Contracting Parties shall enter into bona fidae negotiations without delay on modifying the Contract in a way that is acceptable for both Parties, and which best approaches the economic aim of the Contract and contractual intention of the Parties.

Especially but not exclusively, modifications affecting the conditions of using a service or regarding quality elements shall be considered as significant modifications.

Changes in the person of the Contracting Parties shall be considered contract modification, which cannot harm interests of service with respect to either providing the service or paying for the service. In case it is necessary for the safeguarding of the above interests, the other Party may require a guarantee of reasonable amount and type.

Legal declaration can only be made in writing. Valid legal declarations cannot be made orally, by implied conduct or silence. A legal declaration shall become effective when received by (delivered to) the other Party.

2.6.2. Modification of Long-term Contracts in case of capacity change

Long-term Contracts can be modified in the event of demand increase or customer migration. In the event of customer migration the disposed and received capacities and their volume shall be defined according to the pertaining provisions of the Network Code.

If the Network User intends to modify its Long-term Contract of more than one year before the gas year, not due to customer migration, this demand shall be submitted simultaneously with the capacity booking requests regarding the forthcoming gas year. The additional capacity booking request shall be treated by the Company as a new request and shall be judged in compliance with the pertaining provisions of the Network Code.

If the Network User intends to modify its booked capacities due to customer migration, the capacity change request shall be submitted in accordance with annex 5 of the present GTC.

The contract modification shall be signed by the Contracting Parties and a signed (own) copy must be at the Company's disposal by the 4th day preceding the customer migration.

If the Network User does not submit its capacity modification request regarding the given month by the prescribed date, the contract modification shall not realise, the Company shall not accept modification request regarding the given month.

If the capacity modification request has not arrived but the Company has available capacity at the network point concerned, it shall be offered by the Company for monthly or daily capacity booking.

2.6.3. Termination of System Usage Contracts

A System Usage Contract terminates

- if a Contracting Party is dissolved without a legal successor,
- if the Contract period expires,
- in cases specified in point 12.1. of the GTC with extraordinary notice
- the operational license of the Network User has been suspended or withdrawn by the Authority, with date of the relevant Authority resolution entering into effect.

3. General terms of using services

3.1. General terms

The Company is obliged to provide system operation services for the Network Users and Licensees in return for the fee set by the Contract.

The Company is obliged to continuously ensure the capacity booked by the Network User in the System Usage Contract at the entry and exit points listed in the annexes of the Contract.

The Company is obliged to continuously ensure the odourising service for the Network Users in return for a fee, under the conditions set by the System Usage Contract.

At entry points the Network User is obliged to supply the nominated quantity of natural gas and to certify its quality. The Network User is obliged to ensure the availability of the quantity of natural gas nominated by the Network User - which shall be of the quality prescribed in Annex 11 of Vhr, certified by the Network User - within the contracted pressure range.

If the Network User transmits natural gas to an interconnection point where the gas quality to be transmitted to the neighbouring network operator should be different from the stipulations of Annex 11 of Vhr, the Network User concerned shall provide the gas quality prescribed by the effective Interconnection Agreement at the entry points as well.

It is the Company's responsibility to certify natural gas quality at exit points. The Company is obliged to provide for the Network User the quantity nominated by the Network User and of the quality certified by the Company within the contracted pressure range, if at the entry points the Network Users supplied natural gas of the quality prescribed by Annex 11 of Vhr or in compliance with the quality stipulations of the interconnection point and if the Network User or its supplied consumer takes over the nominated quantity.

Upon request, the Company provides documentation and on-the-spot inspections of the measuring system and the pipeline section between the measuring and entry/exit points for the neighbouring network operators.

In case of an incidental technical failure between the measuring system and entry/exit/interconnection points Contracting Parties – involving independent experts if necessary – jointly examine the circumstances and take the necessary measures.

If the on-the-spot and documentation inspection regarding the pipeline section between the measuring system and entry/exit points finds that the natural gas transmission system operates properly, the costs of the inspection verified by the Company shall be borne by the Contracting Party initiating the inspection.

The starting point of natural gas takeover and that of the obligations stipulated in the System Usage Contract, including risk bearing, is the entry side property boundary of entry points operated by the Company, listed in the annex of the System Usage Contract, on condition that – except a failure affecting the pipeline section of the Company between the quantity measuring system of the Company and the entry point – the quantity, pressure and temperature of the natural gas at any time equal the quantity, pressure and temperature

values measured by the Company regarding the entry point, the heating value corresponds to the value stipulated by the "Quality Accounting Rules of the Entry and Exit Points of the Natural Gas Transmission System" (hereinafter MER) for a particular place or places, except if it is agreed otherwise in the Interconnection Agreement between the Company and the Neighbouring Network Operator.

The import takeover takes place according to the rules laid down in the agreement concluded with the operator of the connecting foreign natural gas transmission system and the stipulations of the System Usage Contract, however risk bearing is transferred to the Company only at the Hungarian border.

Risk bearing of the Company ends and delivery of natural gas by the Company takes place at the natural gas delivery stations listed in the annex of the System Usage Contract or at the interconnection points.

With the exception of a failure affecting the pipeline section of the Company between the quantity measuring system and the exit/interconnection point the quantity, pressure and temperature of the natural gas at the exit/interconnection point at any time equal the quantity, pressure and temperature values measured at the delivery/cross border station, the heating value at the exit/interconnection point corresponds to the value measured at a particular place or places stipulated by MER.

The Network User is obliged to take over and forward the gas quantity delivered at the exit/interconnection point. If at the exit/interconnection point the Company ensured the contracted outlet pressure and capacity but the Network User or the neighbouring network operator acting on behalf of the Network User's trading partner does not take over and forward the natural gas, the Company shall not be held responsible for the consequences and shall not bear the arising costs and liability for damages.

It is the Network User's responsibility that the natural gas supplied into the system is in compliance with the quality specifications defined in Annex 11 of Vhr or with the gas quality stipulated at the interconnection point, and that the net calorific value of the supplied natural gas does not deviate by more than ±5% from the average net calorific value regarding the relevant entry point published by the Company in MER. Deviation is only allowed on the basis of a special licence issued by the Authority in compliance with §71 (1) of Vhr.

The Network User is obliged to certify that the quality of gas supplied by them is in compliance with the stipulations of Annex 11 of Vhr, or those of the interconnection point.

If the quality of gas supplied into the system by the Network User differs from the prescriptions, the Company has the right to refuse takeover of the off-spec gas. In case off-spec natural gas is supplied into the system, point II.2.3.3. of the Business Code shall be applied.

The Company is responsible for damages arising from quality deterioration as a result of its own activity, according to point II.2.3.3. of the Business Code.

3.2. Procedure in case of secondary capacity takeover

In case of capacity takeover both the disposing Network User and the receiving Network User shall have effective System Usage Contracts covering the entire period affected by the takeover.

The Network Users disposing and receiving the capacity shall register their capacity takeover request on the IP until 23:00 hours prior to the gas day concerned.

The Contracting Parties are obliged to match the capacity takeover requests and meet the registering deadline. Capacities affected by the takeover shall be considered valid only if the other party participating in the takeover acknowledges it on the IP. The Network Users do not need to register request for capacity takeover within the framework of capacity usage right transaction on the EP, in this case capacity takeover takes place within the scope of an automated process in compliance with EP rules.

Under the whole term of the Contract – independent of the secondary capacity transactions - the capacity booking fee shall be paid by the Network User that concluded the Contract with the Company. Capacity overrun shall be determined considering the disposed and received capacities. Volume fee, odourisation fee, surcharges set by the Tariff Decree (capacity overrun, nomination deviation and balancing surcharge) and the price of balancing gas shall be paid by the Network User receiving the capacity. This rule applies as well in case of transactions concluded on the EP in relation to system usage rights.

4. General conditions of using optional services

Optional services, rules and conditions of using such services are defined by the Business Code and its pertaining annexes.

Optional services can be used after concluding the relevant contract, keeping to the conditions prescribed by the Business Code and paying the fee of the optional services.

5. Quality and pressure of natural gas

5.1. Pressure of natural gas

The Company publishes the inlet pressure range and the physical capacities regarding each entry point on its website.

At the connecting import, production and storage entry points the Network User shall ensure by its commercial contract the pressure between the MIN and MAX values in compliance with the annex of the System Usage Contract.

The nominal outlet pressure and the physical capacity shall be published regarding each natural gas delivery station/interconnection point on the website of the Company.

In case of standard operation the Company is obliged to ensure gauge pressure at exit points between the values of MIN1 and MAX1, published on http://www.fgsz.hu, however in

case of non-standard operation outlet pressure cannot be lower than the published MIN2 value or higher than the MAX2 value.

5.2. Temperature of natural gas

In case of standard operation the Company is obliged to deliver natural gas of temperature not lower than 0ºC at exit points.

5.3. Quality and composition of natural gas

The quality parameters of supplied and delivered natural gas shall comply with the natural gas quality prescriptions of MER and Annex 11 of Vhr. pertaining to domestic exit points, and with those pertaining to interconnection points in case of cross country deliveries or export. Deviating legally from the above is possible only in case of direct consumers, in compliance with the special contractual terms regulated by the System Usage Contract concluded between the Company and the Network User. At entry points the Network User is obliged to continuously ensure natural gas of the quality prescribed by MER.

5.4. Supplying off-spec natural gas into the transmission system

If the quality of the supplied natural gas differs from the values prescribed in point 5.3. or from those specially set in the System Usage Contract and despite the Company's demand the Network User continues the supply of off-spec natural gas, all damage arising from this supply shall be borne by the Network User.

In order to avoid supply of off-spec natural gas the Company may allow re-nomination on the Network User's request.

The Company has the right to refuse takeover of off-spec natural gas if it endangers the operation safety of the natural gas transmission system, may endanger persons or property.

5.5. Delivering off-spec natural gas

If the quality of the delivered natural gas differs from the values prescribed in the present point or from those set in the System Usage Contract, the Network User supplying the delivered natural gas into the transmission system shall be held liable for the damages if despite being notified by the Company about the supply of off-spec natural gas, the Network User required that the supply be continued or did not reply the notification.

In this case the Network User cannot absolve itself from responsibility, its responsibility for damages affecting property cannot be restricted.

5.6. Procedure in case of non-standard operation

The Company, acting with due care, is obliged to put an end to non-standard operation within the shortest reasonable time and restore standard operation, in case of normal road and weather conditions the duration of non-standard operation cannot exceed 6 hours on each occasion relating to the MIN2 – MAX2 range of outlet pressure and 24 hours relating to outlet temperature.

Duration of non-standard operation cannot exceed 200 hours in a gas year per natural gas delivery station/exit point. Non-standard operation shall be considered contractual performance within the above time constraint.

6. Operative rules of using services

6.1. Nomination

At entry and exit points defined in the annexes of the System Usage Contract, where the Network User has booked capacity, weekly and daily nominations shall be done and received on the IP according to the pertaining points of the Business Code. For any network point “trade” type nominations can be registered only by Network Users having an effective Title Transfer Service Contract with the Company. For the Hungarian Gas Balancing Point (MGP2), as entry or exit point, only “trade” type nominations can be registered. The capacity of MGP2 is infinite, thus apart from the Title Transfer Service Contract the Network Users do not need to book capacity in relation to MGP2.

If the exit points concerned are classified as merged exit point in the Business Code, the Network User shall nominate for the merged natural gas delivery stations.

In order for contractual performance the Company undertakes that if an unplanned shutdown (resulting in an unpublished outage) affects an exit point or natural gas delivery station which is not merged with another delivery station with respect to nomination and capacity booking, the Company informs the Network User about it by the deadline set in the Network Code and the Network User shall plan its nomination based on this notification.

6.2. Interruption

Natural gas transmission for Network Users having interruptible booked capacity, served at the affected network point(s), can be interrupted by the order of the Company in compliance with the stipulations of the Network Code.

Interruption can be introduced prior to the gas day and during the gas day as well. In case of interruption during the gas day the Network Users concerned shall be called for re-nomination.

The Network Users shall be notified by the Company about the interruption in writing, defining the following:

i. place of interruption
ii. starting time of the interruption
iii. maximum available capacity (MJ/day, during gas day MJ/hour)

The interruption shall be implemented within 2 hours of its announcement.

The interruption is carried out taking into consideration the MJ/hour capacity data laid down in the Contract.

The interruption ends on the written order of the Company, simultaneously calling the Network Users for re-nomination regarding the gas day concerned. Starting from the time

defined in the notification of the Company interruptible capacities shall be available again for the Network User.

Violation of capacity usage reduction defined in the interruption order shall be considered an interruption failure, therefore the Network User violating the interruption order shall be liable to pay interruption surcharge for the Company as set by the Tariff Decree.

The Company has the right to supervise the implementation of the interruption order at the delivery point of the consumer by remote or on-the-spot reading of the meter. If the Network User does not implement the interruption, the Company has the right to physically reduce capacity usage up to the extent of the interruption ordered.

6.3. System balancing conditions

In order to maintain hydraulic system balance, the Network User and the neighbouring network operator licensees in contractual relationship with the Company are obliged to implement the measures ordered by the Company, in compliance with the stipulations of the Network Code.

In case of breaching the conditions of daily natural gas transmission the Network User is obliged to pay the nomination and balancing surcharges set by the Tariff Decree.

6.4. Maintenance of the natural gas transmission system

In order to keep up operation of the natural gas transmission system the Company continuously ensures the security of operation and performs maintenance works of the pipeline. Therefore, in compliance with §84 of Vhr, the Company has the right to carry out maintenance works at natural gas delivery stations and entry points once a year per object, lasting not more than 48 hours, accompanied by gas service stoppage. Furthermore, the Company has the right to carry out operations that temporarily reduce the capacity of the natural gas transmission system. In the above cases the Company is obliged to publish on its website the planned outages or the availability of reduced capacities at least 15 days prior to the start of works – in case of planned preventive maintenance at least 3 months earlier– stating the starting time and duration.

Regarding the period of stoppages and capacity reductions published according to the stipulations of the Network Code, the Company shall not be held liable to pay the penalty and damages defined in the System Usage Contract.

6.5. Managing capacity overrun

If the Network User exceeds the amount of its booked capacity, it is obliged to pay capacity overrun surcharge. Accordingly, in compliance with the Tariff Decree, the Company has the right to invoice the surcharge regarding the entry and exit points, which the Network User is obliged to pay.

The Company calculates the aggregate (daily or hourly peak consumption used simultaneously by all the consumers regarding a given commercial point of the Network User) daily and hourly capacity overrun by entry and exit points based on the accounting

data, daily and hourly data recorded in the gas flow computer and the daily and hourly peak data provided by the neighbouring network operators.

When calculating capacity overrun, the Company establishes the fact and the rate of overrun of booked capacities based on hourly peak data (time stamped) provided by neighbouring network operators for each entry and exit point regarding each Network User, in case of directly supplied consumers based on measurement and gas quality data of the exit point. When establishing daily peak consumption at import entry points the Interconnection Agreements concluded with the neighbouring network operators shall be taken into consideration.

When monitoring overrun of booked capacities, the Company shall send a notification to the Network User regarding exit points where overrun is expected considering the hourly measurement data in proportion to the nomination of the Network User.

In case of physical entry and exit points, which – according to the Network Code - are handled and published on the website as merged points by the Company, capacity overrun shall be examined for the merged points.

7. Cooperation of Contracting Parties in case of restriction and supply disruption

7.1. Restriction

Restriction shall be imposed in compliance with the pertaining stipulations of GET, Vhr, Government Decree No 265/2009 (XII. 1.) on the Restriction of Supply and on Invading the Emergency Stocks of Natural Gas, and Other Measures Required in the Event of Any Emergency in the Supply of Natural Gas and the Network Code.

If the Network Users' consumption permanently exceeds the available natural gas quantity and the Company is unable to maintain system balance with other means, or the natural gas transmission demand on system level exceeds the capacities of the system, or if in case of extraordinary supply conditions being bound by law, the Company can impose restriction on consumption in compliance with the stipulations of laws and the Network Code.

Network Users shall be restricted on the basis of the Restriction Order, approved by the Authority, indicating the restriction category.

In case of any change the Network User is obliged to inform the Distribution licensee, in case of directly supplied consumers the Company, about the name and contact details of the restriction agent without delay.

In case of a crisis the Company shall act in compliance with the stipulations of §98 of GET and those of Government Decree of 265/2009 (XII.1.).

7.2. Supply disruption

In case of supply disruption the Company shall take all measures without delay to maintain hydraulic balance and restore operation.

In case of supply disruption occurring within the gas day, as soon as the necessity of shutdown arises, the Company notifies the neighbouring network operator(s) without delay and aims at the most reasonable solution least affecting the continuity of service.

In case of any supply disruption occurring within the scope of its authority – if it may affect natural gas transmission – the Network User shall notify the Company without delay in order to plan the use of balancing tools.

The Company notifies the Network User about supply disruption – affecting natural gas sale or accounting - occurring on the Company's system without delay. Primarily, the Company notifies the Network User via voice recording phone. In connection with supply disruption lasting for several days - affecting natural gas sale or accounting – and/or affecting more Network Users, the Company continuously informs the Network Users regarding the events connected to the supply disruption.

On the days affected by the supply disruption the Company shall not calculate nomination error regarding the network points affected by the supply disruption.

8. Quantitative and qualitative measuring of natural gas

The quantity and quality of natural gas shall be determined at the entry and exit points of the natural gas transmission system.

8.1. Measuring at entry and exit points

At the entry and exit points the quantity of natural gas shall be determined by volume (in m^3) at a reference temperature of 15 ºC.

The energy content shall be determined on the basis of net calorific value and expressed in MJ.

Energy quantity relating to one gas day:

- shall be determined by multiplying the gas volume determined for the gas-technical normal state, delivered at all entry and interconnection exit points, exit points between transmission systems and storage exit points on the given gas day by the average calorific value related to the same gas day.
- at other exit points it shall be determined by multiplying the gas volume measured in the normal gas-technical state, delivered in the given hour by the calorific value related to the given hour. The hourly assignment of delivery stations and quality data generated by the chromatographs, required to determine the weighted average quality values related to the gas day shall be done hourly by the transmission system operator based on hydraulic simulations. The weighted average quality data shall be determined by the OTR system based on the hourly quantities of accounting points

and the average hourly data of the related chromatograph sample flow concerned in the hourly assignment.

Quantity of heat relating to any accounting period shall be calculated by adding up the daily quantities of heat of the given period.

The Company is obliged to provide the certificates of the measuring system and its elements, and to provide opportunity for the Network User to inspect them.

The neighbouring network operator or the Network User may demand examination of the Company's measuring system and its elements, which the Company is obliged to start before the deadline set in the Network Code.

If the examination finds that the measuring systems operate accurately, verified costs of the examination shall be paid to the Company by the Party initiating the examination.

8.2. Measuring at border entry and exit points between transmission systems

At border entry and exit points between transmission systems the measurement of the quantity and the determination of the quality of natural gas is carried out by the Company in compliance with the interconnection agreements concluded with the neighbouring network operator.

Conditions of the operation agreements concluded with the neighbouring network operator pertaining to Network Users shall be published on the website of the Company.

8.3. Managing measurement errors and measurement differences

In case of faulty operation of the measuring devices the quantity of supplied and delivered natural gas shall be determined with one of the methods listed below, according to the Parties' agreement:

- taking into account the error found during the calibration/examination of the measuring device, correcting to zero error;
- based on the quantity measured in a similar period, when the measuring device operated accurately;
- based on the measurement of another metering system, measuring the same gas flow, operating independently from the faulty device, if there is such a device.

If the duration of faulty measuring is not known, or the Contracting Parties could not agree on the duration of faulty measuring, the time elapsed since the last accounting period closed with a protocol shall be considered as the duration of faulty measuring.

9. Allocation and accounting of natural gas

Usage of the natural gas transmission system shall be accounted on the basis of values measured by the measuring systems defined in the Business Code of the Company, the quantities allocated to the Network User by the neighbouring network operators, and the conditions laid down in the operation agreement concluded with the neighbouring network operator at the border exit points.

10. Principles of information flow

Contracting Parties agree on the following in relation to keeping contact and information flow:

- Language of communication: Hungarian and/or English
- For oral/data communication Parties ensure letter, fax, e-mail, phone connections during and out of office hours for information exchange and to fulfil tasks prescribed by the Network Code. Contracting Parties shall notify each other about any changes relating to contact details on the working day preceding the change at the latest.
- Technological data flow shall be done according to the way, with the content and technology stipulated by the Network Code.
- The rules of using the IP are published on the website of the Company.
- Individual data shall be demanded only in the way, with the content, deadline and for the fee stipulated by a separate agreement concluded between the Contracting Parties.

11. Invoicing and terms of payment

Invoices relating to services under the effect of the present GTC shall be issued by the Company of the amount – rounded to whole HUF - in compliance with the prevalent Tariff Decree, the RBP Auction Confirmation and annex 4 of the Network Code.

Accounting documents relating to other payment liabilities under the effect of the present GTC shall be issued in compliance with the above.

Charges set in the Tariff Decree, established in the RBP Auction Confirmation, do not include VAT, invoices and documents equivalent with the invoice shall be issued in compliance with the prevailing Act on VAT, the accounting documents shall be issued in accordance with the prevailing Act on Accounting.

Method of payment: bank transfer in HUF to the bank account indicated on the invoice/accounting document. The Network User/Licensee is obliged to transfer the amount indicated on the invoice/accounting document so that it shall be credited to the bank account of the Company by the due date.

If the day of the deadline falls on a public holiday or bank holiday, the deadline shall be the first working day following the public holiday or bank holiday.

Contracting Parties shall consider the payment performed by means of settlement between bank accounts when the amount indicated on the invoice/accounting document is credited to the bank account of the Company.

Costs arising from fulfilling payment obligations shall be borne by the obligor.

Procedure relating to refund of transmission system usage fee to Network Users supplying consumers entitled for universal service is included in Annex 4 of the present GTC.

11.1. Accounting capacity fee

11.1.1. Long-term and monthly capacity booking contracts

Fees payable in advance in compliance with the Tariff Decree

Firm, interruptible and off winter season capacity fees shall be paid by the Network User – as a general rule - monthly in advance according to the Tariff Decree.

If the Network User/Licensee has a Long Term Contract, i.e. the parties are in continuous legal relationship, Contracting Parties shall agree on accounting for a fixed term, in case of annual and monthly contracts the period of accounting shall be 1 gas month. Parties shall specify the date of performance in compliance with the prevailing Act on VAT.

The Network User/Licensee – in accordance with the Contract and based on the invoice sent by the Company - is obliged to transfer the amount of capacity fee(s) so that it shall be credited to the bank account of the Company by the first day of the settlement period (by the starting date of natural gas transmission). In the first month of natural gas transmission the invoice shall be issued simultaneously with concluding the Contract, in the following months on the first working day of the month preceding the accounting period (gas month).

Date of payment of the capacity fee invoice/document equivalent with the invoice cannot be shorter than 3 working days, as a general rule.

If the amount of capacity fee(s) is not credited to the bank account of the Company by the date of payment, the Company has the right to suspend natural gas transmission – in compliance with the procedure prescribed in point 12.3.1. – of which the Network User shall be notified.

If data included in the pertaining annexes of the System Usage Contract (booked quantities at entry/exit points and in the off winter period) change between the invoice date of the capacity fee invoice and the first day of the month concerned (the starting date of natural gas transmission), or the Network User is concerned in the reimbursement of transmission system operation fee to the natural gas trader supplying consumers entitled to universal service, the Company shall modify the invoice in compliance with the stipulations of the Act on VAT.

Calculation of fees payable in advance

- In case of Long Term Contracts the capacity fee to be paid monthly shall be calculated by multiplying the capacity booked by the Network User by the annual capacity fee as set by the Tariff Decree, divided by 12. If the Network User books additional capacity during the year, the monthly fee relating to the additional capacity shall be calculated by multiplying the additional capacity booked by the Network User by the annual capacity fee as set by the Tariff Decree, divided by the number of gas months remaining from the contracted period.
- In case of Monthly Contracts the monthly fee is calculated by multiplying the capacity booked by the Network User by the capacity fee as set by the Tariff Decree.

Fees payable in arrears pursuant to the Tariff Decree

Ex-post capacity fee pursuant to the Tariff Decree shall be paid monthly in arrears. The rate and calculation of ex-post capacity fee are stipulated by the Tariff Decree.

The Company shall determine the data constituting the basis of the ex-post capacity invoice until the 15th calendar day of the month following the month concerned and shall send it to the Network User within 1 working day.

Payment date the ex-post capacity fee shall be the 15th calendar day following the invoice date.

11.1.2. Daily capacity booking contracts

The Company shall ensure the opportunity of booking daily capacity to the Network User/Licensee who has concluded a Daily KFSZRI Framework Contract. Contracting Parties acknowledge that capacity fees shall be settled daily. Parties shall specify the date of performance in compliance with the prevailing Act on VAT.

With regard to Daily KFSZRI Framework Contracts the Company shall issue the invoice on the payable capacity fee on the first working day following the gas day concerned. The fee is calculated by multiplying the capacity booked by the Network User by the capacity fee as set by the Tariff Decree. The Company shall send the invoice the first working day following the gas day concerned at the earliest to the Network User, who agrees to pay the amount by the due date indicated on the invoice. The due date of the invoices shall be the 3rd day following the date of issue. The record containing the confirmed capacity demands, signed by both Parties shall be attached to the invoice. The Company shall send a copy of the invoice to the Network User by e-mail as well.

11.2. Accounting volume fee

The accounting period is one gas month.

The basis of accounting is the natural gas quantity delivered at the exit points, recorded in the takeover protocol relating to Network Users, serving as the basis for establishing volume fee.

Volume fee is payable following the gas month concerned. The volume fee is calculated by multiplying the quantity delivered by the Company, recorded in the protocols by the volume fee set by the Tariff Decree.

The Company shall send to the Network User the preliminary volume fee invoice issued on the basis of the preliminary balance until the 5th working day of the month following the month concerned.

Payment date of the preliminary volume fee invoices is the 30th calendar day following the invoice date.

The Company shall prepare the final account on the basis of the final takeover protocol until the 15th day of the calendar month following the gas month.

If the invoice issued on the basis of the preliminary balance has to be modified in accordance with the allocation accounting, the Company shall modify the invoice in accordance with the pertaining stipulations of the Act on VAT within 1 working day following the final accounting.

Payment date of the final volume fee invoices is the 15th calendar day following the invoice date.

11.3. Accounting odourisation fee

Odourisation fee shall be paid monthly in arrears. The monthly fee is calculated by multiplying the amount of odorant acknowledged in the protocols – based on the takeover protocols of monthly performance, signed by the Network User – by the odourisation fee set by the Tariff Decree.

The Company shall send to the Network User the preliminary invoice for the odourisation fee until the 5th working day of the month following the month concerned. At the delivery points, based on the preliminary balance, the Company shall calculate the quantity of odorants relating to the month concerned, on the basis of the odourisation norm applying to the odorant injection point and the natural gas quantity delivered at the delivery point, recorded in the preliminary transmission balance.

Payment date of the preliminary odourisation fee invoices is the 15th calendar day following the invoice date.

The Company shall prepare the final account according to the takeover protocol based on the final balance until the 15th day of the month following the month concerned.

If the invoice issued on the basis of the preliminary balance - prepared according to the final allocation account - has to be modified, the Company shall modify the invoice in accordance with the pertaining stipulations of the Act on VAT within 1 working day following the final accounting.

Payment date of the final odourisation fee invoices is the 15th calendar day following the invoice date.

11.4. Accounting system operation fee

The system operation fee shall be paid by the Network User/Licensee monthly in advance. The rate of the system operation fee is stipulated by the Tariff Decree.

Contracting Parties agree on settlement for a fixed term, the period of settlement being 1 gas month. The payment date shall be determined in compliance with the prevailing Act on VAT.

The Network User/Licensee – in accordance with the Contract and based on the invoice sent by the Company - is obliged to transfer the amount of system operation fee so that it shall be credited to the bank account of the Company by the first day of the settlement period. In the first month of natural gas transmission the invoice shall be issued simultaneously with concluding the Contract, in the following months on the first day of the month preceding the accounting period (gas month) to be paid within 30 days.

The fee to be paid monthly equals 1/12 of the annual fee. A month started shall be considered a full month.

11.5. Accounting surcharges

11.5.1. Surcharges payable by the Network User

Nomination deviation, balancing, interruption and capacity overrun surcharges and those for late announcement of customer migration shall be determined and invoiced in compliance with the Tariff Decree and the Network Code.

The Company shall determine the basic data for the invoice/debit note and send the invoice/debit note to the Network User until the 15th day of the calendar month following the gas month in case of nomination deviation, balancing and interruption surcharges, until the 20th day of the 3rd calendar month following the gas month in case of capacity overrun surcharge.

The debit note concerning the surcharge for late announcement of customer migration shall be issued by the Company simultaneously with the invoice for transmission capacity fee for the Network User, who is obliged to pay the separately issued accounting documents for the surcharge for late announcement of customer migration and for additional capacity fee simultaneously with the invoice for transmission capacity fee.

Payment date of the invoices/debit notes is the 15th calendar day following the invoice date.

11.5.2. Surcharges payable by the Company

The Company is obliged to pay a surcharge if it does not or not fully ensure the nominated capacity due to circumstances within its control (faulty performance), and in case of frustration of the System Usage Contract – due to circumstances within the control of the Company. In other cases the Company is not obliged to pay surcharges.

Natural gas transmission is a service provided on the basis of daily accounting – by gas day and by entry/exit points – thus in case of frustration of contract or faulty performance the Company is liable with regard to full days affected by non-performance - or faulty performance - up to the extent of non-performance - or faulty performance to pay a penalty.

With regard to the above case, in compliance with the Tariff Decree the Company is liable to pay transmission nomination deviation surcharge as a penalty. In addition to the liability to pay the surcharge stipulated by the Tariff Decree the Company is not obliged to pay other penalty or damages.

Payment of the surcharge: payment of the surcharge is due on the 15th calendar day following the debit note date.

11.6. Accounting balancing gas

If Network User is a member of the EP, it shall settle the commercial imbalance and the balancing tools used by the Company with the clearing house according to the EP's rules.

If Network User is not a member of the EP, it is bound to conclude a contract with the Company on balancing services in accordance with annex 4.8. of the Business Code and on title transfer services in accordance with annex 4.9. Accounting of balancing gas and services provided according to the relevant contracts are carried out in compliance with the pertaining regulations and contracts.

11.7. Objecting to invoices, accounting documents

In case of objecting to an invoice/accounting document the Network User/Licensee may submit its objection only in writing, within 8 working days from receipt of the invoice/accounting document. Objecting to an invoice/accounting document has no suspensory effect as regards settling the invoice. In its objection the Network User/Licensee shall indicate the serial number of the invoice/accounting document, the objected value and the reason for the objection.

Based on the written objection submitted by the Network User/Licensee the Company shall examine the objection involving the parties concerned, if necessary; the Network User/Licensee shall be notified of the result in writing. Within 1 working day - depending on the result – the Company shall either correct its invoice by issuing an equivalent document or by issuing an invoice, annul the other accounting document, issue a new one - if necessary - and shall financially settle the difference within 15 calendar days.

Payment of the correction invoice (equivalent document) is the 15th calendar day following the invoice date.

If the examination finds that the invoice/accounting document originally issued by the Company is correct, i.e. the objection of the Network User/Licensee proved to be unfounded, and the amount of the invoice has not been paid by the due date indicated on the invoice, the Company shall charge default interest for the objected amount according to point 11.8.

If the examination finds that the objection is grounded, the Company shall reimburse the disputed amount plus default interest to the Network User/Licensee.

11.8. Late payment

If the Network User/Licensee fails to pay any amount payable under a contract concluded with the Company on its due date, it shall be in default. In any case of late payment the Company shall charge the Network User/Licensee default interest in compliance with §6:155 (1) of the Hungarian Civil Code; the interest being calculated as of the day following the due date until the date of the actual payment. The amount of the default interest shall be calculated considering a year of 360 days, based on the number of days actually elapsed. The above rules regarding interest calculation shall apply in case of late payment by the Company as well.

The default interest debit notes shall be issued by the Company monthly, based on the late payments performed until the last day of the previous month. Deadline for paying the default interest is the 8th calendar day following the debit note date.

The debit note shall be sent by the Company via fax as well to the Contracting Party in default.

11.9. Financial settlement by means of netting

If the Network User/Licensee has payment obligations towards the Company and the Company has payment obligations towards the Network User/Licensee according to any legal relationship, the Company reserves the right to withhold the amount payable by the Company and set off the amount of its own payment obligation against the amount of the payment obligations of the Network User/Licensee.

Among the gross amounts to be set off the smaller one shall be set off entirely.

The amounts to be set off shall be matched by the Company and the Network User/Licensee by filling in the Financial netting form letter according to Annex 6 of the present GTC.

The Network User/Licensee is obliged to return the Financial netting form letter to the Company by fax or e-mail without delay, if necessary filling it in with the missing data (account number, payment date).

The Party obliged to pay shall transfer the amount remaining after the netting to the bank account of the other Party so that the amount is credited to the account until the due date. In case the payment date is a public holiday or bank holiday, the payment date shall be the first working day following the public holiday or bank holiday.

12. Consequences of breach of contract

12.1. Cases of breach of contract

Violation of any obligations prescribed by the System Usage Contract shall be regarded as breach of contract, in particular but not exclusively the cases below:

As regards the Company:

- Providing services out of the contracted tolerance range with regard to the qualitative parameters, outlet pressure and outlet temperature stipulated in point 5.3. of the present GTC.
- Due to circumstances within its control the Company does not ensure the contracted capacity, except for the outages published in accordance with the Network Code.
- Due to circumstances within its control the Company does not take over and deliver the delivered/nominated natural gas.
- Failing to meet payment obligations.
- Failing to provide system operation service.

- Performing odourisation service out of the contracted limits.
- Breaching the confidentiality obligation.
- Cases of breaching the contract specified in the system usage contracts resulting from an auction, concluded via the Regional Booking Platform.

As regards the Network User:

- Delivering natural gas of different quality than prescribed by point 5.3. of the present GTC for the Company at the entry point of the natural gas transmission system: the quality of natural gas does not conform to the specifications of point 4. and 6. of the present GTC or the values specially stipulated by the System Usage Contract.
- Failing to meet payment obligations.
- Failing to provide the security prescribed in point 12.4.
- Failing to ensure the contracted capacity on the system of the neighbouring network operator and/or the nominated quantities at the entry points.
- Violation of interruption/restriction.
- Breaching the confidentiality obligation.
- Cases of breaching the contract specified in the system usage contracts resulting from an auction, concluded via the Regional Booking Platform.
- The operational license of the Network User has been suspended or withdrawn by the Authority, with date of the relevant Authority resolution entering into force.

12.2. Compensation for damages

In case of damage caused by breach of contract, the Contracting Parties shall be obliged to compensate for the damage caused in the subject of the service up to the fee of the service affected by the damage.

No Contracting Party is responsible for indirect damage caused by violating its obligations (including loss of gain, loss of business and loss of profit, damage caused out of the subject of the service by a Party in the assets of the other Party during the performance of the contract).

No provision included in the present point shall be interpreted as any Contracting Parties disclaiming or limiting their responsibility for damage caused out of gross negligence, damage affecting human life, health or corporal integrity.

12.3. Legal consequences of breach of contract

The System Usage Contract shall be suspended or terminated with immediate effect exclusively in cases defined in the present GTC and the System Usage Contract.

12.3.1. Suspending performance in case of breach of contract

The Company is entitled to suspend the performance of any System Usage, balancing and title transfer service contract with immediate effect in case of the below breaches of contract by the Network User, if the Network User does not repair them by the additional deadline determined by the Company in the written notice sent to the Network User, reminding of the legal consequences.

- In case of Long Term, Monthly and Balancing service contracts the Network User fails to provide the security 10 working days prior to the commencement of services or the security for the continuation as stipulated in point 12.4., (in compliance with the auction rules conducted on the Regional Booking Platform, stipulated by the Operational Rules of the Regional Booking Platform), or
- the Network User fails to settle its debts within 2 working days following the date of the demand letter for payment sent by the Company, the debt cannot be settled by means of prompt collection within 5 further calendar days and the debt cannot be called from financial security within 5 further calendar days, or
- after calling the guarantee stipulated in point 12.4. the Network User fails to replace it within 5 working days.
- The operational license of the Network User has been suspended or withdrawn by the Authority, with date of the relevant Authority resolution entering into effect.

In the above cases the Company shall send the Network User a reminder to provide security for the Contract, or a demand letter for payment, indicating the legal consequences in each case. The Company is entitled to inform the Authority regarding the demand letter. In the demand letter for payment the Company is entitled to call the financial security stipulated by § 131 of Vhr and to call upon the Network User for payment from the above security. If the Network User fails to fulfil its financial liabilities by the deadline set in the demand letter for payment, it shall be regarded unsuccessful utilisation of the security stipulated in § 131 of Vhr, therefore the Company is entitled to call the relevant contractual security – in compliance with the terms laid down in the present GTC – without further notice, of which the Authority shall be notified.

12.3.2. Terminating the Contract

Contracts concluded for a definite period cannot be terminated by ordinary notice.

12.3.2.1. Termination by the Company

The Company may terminate the System Usage Contract in cases defined in point 12.3.1., following suspension of the fulfilment of the Contract, or in compliance with the extraordinary cases permitted by regulations, with a 30-day notice unless otherwise stated.

As to contracts concluded concerning long-term booking requests regarding more gas years or the period following the coming gas year termination right shall be extended with the following cases:
The Company shall be entitled to terminate the Contract if due to provisions of regulations, a judicial or authority resolution, a law that entered into effect subsequently, or based on their interpretation the Contract cannot be or not contractually performed.

12.3.2.2. Termination by the Network User/Licensee

The System Usage Contract can be terminated by the Network User/Licensee in compliance with the cases permitted by law, in the absence of other regulation with a notice period of 30 days.

The Network User/Licensee can terminate the System Usage Contract in case of detailed and specified breach of contract by the Company with a notice period of 30 days.

As to contracts concluded concerning long-term booking requests regarding more gas years or the period following the coming gas year termination right shall be extended with the following cases:
The Company shall be entitled to terminate the Contract if due to provisions of regulations, a judicial or authority resolution, a law that entered into effect subsequently, or based on their interpretation the Contract cannot be or not contractually performed.

12.3.3. Legal consequences of termination

In case of termination by the Company in accordance with point 12.3.2.1., or in case of illegal termination by the Network User/Licensee, the Network User/Licensee is obliged to pay for the Company the unpaid capacity fee for the remaining period of the Long or Short Term Contract, and the unpaid system operation fee for the remaining term of the System Operation Contract.

In case of termination by the Network User in accordance with point 12.3.2.2. or in case of capacity reduction, except if the termination is the result of a breach of contract by the Company, if the entry and/or exit points affected by the System Usage Contract or the capacity reduction are not booked by other Network Users for the remaining term of the contracting period (customer migration), and takeover stopped at the entry or exit point, the Network User is obliged to pay for the other party the unpaid capacity fee for the remaining period of the Long or Short Term Contract.

12.4. Contractual securities

12.4.1. Terms of providing and modifying contractual security

Every Network User/Licensee is obliged to provide contractual security for the fulfilment of its payment obligations arising from the Contracts and the Balancing Service Contract, in compliance with the stipulations of § 83 (3) of Vhr. As a prerequisite for participation on the auction conducted on the Regional Booking Platform the Company shall require an auction security in compliance with point 12.4.1.1.6. of the GTC.

The precondition of the Contracts entering into force and that of providing the services is the existence of a valid contractual security in accordance with the present GTC.

If the Network User is not a member of the EP, the terms of contractual security relating to the correction of trading imbalances and the use of balancing services are stipulated by the

pertaining contract (Annex 4.8. of the Business Code) and the provisions of point 12.4.1.1.1. of the GTC.

The terms of contractual security relating to Title transfer service are stipulated by the pertaining contract (Annex 4.9. of the Business Code).

Under the present point the System Operation Contract concluded between the Licensees and the Company is not included in the notion of Contracts.

12.4.1.1. General terms of contractual security

The Network User/Licensee is obliged to provide a contractual security, or in the cases specified by the GTC an additional security, as a security for its payment obligations arising from the Contracts and is also obliged to provide an authorisation for prompt collection for the fulfilment of its payment obligations arising from the Contracts.

According to the choice of the Network User/Licensee the form of contractual security can be:

- bank guarantee and/or
- cash deposit

  (hereinafter together: contractual security).

The cash deposit shall be transferred by the Network User/Licensee to the separate bank account of the Company, as prescribed by annex 3 of the GTC. Providing a cash deposit shall be considered fulfilled on the day of its crediting to the Company's separate bank account. The amount credited to its bank account until 15:00 shall be considered fulfilled by the Company.

The bank guarantee may be submitted on paper or in a SWIFT message to the payment service provider specified by the Company, according to the Network User's/Licensee's choice.

12.4.1.1.1. Amount of contractual security

The amount of contractual security to be provided for the Company shall be determined based on the following:

- In case of Long Term Contracts the contractual security shall cover at least the sum of 1/12 of the annual capacity fee and that of the system operation fee, and for the double amount of the highest odourisation and volume fee calculated on the basis of booked capacities, relating to the maximum transmittable quantity of natural gas, VAT included.

- In case of Monthly Contracts the amount of contractual security shall equal with the sum of the monthly capacity fee, the amount of monthly odourisation and volume fee calculated on the basis of booked capacities, relating to the maximum transmittable quantity of natural gas, VAT included. In case of capacities obtained via the Regional Booking Platform, in addition to the auction security determined

in point 12.4.1.1.6. the amount of contractual security shall equal with the sum of the monthly odourisation and volume fee calculated on the basis of booked capacities, relating to the maximum transmittable quantity of natural gas, VAT included.

- In case of Daily Framework Contracts the amount of contractual security shall cover the sum of the unpaid capacity fee regarding the capacity demanded by the Network User, and for the gross amount of volume, odourisation and system operation fees expected on the basis of the booking, but shall be minimum 10,000,000 HUF, i.e. ten million forints. The Network User/Licensee shall be obliged to provide contractual security for the Company until the capacity submission, at the latest. In case of failing the above the Company is entitled to refuse the daily capacity booking request of the Network User.

- In case of balancing service contracts the amount of contractual security shall be determined – in addition to the above – on the basis of the amount of security prescribed for EP members by the business code in effect at the time and other rules of the clearing house.

- In case of bilateral capacity trade the contractual security provided by the Network User/Licensee receiving the capacity shall cover the sum of the double amount of odourisation and volume fee calculated on the basis of received capacities, relating to the maximum transmittable quantity of natural gas, VAT included. If the receiving Network User has capacities received through bilateral capacity trade only, the amount of contractual security shall be minimum 10,000,000 HUF, i.e. one million forints, which is to be at the Company's disposal by the conclusion of the Contract.

12.4.1.1.2. Terms of modifying contractual security

12.4.1.1.2.1. Modification within gas year

In case the Company's request for contractual security changes within the gas year, and the new request for contractual security exceeds the previous request by over 10%, the Network User/Licensee shall be obliged to provide a contractual security to satisfy the new security request in compliance with the stipulations of the present GTC.

If the Network User/Licensee fails to fulfil the above obligation, the Network User/Licensee commits a breach of contract.

12.4.1.1.2.2. Modification for the coming gas year

At the turn of gas years the Network User/Licensee is obliged to ensure that the contractual security covers the payment obligations of both the actual and the coming gas year arising from all the contracts concluded between the Network User/Licensee and the Company.

If the Network User/Licensee provided the contractual security in the form of bank guarantee and intends to do so for the coming gas year – in compliance with the provisions of § 84 of Vhr – the existing bank guarantee shall be modified, at least 10 working days before the following gas year, as follows:

- Specifying expiry of the modified bank guarantee: the 90th calendar day following the end of the coming gas year.

- Specifying the amount of the modified bank guarantee: among the guarantee amount calculated for the actual gas year and the guarantee amount calculated for the coming gas year the larger amount shall be laid down in the bank guarantee.

In addition to the contractual security provided for the given gas year, the Network User/Licensee – according to its choice – may provide a new bank guarantee for the Company as a security for the payment obligations of the coming gas year, in compliance with the above. The Network User/Licensee may provide cash deposit as contractual security for the new gas year with the above conditions – independent of the form of contractual security provided for the given gas year.

12.4.1.1.3. Annulling bank guarantee, returning cash deposit

Upon the written request of the Network User/Licensee the Company shall approve of the annulment or reduction of the bank guarantee if

- the security request of the Company determined by the present GTC toward the Network User/Licensee makes it possible and

- it can be ascertained that the Network User/Licensee and the Company have fully settled accounts relating to the Contract covered by the contractual security, and the Company has no further claims towards the Network User/Licensee arising from the Contract.

In case of a cash deposit – upon the written request of the Network User/Licensee – the Company shall fully or partly return the amount of cash deposit if

- the security request of the Company determined by the present GTC toward the Network User/Licensee makes it possible and

- it can be ascertained that the Network User/Licensee and the Company have fully settled accounts relating to the Contract covered by the contractual security, and the Company has no further claims towards the Network User/Licensee arising from the Contract.

12.4.1.1.4. Authorisation for prompt collection

If the security provided by the Network User/Licensee is used in accordance with point 12.4.2. – upon the Company's demand - in compliance with point 12.4.1.1.1. the Network User/Licensee is obliged to submit an authorisation for prompt collection (hereinafter: authorisation) in favour of the Company as beneficiary to the payment service provider(s) that keep(s) bank account(s) for the Network User/Licensee, in compliance with the MNB Decree No 18/2009 (VIII.6.) on payment services, with the below conditions:

- The authorisation enters into effect on the banking day preceding the start of transmission, at the latest, and expires on the 90th calendar day following the termination of the Contract.
- The Network User/Licensee is obliged to submit the authorisation in 3 original copies, out of which the Network User/Licensee, the payment service provider and the Company is entitled for one copy each.
- The authorisation shall be withdrawn only with the written consent of the Company.
- If there are no sufficient funds, payment instruction under the authorisation shall be kept pending until 5 calendar days.

If the Network User/Licensee does not fulfil its payment obligations arising from the Contract, the Company is entitled to exercise its right of collection based on authorisation regarding the payment accounts of the Network User/Licensee. The Company is entitled to exercise the above right regarding a part of or the entire payment obligations of the Network User/Licensee as of the day following the due date.

Until complete fulfilment of its financial liabilities the Network User/Licensee is not allowed to make arrangements towards its payment service providers that may interfere with exercising the collection rights based on authorisation.

The Network User/Licensee undertakes to submit the original copies of the authorisation(s) – endorsed by the bank, approved by the related payment service provider(s) with unchanged content - to the Company within 5 working days following the Company's demand to provide an authorisation.

If the Company demanded the Network User/Licensee to provide an authorisation, the Network User/Licensee is obliged to notify the Company of the opening of its new payment account(s) within 3 working days, to authorise the new payment account(s) with collection rights within 5 working days in compliance with the above provisions.

If – due to local regulations - the Network User/Licensee is not able to provide an authorisation for prompt collection in favour of the Company as beneficiary, the Parties shall agree on another form of security.

12.4.1.1.5. Withdrawal of authorisation for prompt collection

The Company approves of the annulment of the authorisation letter provided by the Network User/Licensee by applying the stipulations of point 12.4.1.1.3.

12.4.1.1.6. Additional security

Contract for using balancing service

In case of contracts for balancing services the Company is entitled to require additional security from the Network User/Licensee under the conditions laid down in the present point. The Company is entitled to determine daily the free balance of the security provided by the Network User, based on the cumulative balance of the balancing transactions.

Bilateral capacity trade

In case of bilateral capacity trade the Company is entitled to require additional security from the Network User receiving the capacity under the conditions laid down in the present point.
The Company is entitled to determine daily the free balance of the security provided by the Network User, based on the cumulative balance of the secondary capacity transactions.

Common rules

In the given accounting period the cumulative financial liabilities of the Network User shall not exceed 60% of the transaction security provided by the Network User for the Company. If the cumulative financial liabilities of the Network User exceed the above limit, the Company is entitled to require the Network User to provide additional security. The amount of the additional security shall be determined so that it covers the amount of the financial liability part above the limit.

If the Network User/Licensee provides the additional security in the form of cash deposit, the Network User/Licensee is obliged to transfer the amount to the separate bank account of the Company – as prescribed by annex 3 of the GTC - by the time indicated in the notification, at the latest. Providing additional security in the form of cash deposit shall be considered fulfilled when the amount determined by the Company is credited to the bank account of the Company indicated on the notification.

Based on the cumulative financial liability and the expected turnover, the amount of cash deposit provided for additional security can be transferred back partly or fully to the Network User/Licensee on the basis of a mutual agreement between the Parties.

If the Network User/Licensee provides the additional security in the form of cash deposit, the Company and the Network User/Licensee reconcile the parameters of the bank guarantee:

- in case of a new bank guarantee the amount and expiration of the guarantee
- in case of modifying the bank guarantee the rate of increase.

The Network User/Licensee is obliged to provide the bank guarantee – serving as additional security – for the Company by the date indicated on the notification sent by the Company.

12.4.1.1.7. Special conditions of auctions conducted on the Regional Booking Platform

In accordance with the Regional Booking Platform Operational Rules a prerequisite of participating in the auction conducted on the Regional Booking Platform is that the Network User should possess a credit line determined by the Company.

The amount of the credit line shall equal with the amount of auction security provided by the Network User to the Company preceding the auction. The amount of the auction security shall equal with the clearing fee, i.e. the sum of the capacity fee as set by the Tariff Decree and the auction premium.
The auction security may be provided in the form of a bank guarantee or a cash deposit, according to the choice of the Network User. The Company shall only accept bank guarantees that comply with annex 1b of the GTC. The cash deposit should be transferred to the bank account as specified in annex 5 of the GTC – Notice: Credit line.

The auction security should be available until the clearing fee has been fully settled, but at least for 30 days following the commencement of the service period. Thus, until the financial settlement of the demand, the actual credit line of the Network User shall be reduced by the clearing fee demand of the Company arising from the auction(s) conducted on the Regional Booking Platform.

When determining the credit line the security submitted until 12:00 on the working day preceding the auction and approved by the Company shall be considered.

The time of submission shall be determined as follows:

- regarding bank guarantees the time of receipt of the original bank guarantee by the Company, or the time of notification of the SWIFT message by the bank of the Company,
- regarding cash deposits the time the amount has been credited to the bank account of the Company.

Simultaneously with providing the financial security, the Network User shall be obliged to declare in a duly signed letter the division of financial security among the parallel auctions. The Company shall set the relevant credit line(s) on the Regional Booking Platform based on the above declaration.

In case of failing to fulfil the above, it shall not be considered when determining the credit line of the Network User for the auction of the following day.

The credit line of the Network User shall be set by the Company on the Regional Booking Platform until the time prescribed by the Regional Booking Platform Operational Rules, which cannot be modified until the auction has been closed.

The auction security shall be handled separately from the other contractual securities of the Network User, thus the Network User is obliged to provide separate securities regarding the auctions to be concluded on the Regional Booking Platform and its other contracts. Volume and other fees relating to the obtained capacity shall be handled under the stipulations regarding securities for other contracts.

Following the complete settlement of the fee and upon the Network User's order the Company shall approve of unblocking the auction bank guarantee and shall return the cash deposit to unsuccessful Network Users after the auction has been closed, to winning Network Users regarding the amount over the clearing fee.

If the Network User does not settle the clearing fee, the Company shall be entitled to use the auction security.

With regard to matters not regulated by the present point the stipulations of point 12.4. of the GTC shall apply.

12.4.1.2. General rules of accepting bank guarantee

The bank guarantee provided by the Network User/Licensee shall be utilisable for all liabilities – for those not listed herein as well - of the Network User/Licensee towards the

Company, in particular for the fees, surcharges, default interests, additional expenses (e.g. taxes and contributions, collection and distraint costs) due for the Company.

The Company only accepts bank guarantees with the content in compliance with annex 1a and 1b of the present GTC.

The bank guarantee shall enter into effect on the banking day preceding the start of transmission and expires on the 90th calendar day following the termination of the Contract.

Prior to accepting the bank guarantee the Company shall carry out a compliance examination regarding acceptability of the security.

In order to facilitate the compliance examination the Network User/Licensee is obliged to submit the draft bank guarantee statement approved by the issuing bank to the Company prior to the issuance of the bank guarantee.

Compliance of the bank guarantee shall be examined by the Company based on the below criteria:

- whether the bank guarantee statement is in compliance with the stipulations of the prevailing GTC;
- whether the financial data included in the statement are accurate;
- rating of the issuing bank.

The Company shall respond to the Network User/Licensee with regard to the acceptance of the bank guarantee. The Company shall accept a bank guarantee statement examined previously according to the above.

In order to optimise its risk management the Company determines the maximum amount of bank guarantee acceptable from one bank, based on the risk assessment rating of the bank by international credit rating agencies. The acceptance limit shall be determined depending on the rating, in a given proportion to the equity capital of the bank as follows.

The amount of bank guarantee acceptable by the Company from one bank:

- Maximum 10% of the equity capital of the bank if the long-term debt credit rating of the bank is “A-“ or higher according to Standard & Poor’s, or is ranked in a corresponding risk group by Moody’s or Fitch.

- Maximum 5% of the equity capital of the bank if the long-term debt rating of the bank is “BBB“ (BBB+, BBB, BBB-) according to Standard & Poor’s, or is ranked in a corresponding risk group by Moody’s or Fitch.

- Maximum 2.5% of the equity capital of the bank if the long-term debt credit rating of the bank is “BB“ (BB+, BB, BB-) according to Standard & Poor’s, or is ranked in a corresponding risk group by Moody’s or Fitch.

The Company shall accept bank guarantees up to 100% of the entire portfolio projected onto the entire accepted guarantee portfolio from banks rated “BBB” or higher by Standard & Poor’s, or is ranked in a corresponding risk group by Moody’s or Fitch, and up to 20% of the entire portfolio projected onto the entire accepted guarantee portfolio from banks rated “BB”

(BB+, BB, BB-) or higher by Standard & Poor's, or is ranked in a corresponding risk group by Moody's or Fitch.

If the amount of bank guarantees accepted from banks ranked in other risk groups reaches 20% of the entire guarantee portfolio of the Company, only guarantees provided by banks rated "BBB" or higher shall be accepted by the Company.

The Company shall not accept bank guarantee from a bank if based on the long-term debt credit rating the bank belongs to other categories according to credit rating agencies approved by the Company, or the bank has no rating by a credit rating agency approved by the Company. Except if a consolidated bank itself has no risk rating, the rating of the parent company – in accordance with the above – can be acceptable based on the business decision of the Company.
If the bank has long-term debt risk rating from more accepted credit rating agencies, the bank guarantee limit acceptable from the bank shall be determined based on the lowest rating.

Only ratings provided by Standard & Poor's, Moody's and Fitch international credit rating agencies shall be accepted by the Company.

The equity capital of the issuing institution shall be regarded as the equity capital of the bank based on its latest audited annual report.

If the equity capital and/or the risk rating of the issuing bank changes, the limit relating to the given bank shall be modified in accordance with the change. The modification shall not affect effective bank guarantees, except if the issuing bank is insolvent, has initiated bankruptcy proceedings, or liquidation proceedings of the bank have been launched and the liquidation has been ruled by a legally binding decision of the court. If a new bank guarantee is to be issued or the existing bank guarantee is to be modified (e.g. existing guarantee expires, amount of bank guarantee is modified), the modification must be validated.

The procedure applied to determine the limit of the bank guarantee can be changed by the Company based on its business decision, the change shall not affect the accepted, unexpired bank guarantees. The changes shall be published by the Company in its Business Code.

In accordance with the above procedure the Company limits the amount of guarantees to be accepted from one bank, thus maintaining its right to refuse otherwise acceptable bank guarantees. The accepted guarantees are considered in the order of arrival.

The bank guarantee can only be modified or terminated before expiry with preliminary written consent of the Company.

If the booked capacities and the transmitted quantity change under the term of the Contract, the Network User is obliged to modify the amount of bank guarantee accordingly, in compliance with point 12.4.1.1.2.1. of the GTC.

The Company shall provide services regarding the modified booked capacity, the transmitted quantity only if the modified bank guarantee or cash deposit is available.

12.4.2. Enforcing security deposits

If the Network User/Licensee does not fulfil its payment obligation by the payment date, the Company shall send a demand letter on the day following the due date, setting the payment date in compliance with point 12.3.1.

Following full or partial fulfilment of its payment obligation the Network User/Licensee is obliged to send certification of the non-recurring and irrevocable transfer issued by the payment service provider to the Company.

If the Network User/Licensee does not fulfil its payment obligation by the deadline set in the demand letter, the Company is entitled to immediately call the bank guarantee relating to the Contracts or use the cash deposit simultaneously calling upon the Network User/Licensee to replace the contractual security by the prescribed due date (providing bank guarantee or cash deposit).

If the liability of the Network User/Licensee is not or only partially fulfilled by means of calling the bank guarantee or using the cash deposit, to ensure the fulfilment of payment obligations arising from the Contracts, the Network User/Licensee – upon the Company's demand – shall be obliged to provide a collection order based on the authorisation complying with point 12.4.1.1.4. – and the Company shall be entitled to enforce its collection rights based on the authorisation for prompt collection.

If the Network User/Licensee's payment obligations are partially or completely fulfilled between the submission on the collection order/calling of the bank guarantee and the fulfilment of the bank and the amount collected by means of prompt collection exceeds the claim of the Company, the Company shall make arrangements for the prompt retransfer of the difference to the Network User/Licensee. The Company shall not pay default interest on the difference.

The Company shall be entitled to charge the costs arising from the enforcement of securities on the Network User/Licensee.

In addition to settling the gross invoice debt, the Company is entitled to use the contractual securities for the unpaid default interests, fees (including surcharges) and other additional costs (including collection and distraint costs).

If the Network User has an overdue debt related to any contract concluded with the Company, the Company is entitled to refuse to fulfil any further capacity demand of the Network User until the debt is fully settled.

If the Network User/Licensee has an overdue liability towards the Company, the Company is entitled to include the overdue debt of the Network User/Licensee in its financial liability arising from the Contract or other legal relationships, simultaneously informing the Network User/Licensee.

The Company is entitled to have the disposal of the cash deposit. The Company is obliged to hold the required amount at disposal until the maturation of the claim secured by the cash deposit at the latest.

In case of termination of the Contract, after deducting the Company's claims towards the Network User, the remaining amount of the cash deposit shall be transferred to the Network User. The Company shall not pay any interest on the amount provided as cash deposit.

13. Miscellaneous provisions

System usage contracts concluded on the basis of the present GTC shall substantiate all provisions between the Parties, application of documents of negotiations held between the Parties prior to concluding the contract or earlier business practice of the Parties shall be excluded.

The contract may only be put into writing by concluding the relevant contracts complying with the system usage standard contracts. Parties' documented legal declarations, those expressed orally, by implied conduct or silence, shall not generate a contract.

13.1. Risk bearing

The Company shall take out a third-party insurance covering property and environmental damage affecting the natural gas transmission system owned by the Company up to a reasonable extent of risk bearing, depending on the conditions available at the insurance market.

The Company may be held responsible exclusively for the value of energy content of the taken over but undelivered natural gas.

13.2. Liability

In case of breach of the provisions of the Contract the defaulting Party is obliged to compensate for the damage of the other Party in compliance with point 12.2. and the present point of the GTC. Breach of contract, occurrence and rate of the damage, and imputability shall be proven by the Party referring to the damage.

In case of simple negligence Parties shall be held liable only if the breach of contract concerns a principal contractual obligation (e.g. supplying or delivering natural gas of insufficient quality, interrupting natural gas transmission in case of firm capacity) and it jeopardises achieving the purpose of the Contract. For breaching the Contract the breaching Party shall be obliged to pay the other Party the unsettled part of the annual transmission capacity fee, volume fee, odourisation fee and system operation fee relevant for a gas year for the entry and exit points stipulated by the Contract and pertaining to the remaining term of the Contract, i.e. the rate of the damage shall be limited to the value of the service.

The above limitation of liability shall not refer to damages caused intentionally and arising from breach of contract damaging life, corporal integrity or health.

In addition to the above the Company shall be liable for damages arising during the period between the takeover and delivery of natural gas due to the destruction or quality deterioration of natural gas beyond the stipulations of the Network Code.

The Company shall not be liable for failed fulfilment of the demanded (contracted) transmission task for the Network User if the reason for the failure can be imputable to the Network User, or has been caused by a circumstance beyond its control, unforeseeable at the time of concluding the contract and it cannot be expected from the Company to have avoided the circumstance or averted the damage. Contracting Parties shall inform each other without delay if the fulfilment is or is expected to be hindered by a third party.

The damaged Party has a liability to prevent, mitigate and remedy the damage. The Party causing the damage shall not be obliged to compensate for damages occurring as a result of breaching the above liabilities. The damaged Party shall be liable for the negligence of those whose conduct it is responsible for.

Taking the above into consideration in other cases the stipulations of the Hungarian Civil Code regarding damages caused by breach of contract shall be applied.

As to contracts concluded concerning long-term booking requests regarding more gas years or the period following the coming gas year the following provisions shall be applied as well:

Contracting Parties are aware that under the duration of the contract the Commission Regulation (EU) No 984/2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council, the Commission Regulation (EU) No 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks, the Tariff Decree and Interoperability Regulation currently in course of preparation (hereinafter: Regulations) shall be applicable. Parties mutually declare that in relation to applying the Regulations no partial rules are yet known regarding their implementation in Hungary and affecting the fulfilment of the present Contract. Parties specifically agree that if the system usage contract following its conclusion cannot be fulfilled or not in compliance with the contract due to the above, FGSZ shall not be held liable for non-performance or non-contractual performance. None of the stipulations of the present point can be interpreted as FGSZ excluding or limiting its liability for wilful breach of contract, or for breach of contract damaging human life, corporal integrity or health.

Parties herewith undertake that following the official promulgation of the Regulations, they shall discuss without delay the modifications relating to their Hungarian implementation – without prejudice to the licenses included in points 12.3.2.1. and 12.3.2.2. - and shall amend the present Contract accordingly.

13.3. Voidness of certain provisions of the Contract

Should a provision of the Contract be or become void or ineffective, it shall not affect the other provisions of the Contract. Contracting Parties undertake to enter into bona fide negotiations to replace the void or ineffective provision from the date of becoming void or ineffective with a provision approximating the economic outcome of the void or ineffective provision with its economic outcome.

In case of an insufficiency of the Contract the insufficiency shall not affect the other provisions of the Contract. Contracting Parties undertake to replace the insufficiency by supplementing the Contract with an effective provision that reasonably handles the Parties' interests.

13.4. Force majeure

All unexpected, unforeseeable and unavoidable events shall be considered as circumstances excluding liability (force majeure) that temporarily or permanently hinder the fulfilment of obligations stipulated by the Contract and which circumstances arose after the Contract came into force and were not caused by the relevant Contracting Party, who was hindered in the fulfilment of the Contract.

Nevertheless circumstances shall not exclude liability if they arise from the financial position of the relevant Contracting Party and those hindering fulfilment that the relevant Contracting Party should have partly or fully prevented, such as lack of an official permission necessary for the relevant Contracting Party to fulfil its obligations.

In particular but not exclusively the following cases shall be considered events of force majeure: natural disasters, severe damage to the natural gas pipeline system not caused by either of the Parties, fire, explosion, international embargo, war, civil war, which hinder fulfilment of the Contract in time.

The Contracting Party for whom it is impossible to fulfil the contractual obligations due to a case of force majeure is obliged to notify the other Contracting Party in writing without delay of the occurrence of these circumstances.

The notification shall include information concerning the occurrence and the nature of these circumstances, and their potential aftermath.

The notifying Contracting Party is obliged to notify in writing without delay the other Contracting Party of the cessation of these circumstances.

The Contracting Party on whose side the force majeure case occurred is obliged to do its utmost to fulfil its contractual obligations again as quickly as possible. The above Contracting Party is obliged to keep the other Contracting Party informed and notify of the expected duration the force majeure event is hindering the fulfilment of contractual obligations.

As long as fulfilment of the contractual obligations is hindered by force majeure, there is no liability to pay with regard to the unfulfilled service.

13.5. Confidentiality

The Contracting Parties declare that any data and facts related to the conclusion and performance of the Contract in respect of the other Contracting Party or its activity that come to their knowledge in any way, especially but not exclusively the existence and content of the Contract, shall be deemed as business secrets that must not be disclosed or made accessible by the Contracting Parties to any other third persons, and must not be used for any purpose other than performance of the Contract.

The confidentiality obligation does not cover the information below:

- information that is available to the public, or that become public without any fault on the part of the future recipient Contracting Party,

- or that has probably been known to the recipient Party before the effect of the Contract,
- or that came to the knowledge of the information recipient Party by a third Party that is not bound to keep confidentiality to the Contracting Party that the information refers to,
- or whose publication or disclosure has been rendered mandatory by law, stock market regulations or authority provisions in a prescribed scope and to a prescribed circle.

The Company shall be entitled to notify the Hungarian Energy and Public Utility Regulatory Authority of demand letters sent to the Network User, of the application of their legal and contractual consequences.

Effectiveness of the confidentiality provision shall not be affected by termination of the Contract for any reason; it shall be valid for 3 years from the date of termination of the Contract.

If a Contracting Party breaches the confidentiality liability, it shall be obliged to pay the other Party a penalty of 1,000,000 HUF (one million Hungarian forints) for each breach of contract. the breaching Party shall be obliged to pay the amount of penalty to the other Party within 8 days of the date of issue of the demand letter.

Annex 1a

GUARANTEE STATEMENT

guarantee number:……..

Addressee:

FGSZ Natural Gas Transmission Private Company Limited by Shares

(registered seat: 8600 Siófok, Tanácsház u. 5. tax number: 12543331-2-14, company registration number: 14-10-300230)

(hereinafter: „**Beneficiary**" or FGSZ Ltd)

Issuer:

Bank name:
Bank address:
(Company registration number and court of registration:)

(hereinafter: "**Bank**")

Dear Sir/Madam,

We have been notified by …….. (hereinafter "Network User", registered seat: ……..) that between the Beneficiary and the Network User

- a Long-term Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Contract;
- a Monthly Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Contract;
- a Daily Capacity Booking, Natural Gas Transmission, Odourisation and System Operation Framework Contract;
- a Contract on balancing gas settlement and the use of balancing services
- a Contract for Using Title Transfer Services.

(hereinafter: "Contract/Contracts") has/have been concluded and in compliance with the stipulations of the Contract/Contracts a prerequisite of performance on the part of the Beneficiary is to provide the present Bank guarantee ("**Guarantee**"). Based on the Contract all the amounts payable by the Network User to the Beneficiary – particularly but not exclusively fees, surcharges, default interests, additional costs – shall be covered as well by the present Guarantee.

1. Based on the request of the Network User we guarantee irrevocably and unconditionally up to the amount of …….. HUF, that is …….. Hungarian Forints (hereinafter "Guarantee Amount") for the benefit of the Beneficiary or its legal successor, verified by a certificate of incorporation in compliance with point 2 (d) of the present Guarantee, for all the payment obligations of the Network User arising from the Contract (fees, surcharges, VAT, default interest and other additional costs including the costs of collection and distraint).

2. Based on the present Guarantee, upon the first written demand of the Beneficiary (hereinafter "Demand") the Bank shall effect a payment of the amount indicated by the Beneficiary but maximum up to the Guarantee Amount, without examining the legal relationship serving as the basis and regardless of any objection, for the benefit of the Beneficiary within 3 bank days following the receipt of the Demand, on condition that (a) the Beneficiary declares in the Demand that the Network User/Licensee did not fulfil - or not in compliance with the contract –its contractual obligation; (b) in the Demand there is a reference (indicating the Guarantee number) to the present Guarantee, (c) the original copy of the Demand is sent to the above address of the Bank by the Expiry Date at the latest, and (d) the Beneficiary credibly proved the signing authority and signature authenticity of the persons signing the demand (by providing the specimen signature and the certificate of incorporation not older than 30 days or an appropriate certificate issued by the bank).

3. Fees related to the present Guarantee shall be borne by the Network User, excluding the bank guarantee registration fee charged to the Beneficiary by the payment service provider maintaining the payment account of the Beneficiary.

4. Payment obligations of the Bank related to the Guarantee shall only be decreased by the amount paid on the basis of the written Demand issued by the Beneficiary.

5. The present Guarantee can be called in instalments. All payments made on the basis of the Guarantee shall automatically reduce the amount of the Guarantee.

6. The payment obligation prescribed in point 2 of the Guarantee shall be fulfilled by the Bank without deducting taxes, contribution and fees.

7. The Guarantee shall come into effect on ……. (day) ……. (month) ……. (year). The Guarantee shall expire without any further notice at 12:00 hours Budapest time on the 90th calendar day after the expiry of the Contract [(1)] (hereinafter Expiry date), irrespective of the fact whether the original copy of the Guarantee has been returned to our Bank. The Bank shall not make any payment based on Demands received after the Expiry date.

[[(1)] from the specified contracts the one with the latest expiry date shall apply]

With respect to the present Guarantee Hungarian Law shall be applied.

Dated:……..

Yours sincerely,

Bank name
Contact person: ……
Phone: ……
Fax: ……

…….....	……
Name	Name
Position	Position
Client manager	Client manager

Annex 1b

BANK GUARANTEE STATEMENT

bank guarantee number:……..

Addressee:

FGSZ Natural Gas Transmission Private Company Limited by Shares

(registered seat: 8600 Siófok, Tanácsház u. 5. tax number: 12543331-2-14, company registration number: 14-10-300230)

(hereinafter: „**Beneficiary**" or FGSZ Ltd)

Issuer:

Bank name:
Bank address:
(Company registration number and court of registration:)

(hereinafter: "**Bank**")

Dear Sir/Madam,

1. We have been notified by …….. (hereinafter "Network User", registered seat: ……..) that a prerequisite of participating in the auction procedure (hereinafter "Auction procedure") conducted on the Regional Booking Platform is to provide the present Bank Guarantee (hereinafter "Guarantee"). we are also aware that based on the RBP Auction Confirmation (hereinafter "Contract") generated after a successful Auction procedure, all the amounts payable by the Network User to the Beneficiary – particularly but not exclusively fees, surcharges, default interests, additional costs – shall be covered by the present Guarantee.
2. Based on the request of the Network User we guarantee irrevocably and unconditionally up to the amount of ……. HUF, that is …… Hungarian Forints (hereinafter "Guarantee Amount") for the benefit of the Beneficiary or its legal successor, verified by a certificate of incorporation in compliance with point 3 (d) of the present Guarantee, for all the payment obligations of the Network User arising from the Contract (fees, surcharges, VAT, default interest and other additional costs including the costs of collection and distraint).
3. Based on the present Guarantee, upon the first written demand of the Beneficiary (hereinafter "Demand") the Bank shall effect a payment of the amount indicated by the Beneficiary but maximum up to the Guarantee Amount, without examining the legal relationship serving as the basis and regardless of any objection, for the benefit of the Beneficiary within 3 bank days following the receipt of the Demand, on condition that (a) the Beneficiary has declared in the Demand that the Network User/Licensee did not fulfil - or not in compliance with the contract – its contractual

obligation; (b) in the Demand there is a reference (indicating the Guarantee number) to the present Guarantee, (c) the Demand has been sent to the above address of the Bank by the Expiry Date at the latest by post, in person or in a certified SWIFT message, and (d) the Beneficiary credibly proved the signing authority and signature authenticity of the persons signing the demand (by providing the specimen signature and the certificate of incorporation not older than 30 days or an appropriate certificate issued by the bank).

4. Fees related to the present Guarantee shall be borne by the Network User, excluding the bank guarantee registration fee charged to the Beneficiary by the payment service provider maintaining the payment account of the Beneficiary.

5. Payment obligations of the Bank related to the Guarantee shall only be decreased by the amount paid on the basis of the written Demand issued by the Beneficiary.

6. The present Guarantee can be called in instalments. All payments made on the basis of the Guarantee shall automatically reduce the amount of the Guarantee.

7. The payment obligation prescribed in point 2 of the Guarantee shall be fulfilled by the Bank without deducting taxes, contribution and fees.

8. The Guarantee shall come into effect on ……. (day) ……. (month) ……. (year). The Guarantee shall expire without any further notice at 12:00 hours Budapest time on the 90th calendar day after the expiry of the Contract (1) (hereinafter Expiry date), irrespective of the fact whether the original copy of the Guarantee has been returned to our Bank. The Bank shall not make any payment based on Demands received after the Expiry date.

With respect to the present Guarantee Hungarian Law shall be applied.

Dated:……..

Yours sincerely,

Bank name
Contact person: …….
Phone: …….
Fax: ……..

……..... ……

Name	Name
Position	Position
Client manager	Client manager

Annex 2

CODE OF PRACTICE

for the accounting of transmission system usage fee refund for shippers supplying customers eligible for universal services

The Company shall refund the system operation transmission fee for Network Users supplying customers eligible for universal services in compliance with decree No 74/2009 (XII.7.) KHEM on the framework of the price regulation of natural gas system usage and decree No. 1/2013 (VII. 11.) on setting the fees for natural gas system usage, the rules of incentivising the improvement of the quality of services provided by the system operator through system usage fee, the system usage fees applicable depending on the quality of service, and the conditions of applying system usage fee (hereinafter referred to as: Tariff Decree).

The Network User is obliged to indicate the partial invoices, settling invoices, void and cancelled invoices regarding each distribution area in compliance with the format specified in point 3 of annex 3 of the Tariff Decree.

a) With regard to invoices when the Network User books capacities on the natural gas transmission system for the supply of a customer eligible for universal services, the Network User is obliged to submit to our Company the data supply in compliance with sheet I of point 3 of annex 3 of the Tariff Decree.

b) With regard to invoices when the capacity for the supply of customers eligible for universal service is booked not by the shipper supplying them, the Network User booking the capacity is obliged to submit to our Company the data supply in compliance with sheet II of point 3 of annex 3 of the Tariff Decree, based on the data supply in compliance with sheet I of point 3 of annex 3 of the Tariff Decree received from the shipper supplying the customer eligible for universal services.

   In sheet II of point 3 of annex 3 of the Tariff Decree the Network User shall indicate the closed invoice number intervals together with the name of the shipper licensee as shown in sheet I of point 3 of annex 3 of the Tariff Decree received from the shipper supplying the customer eligible for universal service.

The Company shall publish the data supply sheets of I. and II. of annex 3 of the Tariff Decree on its website.

The invoices listed in the sheet, regarding the calendar month preceding the date of data supply (hereinafter: relevant month), serving as the basis for the refund, must comply with the below:

- in the preliminary invoice and/or the final invoice at least one day of the invoiced period must be of the period affected by the refund,
- the period affected by the refund shall not be before 1 January 2013,

- if the invoicing period also regards a period not affected by the refund, the quantity next to the invoice number in the data supply sheet can only refer to the period affected by the refund,
- only invoices regarding natural gas quantity for which refund has not yet been claimed can be listed in the data supply,
- correction invoices can only be listed in the data supply if the relevant original invoice has already been listed in an earlier data supply.

The Network User is obliged to send the report containing aggregate lines, regarding each distribution area, of the detailed sheet prepared for distribution areas according to sheets I and II of point 3 of annex 3 of the Tariff Decree (hereinafter aggregate data supply), duly signed, to the invoicing address of the Company (8601 Siófok Pf. 8). Simultaneously, the Network User is to send the detailed sheet (sheets) regarding each distribution area supporting the aggregate data supply submitted on paper to the electronic address of the Company (szamlazas@fgsz.hu) in editable excel format by e-mail, or to the address of the Company on an electronic data carrier. The data supply shall be considered fulfilled at the time the duly signed aggregate data supply submitted on paper arrives at the Company.

The refund shall be accounted by the Company only if there is no difference between the data supplies submitted electronically and on paper.

The refund shall be settled by the Company with the Network User once a month. The refund shall be paid by the Company to the Network User until the 30th day of the month following the relevant month if the Network User submitted the data supply concerning the relevant month until the 10th day of the month following the relevant month. Otherwise the Company shall settle the refund together with the refund of the following month.

The Company shall settle the refund – as a general rule, but not exclusively – by way of financial netting (compensation) in compliance with point 11.9. of the present GTC.

In case of inconsistency of data provided by the Network User the Company reserves the right to initiate at the Authority an examination into the accuracy of the data.

The examination does not have a delaying force regarding the financial settlement of compensation. If the examination reveals that the amount the Company refunded to the Network User had been higher than justified, the Network User is obliged to return to the Company the difference plus default interest, as stipulated in point 11.8 of the present GTC. The deadline of return is the 5th calendar day following the conclusion of the examination. If the examination finds that the certificate(s) issued by the Company should be corrected, the Company shall do so within 8 calendar days following the conclusion of the examination.

Sample data supplies in compliance with point 3 of annex 3 of the Tariff Decree

a) *the capacity for the supply of customers eligible for universal service is booked by the shipper, Network User supplying them:*

- data supply of the Network User booking the capacity towards the transmission system operator,
  annex 3. I:

Name of Network User claiming refund:
Tax number:
I. Discount claimed on the basis of the quantity sold directly to customers by the Network User

Details of invoices serving as the basis for refund:

closed invoice number interval		number of invoices	discount		
opening invoice number	closing invoice number		basis (MJ)	quantity (Ft/MJ)	value (Ft)
100001	100030	30	30 000	0,147	4 410
100111	100125	15	25 000	0,155	3 875
Sum of basis and value of demandable discount:			55 000		8 285

b) the capacity for the supply of customers eligible for universal service is booked not by *the shipper supplying them*

- data supply of the shippers supplying customers eligible for universal services towards the Network User booking the capacity,
  annex 3. I:

Shipper A
Details of invoices serving as the basis for refund:

closed invoice number interval		number of invoices	discount		
opening invoice number	closing invoice number		basis (MJ)	quantity (Ft/MJ)	value (Ft)
1000001	1000035	35	35 812	0,147	5 264
1000111	1000138	28	29 111	0,155	4 512
Sum of basis and value of demandable discount:			64 923		9 777

Shipper B
Details of invoices serving as the basis for refund:

closed invoice number interval		number of invoices	discount		
opening invoice number	closing invoice number		basis (MJ)	quantity (Ft/MJ)	value (Ft)
200001	200093	93	1 154 856	0,147	169 764
200111	200136	26	12 555	0,131	1 645
Sum of basis and value of demandable discount:			1 167 411		171 409

- data supply of the Network User booking the capacity towards the transmission system operator,
  annex 3. II:

Name of Network User claiming refund:
Tax number:
II. Discount claimed on the basis of the quantity sold not directly to customers by the Network User

closed invoice number interval		number of invoices	discount		
opening invoice number	closing invoice number		basis (MJ)	quantity (Ft/MJ)	value (Ft)
100001	100035	35	35 812	0,147	5 264
100111	100138	28	29 111	0,155	4 512
200001	200093	93	1 154 856	0,147	169 764
200111	200136	26	12 555	0,131	1 645
Sum of basis and value of demandable discount:			1 232 334		181 185

Annex 3

Details of FGSZ Ltd separate bank account for cash deposit

Name of the bank:	OTP Bank Plc
IBAN bank account number:	HU71 1179 4008 2054 1097 0000 0000
SWIFT:	OTPVHUHB
Currency:	HUF

Annex 4

FINANCIAL NETTING FORM LETTER

FGSZ LTD.
¶

Partner's name

Contact person's name
position

Partner's address

Fax: 99/99-99-999

Date: Siófok, day, month, year
Reg. number:
Contact person (FGSZ):
Phone:
Fax: 84/505-703

Ref. number:
Contact person (partner):

Subject: **Financial netting**

Dear Partner,

With reference to our negotiation this is to inform you that simultaneously with the due date of your invoice we are concluding a netting procedure according to the below:

Shipper's name and claim/receivables (at the accounting sum sale):

Name	Invoice number	Invoice amount	Amount to be compensated (gross, HUF)	Due date
Sum total				

Shipper's name and liability (at the accounting sum purchase):

Name	Invoice number	Invoice amount	Amount to be compensated (gross, HUF)	Due date
Sum total				

Payable to FGSZ Ltd / Shipper: [ ]

You are kindly asked to acknowledge the netting with your signature by return of fax to the above fax number and to book it down according to the above.

The amount of …….. HUF difference payable to you will be transferred by the due date.

You are kindly asked to transfer the amount of ……. HUF difference payable to our Company by the due date.

Yours sincerely,

……	……..
name1	**name2**
position	position

Acknowledged:

……	……..
name1	**name2**
position1	position2

Attachment(s): if any

Annex 5

Procedure in case of customer migration

Contracted long-term capacities may be modified during the gas year due to customer migration. Modifications carried out during the gas year shall affect the highest demanded daily and hourly capacities and the monthly natural gas transmission volumes. The modification request shall become contracted capacity following the approval of FGSZ Ltd, thus constituting the basis for the System usage (KFSZRI) contract.

Contract modifications should be submitted by filling in the *Capacity management/Customer migration management* surface of the Informatic Platform of FGSZ Ltd at least 21 days prior to the intended migration.

FGSZ Ltd shall evaluate the contract modifications submitted on the Informatic Platform within 3 working days and shall approve or reject them in compliance with the prevailing stipulations of Vhr and the Network Code, and shall notify the related Network Users by sending an e-mail via the Informatic Platform.

In case of rejection the Network User has 3 working days to correct the customer migration demand as agreed with FGSZ Ltd.

If the modification demand is in accordance with the stipulations of GET/Vhr/Network Code, FGSZ Ltd shall effectuate the submitted modifications in the contract, and shall send it via the *Contract management* surface of the Informatic Platform to the Network User, who shall confirm it via the same surface. Following the Network User's confirmation FGSZ Ltd shall approve the contract modification, which shall come into effect on the 1st day of the following month. Thereafter FGSZ Ltd shall send the modified KFSZRI contract in 2 signed, original copies to the Network User, who shall return 1 signed copy to FGSZ Ltd until the 4th day prior to the relevant customer migration.