

General Auction Terms and Conditions

of MND Gas Storage a.s. (hereafter referred to as "Storage Operator")

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I. Auction Process and Conclusion

All applicants interested in participating in an auction are required to register in the auction system (<https://mnd-es.proebiz.io/> – hereinafter referred to as the "Auction System"), to log in to the relevant auction (send request) and to comply with all auction terms and conditions set out in the Gas Storage Operator Code (hereinafter referred to as the "Code"), in these General Auction Terms and Conditions (hereinafter referred to as "General Conditions") and also, where applicable, in the Terms and Conditions of each specific auction (hereinafter referred to as the "Auction Terms and Conditions"). Subsequently, the Storage Operator will send a confirmation of compliance with the Auction Terms and Conditions (participation authorization) to the applicant, whereby the applicant becomes an active applicant authorized to participate in the respective auction.

The Auction Terms and Conditions generally include, but are not limited to, the following information regarding the specific auction being announced, namely the:

- auction mode (standard, standard with gas leasing, option, option with gas leasing);
- type of auction (capacity auction, ERMMA, capacity ERMMA);
- request for participation deadline;
- start of the auction, date and time (as CE(S)T);
- starting (initial) price (the storage or option premium price);
- price increase (the storage or option premium price) between auction rounds in case of capacity auction;

- financial security (equals zero, unless specified);
- penalty for the successful active applicant's failure to sign a storage contract (equals zero, unless specified);
- fee calculation method for storage related services (fixed model, tariff model, other methods – fixed fee in the amount of 0 CZK, unless specified);
- specification as to the storage user's obligation to provide technological gas (gas in kind – if "yes", it is provided by the storage user, otherwise by the storage operator) – if stated, it is only indicative, the amount stated in the price list is binding;
- size of the storage capacity (working gas volume, injection output and/or withdrawal output);
- size of the minimum booked storage capacity (equals zero, unless specified);
- kind of storage capacity - working gas volume and outputs (fixed, interruptible – this is fixed storage capacity, unless specified otherwise);
- type of storage capacity (monthly, annual, daily, unused);
- type of outputs (subject-to-curve, not subject-to-curve – flat; this involves subject-to-curve outputs, unless stated otherwise);
- storage period (the period for which storage capacity is booked, which may consist of one or more storage periods or parts thereof - hereinafter referred to as the **"storage period"**, the reference time is CE(S)T);
- minimum and maximum storage capacity booking periods (equal to the stated storage period, unless specified);
- size of additional storage capacity that can be activated;
- auction round time (equals 10 minutes, unless specified);
- auction round extension time for ERMMA and capacity ERMMA (equals two minutes, unless specified);
- interval between auction rounds in capacity auctions (equals one minute, unless specified).

The request to book storage capacity for the storage period in question shall be made by the active applicant in the auction round in the form of an integer (whole number) expressing the size and/or amount requested in the specified units in which the auction was announced. Within a single auction, the Storage Operator may offer storage capacity for several storage periods, consisting of one or more storage periods or parts thereof; in such cases, requests for storage capacity bookings must be submitted separately for each storage period (the request may have a different value for each storage period).

The auction may not be attended by an applicant in cases specified in the Code or provided for in applicable legal regulations nor by an applicant in debt and subject to insolvency proceedings under Act No. 182/2006 Coll., the Insolvency Act, or in default of any payment due to the Storage Operator, unless the Storage Operator decides otherwise.

The Storage Operator may cancel the auction at any time by promptly notifying the individual applicants and posting its decision, including the underlying reasons, on the Storage Operator's website.

The Storage Operator offers both available and unused storage capacity in three types of auctions, namely capacity auction, ERMMA and capacity ERMMA. The auction may be advertised either as a standard auction, i.e. for storage capacity with or without gas leasing (without gas leasing as standard, unless specified otherwise), or as an auction for storage capacity options with or without gas leasing (hereinafter referred to as **"Option"** – without gas leasing as standard, unless specified otherwise). In the case of Options, successful active applicants, having signed the relevant gas storage contract and paid an option premium, will be allowed to decline a portion or the entire storage capacity booked (as per the Option terms under the relevant storage contract). Option auctions may be announced with either a fixed price for the gas storage service or a fixed option premium, provided that:

- the price for the gas storage service with respect to fixed-price Options is fixed and specified in the Auction Terms and Conditions; all active applicants will submit their requests in the manner specified for the respective auction type, where the resulting auction price defines the amount of the option premium;
- the option premium with respect to fixed-premium Options is fixed and specified in the Auction Terms and Conditions; all active applicants then submit their request in the auction in the standard manner established for the given type of auction, where the resulting auction price defines the price for the gas storage service.

Individual types of auctions are subject to the following specific conditions:

a. Capacity auction

A capacity auction is a multi-round auction where active applicants submit their requests for storage capacity bookings in the respective auction round in the units specified in the Auction Terms and Conditions.

The Storage Operator may specify the size of any additional storage capacity to be activated in the Auction Terms and Conditions. The Storage Operator will decide on the activation of any additional storage capacity based on the auction process. Additional storage capacity, or part thereof, may be activated at any time during the interval between auction rounds if the storage capacity currently in demand is higher than the capacity offered, but only up to the difference between the storage capacity demanded and the storage capacity offered. The activation of additional storage capacity will be effective as of the start of the next auction round.

The Storage Operator may set a minimum booked storage capacity in the Auction Terms and Conditions. If the aggregate storage capacity requested in the first round is less than the minimum booked storage capacity, the Storage Operator will call off the auction without any storage capacity being booked. Unless the Auction Terms and Conditions specify a minimum booked storage capacity, it is assumed to be zero.

In each round, auction applicants may submit an integer request to book storage capacity up to the sum of the offered storage capacity and of any additional storage capacity (including capacity not yet activated). Submitted requests for storage capacity booking may be modified during each auction round. In cases where the sum of all storage capacity booking requests for at least one storage period exceeds the offered storage capacity at the end of the auction round, another auction round will follow, wherein the price for the gas storage service (or the Option premium for a fixed price storage Option) per unit of storage capacity will be automatically increased by the price step value defined in the Auction Terms and Conditions. In order to avoid doubt, if only one active applicant submits a storage capacity booking request which is greater than or equal to the offered storage capacity, the auction will be closed and the active applicant will have booked the offered storage capacity in its entirety (excluding any additional capacity not activated).

Active applicants are entitled to submit a request to shorten the auction round by clicking on the relevant button, thereby confirming their intention not to modify their storage capacity booking request in the round in progress. In the event that all authorized active applicants within one round submit a request for the auction round reduction, the Storage Operator may choose to close the auction round early.

After each auction round, the system evaluates the status of each storage period offered. If the sum of the storage capacity booking requests for a given storage period exceeds 100% of the offered storage capacity in the closed auction round, a break of one minute will follow, unless otherwise specified in the Auction Terms and Conditions, followed by another auction round for that storage period. Active applicants may submit a storage capacity booking request in the next auction round in any amount, e.g. even higher than their storage capacity booking request submitted in the previous auction round. The submission of storage capacity booking requests in subsequent rounds is conditional on submitting any storage capacity booking request in the current round on the understanding that a zero-value request is also regarded as a storage capacity booking request. **In the absence of any storage capacity booking request in the current auction**

round, the active applicants concerned may no longer submit storage capacity booking requests for the same storage period in any subsequent auction round, i.e. they no longer qualify as active applicants in relation to the storage period in question.

If the sum of the storage capacity booking requests for a storage period is less than or equal to the storage capacity offered at the close of the auction round, the auction for that storage period will close. The entire auction closes once the auction for the last storage period offered has ended.

The auction will be closed with no bid selected unless any non-zero storage capacity booking request is submitted in the first round.

Once an auction is closed, other than by cancellation or "without having selected the most advantageous bid", the auction will be evaluated by the Storage Operator in accordance with these rules, (hereinafter referred to as a "Successful Auction"):

- a) If the auction is terminated in the first round, the Storage Operator will book the storage capacity for all active applicants that have submitted a non-zero request for storage capacity booking in an amount equal to their storage capacity booking requests.
- b) If the auction continues after the first round, then:
 - a. In cases where the sum of all active applicants' requests for storage capacity booking in the last auction round was equal to the value of the total storage capacity offered, the Storage Operator will book the storage capacity for all active applicants that have submitted a non-zero request for storage capacity booking in the last auction round in an amount equal to their storage capacity booking requests.
 - b. Where the sum of all active applicants' requests for storage capacity booking in the last auction round was lower than the total storage capacity offered, the Storage Operator will book:
 - i. the storage capacity for all active applicants that have submitted a non-zero request for storage capacity booking in the last auction round in an amount equal to their storage capacity booking requests, and
 - ii. the unallocated portion of the storage capacity offered in the last auction round pro rata to all active applicants that have submitted a non-zero request for storage capacity booking in the penultimate auction round based on the amount of their storage capacity booking requests in the penultimate round on the understanding that their storage capacity booking requests from the penultimate round are to be reduced by their storage capacity booking request from the last round, but not below zero.
- c) In the event that an active applicant had been allocated a lower amount of storage capacity (working gas volume) than the total offered, the applicant will be also allocated the offered withdrawal/injection outputs in proportion of the booked working gas volume to the total working gas volume offered.
- d) The calculated booked storage capacity will always be rounded to a whole number, and when allocating the offered storage capacity among several active applicants, the rounding procedure will be such that the storage capacity to which several active applicants are partially entitled will be booked to an active applicant having mathematically the strongest claim to it (the value of the remainder of the applicant's entitlement to book the available storage capacity being the highest). In the event of a matching entitlement, the capacity will be booked based on a time stamp order to the active applicant that was first to submit its last storage capacity booking request to the auction system. Furthermore, the auction evaluation will never result in the allocation of more storage capacity than the sum of the additional storage capacity offered in the auction and the additional storage capacity activated, if any.

The resulting price per unit of storage capacity is mathematically rounded to two decimal places and is determined as:

- a) the value of the starting (initial) price if the Successful Auction was closed in the first round;
- b) the weighted average of the prices from the last and the penultimate auction rounds, where the weights represent the amount of storage capacity booked in the last and the penultimate auction rounds, provided that the active applicant has also booked storage capacity based on a storage capacity booking request in both the penultimate and last auction rounds;
- c) the value of the auction price in the relevant auction round in which the storage capacity has been booked for the active applicant provided that the storage capacity is booked for the active applicant only on the basis of a storage capacity booking request submitted in one auction round.

The price for the gas storage service will be calculated as the multiple of the resulting price per unit of storage capacity and the size of the booked storage capacity.

b. ERMMA

ERMMA (a reverse multi-item multi-criteria auction) is a type of single-round auction where active applicants/bidders submit their requests/bids by offering a price for the gas storage service (or Option premium for a fixed-price storage Option) per unit and storage period as specified in the Auction Terms and Conditions. The storage service is then booked in its entirety ("**winner-takes-all**") to an active applicant/bidder offering the best price.

At the start of the auction, all active applicants/bidders will be shown the starting (initial) price. Active applicants/bidders submit their storage capacity booking requests/bids **against the current best price in the auction** (raising it). The first active applicant/bidder to request a storage capacity booking in the auction may submit a bid at the starting (initial) price or raise the price, in either case by submitting a storage capacity booking request in the form of an integer (if the price is set in EUR, it should be to 1 decimal place) representing the offered price for the gas storage service (or an Option premium for a fixed-price storage Option). All active applicants will then be shown the current highest bid, i.e. the current best price (Option premium) in the auction, and any active applicant can further submit their request for storage capacity booking by placing a higher bid than the current best price. During the auction, there is no limit as to the number of storage capacity booking requests submitted by any one active applicant. Each storage capacity booking request will be regarded as a request for the entire amount of storage capacity offered in the auction for the entire storage period offered.

The duration and/or extension of each auction round will be specified in the Auction Terms and Conditions. The extension occurs in the event of a new storage capacity booking request being submitted during the extension period so established for the remainder of the auction round, so that the auction round does not close before the end of the period so established; unless otherwise specified in the Auction Terms and Conditions, the extension period will be set to 2 minutes. The auction ends on the expiry of the stipulated time and/or the extended auction round duration.

The active applicant whose storage capacity booking request represents the current best price in the auction at the time the auction closes will be allocated/booked the full amount of storage capacity offered in the auction for the entire storage period offered. The value of this storage capacity booking request constitutes the price for the gas storage service (or Option premium for a fixed price storage Option) per unit as specified in the Auction Terms and Conditions. The price for the gas storage service (or the total amount of the Option premium for a fixed-price storage Option) will be calculated as the multiple of this value and the number of units in the storage service offered.

Termination of the auction with no winning request/bid selected occurs if no storage capacity booking request is submitted during the auction round.

No additional storage capacity is offered in this type of auction.

c. Capacity ERMMA

Capacity ERMMA is a type of single-round auction based on ERMMA principles where the active applicant/bidder **submits** a storage capacity booking request by **offering a price for the gas storage service (or Option premium for a fixed-price storage Option)** per unit and storage period as specified in the Auction Terms and Conditions, **as well as the required amount of storage capacity**. The system compares the price offered by the active applicant with the prices of the other active applicants and, based on the ranking, decides as to whether to allocate (i.e. book after the auction) the requested capacity, or a portion thereof, to the active applicant, gradually until the offered storage capacity is exhausted.

The Storage Operator may set a minimum booked storage capacity in the Auction Terms and Conditions. Unless the Auction Terms and Conditions specify a minimum booked storage capacity, it is assumed to be zero.

At the start of the auction, all active applicants/bidders will be shown the starting (initial) price. Each active applicant/bidder may submit a request/bid at the starting (initial) price or raise the price, in either case by submitting a booking request in the form of an integer (if the price is set in EUR, it should be to 1 decimal place) representing the offered price for the gas storage service (or an Option premium for a fixed-price storage Option) and, at the same time, in the form of an integer as a storage capacity request in units specified in the Auction Terms and Conditions. In this type of auction, active applicants/bidders submit their subsequent storage capacity booking requests by **raising the price relative to their last submitted price** (bidding up the price). During the auction, all active applicants/bidders may submit any number of storage capacity booking requests, essentially bidding up the price (in the event of a tie, the earliest submitted request/bid is the best ranked), while the quantity of storage capacity may be modified at will; the price change and the quantity requested shall always be submitted simultaneously. Throughout the auction, all active applicants/bidders are informed as to the amount of storage capacity currently allocated to them based on the offered bid and the auction process. In cases where an active applicant/bidder is not allocated the full (or any) amount of storage capacity requested, information will be available to indicate the price to be surpassed in order to have the full amount of the requested storage capacity booked.

The duration and/or extension of each auction round will be specified in the Auction Terms and Conditions. The extension occurs in the event of a new storage capacity booking request being submitted during the extension period so established for the remainder of the auction round, so that the auction round does not close before the end of the period so established; unless otherwise specified in the Auction Terms and Conditions, the extension period will be set to 2 minutes. The auction ends on the expiry of the stipulated time and/or the extended auction round duration; the last requests/bids submitted by active applicants/bidders with allocated storage capacity constitute the winning requests/bids.

In the event that an active applicant has been allocated a lower amount of storage capacity (working gas volume) than the total offered, the applicant will also be allocated the offered maximum withdrawal/injection outputs in proportion of the booked working gas volume to the total working gas volume offered.

An active applicant whose storage capacity booking request has been identified as winning at the time the auction closes will be awarded/booked the allocated storage capacity for the storage period. The value of this storage capacity booking request constitutes the price for the gas storage service (or Option premium for a fixed price storage Option) per unit as specified in the Auction Terms and Conditions. The price for the gas storage service (or the total amount of the Option premium for a fixed-price storage Option) will be calculated as the multiple of this value per unit and the size of the booked storage capacity.

An auction will close without any winning bid selected if no non-zero storage capacity booking request is submitted by the time the auction closes and/or if a minimum booked storage capacity has been set and the aggregate requested storage capacity booking at the time the auction closes is less than the minimum booked storage capacity.

No additional storage capacity is offered in this type of auction.

II. Secure electronic communication and alternative communication

The auction is conducted in the online application of MND Energy Storage a.s., i.e. the auction system, available at <https://mnd-es.proebiz.io/> via a secure web interface.

Storage Operator warrants through contractual arrangements that information about registered users shall be administered securely, including the protection against abuse of commercially sensitive information. Except for where required by applicable law, company MND Energy Storage a.s. is contractually obliged to protect confidentiality of all information it gained in connection with the administration of Auction, including active applicants' bidding history.

By registering for the Auction, any active applicant agrees that company MND Energy Storage a.s. is allowed to process such applicant's information, including its bidding history, so that MND Energy Storage a.s. could manage and evaluate Auction announced by MND Gas Storage a.s.

In the event of a failure of the Auction System, the Storage Operator will duly notify all active applicants (via e-mail, Auction System chat, notification on the Storage Operator's website, etc.). The auction will be suspended for the duration of the failure, resuming from the start, i.e. the first round, if the Auction System is restored within a reasonable time. If the Auction System fails for an extended period of time, the auction will be canceled. The Storage Operator will duly notify all active applicants of the continuation or cancellation of the auction (via e-mail, Auction System chat, notification on the Storage Operator's website, etc.).

In the event of a failure of an active applicant's electronic communication during the auction, an alternative method of communication may be used by sending an email message to auction@mnd-es.cz, as well as by notifying the Storage Operator via phone of any submitted storage capacity booking requests, ensuring that the email message for each type of auction includes the following details:

a. Capacity auction:

- accurate identification of the active applicant;
- name of the auction and identification of the auction round associated with the submitted request;
- size of the storage capacity request for each storage period consistent with the Auction Terms and Conditions;

b. ERMMA:

- accurate identification of the active applicant;
- auction identification;
- price for the gas storage service offered (or the Option premium offered for a fixed-price storage Option) for each storage period in compliance with the Auction Terms and Conditions;

c. Capacity ERMMA

- accurate identification of the active applicant;
- auction identification;
- size of the storage capacity booking request as well as the price for the gas storage service offered (or the Option premium offered for a fixed-price storage Option) for each storage period in compliance with the Auction Terms and Conditions.

III. Financial terms and security

All prices and fees are exclusive of VAT to be applied in accordance with applicable legislation. Unless otherwise

specified in the Auction Terms and Conditions, all prices applicable for each storage period will be the same per unit of storage capacity offered for the storage period in question.

The starting (initial) price per unit of storage capacity may be adjusted in accordance with Market Rules.

The amount of financial security is specified in the Auction Terms and Conditions. Unless otherwise stated, this is a fixed financial security. Financial security may be null.

- As regards a fixed financial security, applicants may submit a request for 100% of the offered storage capacity provided that a financial security of the required amount or more has been provided. Applicants failing to meet this requirement will be excluded from the auction. Activation of additional storage capacity will not affect the right of active applicants that have duly provided the financial security to apply for such additional storage capacity if the financial security is provided at or above the required level.
- As regards flexible financial security, not permitted with respect to ERMMA or capacity ERMMA, the maximum amount of financial security required will be specified in the Auction Terms and Conditions and corresponds to a request for 100% of the offered storage capacity. Applicants providing a lower financial security in capacity auctions will be able to submit requests for the corresponding proportional portion of the offered storage capacity (e.g. a submission of 50% of the maximum financial security corresponds to a request for a maximum of 50% of the offered storage capacity). However, if additional storage capacity is activated, active applicants that have provided less than 100% of the financial security will not be permitted to apply for this additional storage capacity, nor will their maximum storage capacity request be increased in any way.

The financial security may be provided:

- by submitting an original unconditional and irrevocable bank guarantee meeting the conditions set out in Annex 1 to the Code, in the amount of the required financial security and valid for at least 30 days from the auction start date;
- in CZK: by making a cash deposit via bank transfer to the Storage Operator's account number: 1000535202/3500, IBAN CZ52 3500 0000 0010 0053 5202, SWIFT INGBCZPP, including the applicant's ID No. as the variable symbol (natural persons without an ID number provide the applicant's day, month and year of birth);
- in EUR: by making a cash deposit via bank transfer to the Storage Operator's account number: 1330535205/3500, CZ58 3500 0000 0013 3053 5205, SWIFT INGBCZPP, including the applicant's ID No. as the variable symbol (natural persons without an ID number provide the applicant's day, month and year of birth); Unless the Auction Terms and Conditions specify the amount of financial security in EUR, the exchange rate published by the Czech National Bank on the first business day of the month in which the financial security was credited to the Storage Operator's bank account will be used as the exchange rate for the conversion of EUR to CZK.

The funds must be credited to one of the bank accounts indicated above no later than 1 hour before the auction starts. Delivery of the related documents (where financial security is in the form of an irrevocable bank guarantee) must take place on a working day and at the same time no later than 24 hours before the auction starts. Under specific circumstances, the Storage Operator may waive this requirement, if the applicant for participation in the auction submits documents confirming submission of the payment (e.g. payment confirmation, SWIFT Payment Confirmation, etc.) by the deadline.

The deposited financial security will be returned to the account from which it was submitted in accordance with Market Rules.

Upon the applicant's request, the Storage Operator will retain the financial security in its account to enable the applicant's participation in subsequent auctions.

By submitting a financial security in the form of a cash deposit, the applicant agrees that the amount deposited

will not bear any interest and that the Storage Operator will be entitled to off set the financial security, or part thereof, against its claims related to any penalty imposed on the applicant for failing to sign a storage contract or against any other claim it may have against the applicant.

IV. Dates and timelines

Login (request for participation) to the relevant auction shall be made no later than half an hour prior to the scheduled start of the auction, unless otherwise specified in the Auction Terms and Conditions. Late login may result in the applicant's exclusion from the auction.

Successful active applicants will receive confirmation of their storage capacity booking without undue delay after the conclusion of the auction, but no later than on the following day.

Unless otherwise specified in the Auction Terms and Conditions, all times are indicated in CE(S)T.

V. Other Provisions

In cases where the applicant is to participate in the role of a customer, i.e. a person purchasing gas for their own end use at the point of consumption, the Storage Operator must be notified no later than 2 business days prior to the auction.

The Auction Terms and Conditions are fully in compliance with the applicable and effective mandatory legal regulations, in particular Decree No. 349/2015 Coll., on the Gas Market Rules (hereinafter referred to as the "Market Rules") and the Code.

If the Storage Operator releases more than one language version of General Conditions and/or the Auction Terms and Conditions, the Czech version shall always prevail. All foreign language versions are for reference only.

Any other matters relating to the auction not covered by General Conditions, the Auction Terms and Conditions or the Code shall be governed by applicable legal provisions, in particular the Market Rules.

In the Auction System, the starting price is indicated as the initial price.

In the event of a conflict between General Conditions and the Auction Terms and Conditions, the Auction Terms and Conditions shall take precedence.