

**GENERAL TERMS AND CONDITIONS TO WHICH NETWORK USERS SHALL AGREE IN
ORDER TO OBTAIN ACCESS TO CAPACITY IN THE BINDING PHASE OF CAPACITY
ALLOCATION OF THE INCREMENTAL CAPACITY PROCEDURE ON THE BORDER
BETWEEN UKRAINE AND POLAND
(hereinafter the 'INC GT&C')**

1. General Provisions

- 1.1. This document establishes the general terms and conditions to which network users shall agree in order to obtain access to capacity in the binding phase of capacity allocation of the incremental capacity procedure that will be allocated at the auction for the interconnection points.
- 1.2. Access to the capacity that will be allocated at the auction of incremental capacity allocation for interconnection points will be provided in accordance with the Natural Gas Transportation Agreement concluded with a network user in accordance with the Framework Natural Gas Transportation Agreement approved by the NEURC Resolution No. 2497 of 30.09.2015 (with amendments and additions), in accordance with the requirements of the Gas Transmission System Code approved by the NEURC Resolution No. 2493 of 30.09.2015 (hereinafter the 'GTS Code'), taking into account the features established by these INC GT&C, and while applying tariffs for natural gas transmission services established by the Regulator for entry points and exit points (hereinafter the 'Tariffs') for next relevant regulatory periods.
- 1.3. By signing the Application for Accession to the INC GT&C, a network user agrees to the relevant terms and conditions for providing access to the capacity that will be allocated to the network user in accordance with the procedure for the allocation of incremental capacity.
- 1.4. These INC GT&C are posted in Ukrainian and English on the website of Limited Liability Company Gas Transmission System Operator of Ukraine (hereinafter 'LLC Gas TSO of Ukraine').

In case of a discrepancy between Ukrainian and English wording of the INC GT&C, the text written in Ukrainian shall prevail.

2. Terms

In these INC GT&C, the following terms are used with the following meanings:

- 2.1. Auction — an annual incremental capacity allocation auction in the form of bundled yearly capacity that is conducted on the terms set forth in the GTS Code and the Commission Regulation (EU) 2017/459 under which the incremental capacity is allocated for the virtual point at the interconnection point with Poland in the direction from Poland to Ukraine (hereinafter the 'IP').
- 2.2. Limited Liability Company Gas Transmission System Operator of Ukraine — a business entity that is the gas transmission system operator of Ukraine.
- 2.3. GAZ-SYSTEM — the company the full name of which is Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. that has its seat in Warsaw and is the gas transmission system operator of Poland.
- 2.4. GSA Platform — an auction platform that is used by LLC Gas TSO of Ukraine and GAZ-SYSTEM for allocation of incremental capacity at the IP.
- 2.5. Project — the project to create incremental capacity between the gas transmission system of Poland and the gas transmission system of Ukraine in accordance with Article 28(1) of Commission Regulation (EU) 2017/459.
- 2.6. Network User — a private entrepreneur or a legal entity that orders one or several components of the gas transmission services according to the Natural Gas Transportation Agreement concluded with the gas transmission system operator.

3. Binding Phase of Incremental Capacity Allocation

- 3.1. In the binding phase of incremental capacity allocation under the Project, LLC Gas TSO of Ukraine shall allocate incremental capacity for the IP, under fifteen (15) yearly incremental capacity products, during fifteen (15) gas years, from 1 October 2030 07:00 a.m. to 1 October 2045, 07:00 a.m.
- 3.2. Each yearly product shall be allocated at a separate Auction for incremental capacity at the level of 3 095 890 kWh/h¹.

¹ Assumed gross calorific value 11.15 kWh/m³ (0/25)

4. Terms of Participation in an Auction

- 4.1. LLC Gas TSO of Ukraine shall conduct the binding phase of incremental capacity allocation on the GSA Platform in accordance with the terms and conditions of this platform as of the day of conducting the Auction, in accordance with the GTS Code.
- 4.2. In order to participate in the Auction, a network user, no later than one week before the start of the Auction, shall:
 - a) conclude the Natural Gas Transportation Agreement with LLC Gas TSO of Ukraine in the wording of the Framework Natural Gas Transportation Agreement approved by the Regulator;
 - b) not have any overdue debts towards LLC Gas TSO of Ukraine for previously provided natural gas transmission services;
 - c) be registered on the GSA Platform as a user that is entitled to participate in auctions of LLC Gas TSO of Ukraine and GAZ-SYSTEM;
 - d) sign and send to LLC Gas TSO of Ukraine an Application for Accession to these INC GT&C.

5. Financial Security

- 5.1. In order to participate in the Auction, a network user shall not be required to provide any financial security.

6. Economic Test and Project Implementation Agreement

- 6.1. Within 2 (two) working days from the date of completion of the Auction for the allocation of incremental capacity, LLC Gas TSO of Ukraine shall conduct an individual and combined economic tests and publish their results.
- 6.2. Based on the results of individual economic tests, LLC Gas TSO of Ukraine and GAZ-SYSTEM should conduct a combined economic test.

7. Project Implementation Agreement

- 7.1. If the result of the combined economic test is positive, LLC Gas TSO of Ukraine together with GAZ-SYSTEM shall conclude a Project implementation until 30 September 2024.
- 7.2. If the result of the combined economic test is negative, a Project Implementation Agreement shall not be concluded and the incremental capacity shall not be allocated.

8. Capacity Allocation

- 8.1. The signing of Annex 1 to the Framework Natural Gas Transportation Agreement «Capacity Allocation» (hereinafter referred to as Capacity Allocation), or making amendments to the applicable Capacity Allocation with the NU to whom the capacity will be allocated at the Auction, shall be carried out within fourteen (14) working days from the date of the closing of the Auction.
- 8.2. LLC Gas TSO of Ukraine within seven (7) working days from the date of the closing of the Auction shall send to a NU a draft Capacity Allocation, taking into account the capacity that was allocated to a NU in the binding phase of incremental capacity allocation at the Auction.
- 8.3. Within seven (7) working days from the date of the receipt of the draft Capacity Allocation, a NU shall provide LLC Gas TSO of Ukraine with Capacity Allocation signed by a NU.

9. Possible Changes in the Provision of Access to Capacity under the Project

- 9.1. LLC Gas TSO of Ukraine shall notify network users who were allocated the capacity in the binding phase of incremental capacity allocation at the Auction of any changes in the implementation of the Project that may affect the proper and timely provision of such network users with access to the capacity. Such a notification, indicating the reasons for the changes in the implementation of the Project, shall be sent to the NU no later than six (6) months before the date of granting access to the capacity that was allocated in the binding phase of incremental capacity allocation at the Auction.

- 9.2. The date of completion of works on the implementation of the Project may be postponed for a period of no more than twenty four (24) months, provided that the NU is notified.

In such a case, LLC Gas TSO of Ukraine shall unilaterally adjust the date of granting access to the capacity that was allocated in the binding phase of incremental capacity allocation at the Auction, within a twenty four (24) month period.

Herewith the NU shall not have the right to refuse from access to the capacity that was allocated in the binding phase of incremental capacity allocation at the Auction and will be provided after the new (adjusted) date of the start of providing access to the capacity.

Within fourteen (14) days from the date of the receipt of a draft Capacity Allocation, which provides for appropriate adjustments, the NU shall provide LLC Gas TSO of Ukraine with the Capacity Allocation signed by the NU.

- 9.3. In the case of changes in the implementation of the Project that lead to the creation of capacity that is smaller than the capacity planned under the Project, and provided that the capacity that is allocated in the binding phase of the incremental capacity allocation at the Auction exceeds the actually created capacity in the relevant gas year, LLC Gas TSO of Ukraine shall proportionally reduce the amount of allocated capacity to the amount of actually created capacity for all network users who received access to capacity in the relevant gas year. In this case, the NUs shall be entitled to proportionally reduce the amount of their financial security. Within fourteen (14) days from the date of the receipt of a draft Capacity Allocation, which provides for the appropriate adjustments, the NU shall provide LLC Gas TSO of Ukraine with the Capacity Allocation signed by the NU or to notify of refusal in writing refuse entirely or partly from the capacity in the relevant gas year.

In case if the NU within fourteen (14) days from the date of the receipt of a draft Capacity Allocation, which provides for the appropriate adjustments, does not provide LLC Gas TSO of Ukraine of Ukraine with a signed Capacity Allocation and did not notify in writing on the refusal of all or part of the capacity in the relevant gas year, it is deemed that the NU refused from all capacity in the relevant gas year.

- 9.4. Depending on the total amount of allocated capacity on the basis of Capacity Allocations, which provide for the appropriate adjustments, in accordance with clause 8.3 of these INC GT&C, LLC Gas TSO of Ukraine shall notify network users who have signed the Capacity Allocation, which provides for appropriate adjustments, on the amount of capacity released as a result of the refusal of other network users and which may be allocated to them on a pro rata basis in the corresponding gas year.

Within fourteen (14) days, network users shall inform of their decision to accept or reject the offer of LLC Gas TSO of Ukraine regarding the allocation of the released capacity in the relevant gas year.

Within fourteen (14) days from the date of the receipt of the NU's decision on accepting the proposal of LLC Gas TSO of Ukraine regarding the allocation of the released capacity in the relevant gas year, LLC Gas TSO of Ukraine shall send to the NU a draft Capacity Allocation.

Within fourteen (14) days from the date of the receipt of a draft Capacity Allocation, the NU shall provide LLC Gas TSO of Ukraine with the Capacity Allocation signed by the NU.

In case if the NU did not provide LLC Gas TSO of Ukraine with a signed Capacity Allocation within fourteen (14) days from the date of the receipt of a draft Capacity Allocation, it is deemed that the NU has refused from the allocation of the released capacity. In such a case, LLC Gas TSO of Ukraine shall allocate the released capacity at auctions for allocation of capacity on interconnection points according to the standard procedure.

- 9.5. LLC Gas TSO of Ukraine shall not be liable for the lost profit of the NU or any indirect damages arising from delays in the implementation of the Project and/or the unavailability of incremental capacity, and/or any actions or inactivity of an operator of an adjacent gas transmission system in the incremental capacity procedure.