

## Annex No. 1 to the Auction Terms and Conditions of RWE Gas Storage CZ, s.r.o. (the Storage Operator)

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## I. General Conditions

### A. Financial Terms

**All prices and charges** are **exclusive of VAT**, which will be added according to the applicable legislation. Unless otherwise stated in the Auction Terms and Conditions, all prices are identical for each storage period.

The initial price per unit of storage capacity may be adjusted in accordance with Decree 349/2015 Coll. on Gas Market Rules.

The **amount of the financial security** for participation in the auction is specified in the Auction Terms and Conditions. The financial security can be zero, then any user registered in the Auction System may participate in the auction. In the case of **a percentage financial security**, the Bidder may submit a request/sum of requests in the auction up to a maximum amount corresponding to the financial security deposited. The maximum amount of the financial security is specified in the Auction Terms and Conditions and corresponds to the requirement for 100% of the offered storage capacity. If the Bidder submits a lower amount, he will be able to submit a request/requests for the corresponding pro rata part of the offered storage capacity (e.g. the submission of 50% of the maximum amount of the financial security corresponds to a request/sum of requests for a maximum of 50% of the offered storage capacity). In the case of a **fixed financial security**, the Bidder may submit a request for 100% of the offered storage capacity if he has deposited a financial security of the required amount or more. In other cases, such participant may not participate in the auction.

The maximum **penalty for cancellation of a** storage capacity reservation pursuant to Decree 349/2015 Coll. on Gas Market Rules is equal to the maximum amount of the financial security for participation in the auction according to the Auction terms and conditions. If the Bidder obtains storage capacity in the auction (confirmed reserved storage capacity) and does not conclude the relevant contract for this storage capacity, he is obliged to pay the cancellation penalty. The amount of the penalty is determined as the ratio between the confirmed reserved storage capacity for the first storage period and the total storage capacity offered and is payable within 10 days after the deadline for signing the contract by crediting the financial security deposited or part thereof, or, where applicable, on the basis of an invoice issued with a maturity of 10 days. If the storage contract is not signed, the Storage Provider will not refund the deposit or part thereof due to the payment of the cancellation penalty. The amount of additional storage capacity activated (over and above the storage capacity offered) is not taken into account in any way in the calculations.

### B. Dates

The **deposit of a financial security** or the submission of a bank guarantee must be made no later than one working day before the day of the auction, unless otherwise stated in the Auction Terms and Conditions.

The **electronic declaration of** compliance with the conditions for participation in the auction is a condition for participation in the auction and must be made before the first bid is submitted in the auction at the latest.

**Confirmation of the auction results** is sent by the Storage Operator as soon as possible after the auction ends, but no later than the next business day.

**The auction round** takes 4 minutes, the **breaks** are 2 minutes.

## C. Financial Security Deposit Procedure

The Bidders deposit the financial security to the account of the Storage Operator maintained with ČSOB, a.s., Radlická 333/150, 150 57 Prague 5, no later than according to the Auction terms and conditions.

The account numbers for depositing the payment of the financial security are as follows (BIC/Swift code CEKOCZPP):

- in CZK: 17805243/0300, IBAN: CZ 90 0300 0000 0000 1780 5243
- in EUR: 1752810017805243/0300, IBAN: CZ 63 0300 0000 0000 1780 5243

To identify the payment, the Bidders fill in their ID numbers or the last 9 digits of the phone number filled in the Auction System as a variable symbol.

In case of depositing the financial security in EUR, the exchange rate for conversion of EUR to CZK will be the rate specified in the Auction Terms and Conditions (usually the rate officially published by the Czech National Bank as the average rate of the last preceding quarter).

Once the financial security has been entered into the Auction System, the Bidder receives an email confirmation to the address provided in the Auction System. The deposited financial security will be returned to the account from which it was sent within the deadlines according to Decree 349/2015 Coll. on gas market rules.

The provision of an irrevocable, unconditional bank guarantee in accordance with the wording of the Rules of the Storage Operator is also deemed as depositing a financial security, provided that the bank issuing the guarantee meets the financial eligibility conditions set out in Annex 1 to the Storage Code.

The Storage Operator will keep a financial security on his account for the Bidder's participation in subsequent auctions, if the Bidder requests it. The Bidder and the Storage Operator hereby agree that the deposited amount does not bear interest.

## D. General Auction Terms and Conditions

The **amount of additional storage capacity** that the Storage Operator may activate in the auction, in accordance with Decree 349/2015 Coll. on Gas Market Rules, **is a maximum of 300%** of the amount of free storage capacity offered in the auction. The Storage Operator decides on the activation of additional storage capacity based on the auction progress. By activating the additional storage capacity, the deposited financial security is assessed against the sum of the offered storage capacity and the additional storage capacity (this sum is considered 100% of the offered storage capacity). The Storage Operator may activate the additional storage capacity at any time during the break between rounds in ascending auction, provided that the capacity currently demanded is higher by a maximum of the size of the additional storage capacity than the capacity offered. In a descending auction, the Storage Operator may activate additional capacity if, based on the current progress of the auction, the Storage Operator expects to sell a quantity higher than the quantity initially offered, in one minute after the receipt of the last demand at the latest (the last demand being the one which value is equal to or higher than the value of the remaining storage capacity). Once the additional storage capacity has been activated, in a descending-price auction the auction round is extended by the length of the round and the auction continues with the storage capacity offered being increased by the value of the additional storage capacity.

Where the Auction Terms and Conditions allow for **demand increases between rounds**, the Bidder may enter any amount of storage capacity requirement for the first storage period offered in any auction round. This includes the possibility to enter the electronic declaration of compliance with the conditions for participation in the auction and the first storage capacity requirement in an auction round other than the first auction round. However, at the latest before the end of the last auction round. Where the Auction Terms and Conditions do not allow for an increase in demand between rounds, the requested storage capacity for the first storage period must be less than or equal to the request from the previous round.

The **request for** storage capacity reservation is made by the Bidder **in the auction round** in whole numbers expressing the requested size of the storage capacity offered in the units in which the auction was announced. If the Auction Terms and Conditions provide for more than one storage period offered, the request may have a different value for each storage period offered. The requirement for the second and subsequent storage periods offered must always be less than or equal to the requirement for the previous period. The request that the Bidder has sent to the Auction System may not be changed.

The Storage Operator may set a **minimum reserved storage capacity** value in the Auction Terms and Conditions. If the total demand in the first round, for an ascending auction, or in all rounds, for a descending auction, is less than the minimum storage capacity set, the Storage Operator cancels the auction without allocating any storage capacity. If the value of the minimum reserved storage capacity is not specified in the Auction Terms and Conditions, this value is zero.

If the Auction Terms and Conditions specify an unlimited **number of requests per round**, a single Bidder may submit multiple requests in a single round up to a maximum total limited by the financial security deposited and, in a descending-price auction, after deducting the total of requests submitted in previous rounds. If the number of requests per round is fixed at one, only one request may be submitted per auction round.

If the Bidder gives up participation in the auction, he/she cannot submit any more requests in the given auction. If the auction does not allow increasing the demand between rounds, entering a request with a zero value has the same meaning as giving up participation in the auction.

## E. Electronic Communication and Alternative Means of Communication at Auction

The auction takes place in the Auction System web application of the Storage Operator at <https://as.rwe-gasstorage.cz>, the "Auction System", via a secure web interface. A Bidder interested in participating in the auction is obliged to register in the Auction System and declare that he meets the conditions for participation in the auction by means of an electronic consent in the Auction System before the start of the auction at the latest. The application for registration in the Auction System is made via the form available at the Storage Operator's website ([here](#)) and must be submitted at least one working day before the start of the auction, unless the Bidder agrees otherwise with the Storage Operator. The Storage Operator sends the Bidder information about the registration. The Bidder may only participate in the auction on the basis of a registration approved by the Storage Operator and after the deposit of a financial security (if higher than 0).

If the electronic communication of the Bidder fails during the auction, as the alternative, the request may be entered by phone or email. The Storage Operator must be informed by phone on +420 775 88 4444 whenever the alternative communication method is used, before the end of the auction round concerned at the latest, which information must be immediately confirmed by email to [gs.aukce@rwe.com](mailto:gs.aukce@rwe.com). If a Bidder uses an alternative method of communication, the Storage Operator may suspend the auction for the time necessary to enter the request so sent into the Auction System. The Storage Operator usually informs the auction participants of suspending the auction via email.

The email confirmation must include:

- identification of the Bidder (name of the company/name and surname, registration number, address of the registered office or permanent residence, telephone number and email address of the contact person);
- the exact identification of the auction to which the request is to be entered (i.e. date and time of the auction);
- the number of the auction round to which the request relates; and
- the amount of the storage capacity requirement in the form of an integer for each bidding period in units according to the auction conditions.

## F. Other Conditions

If less than the total offered operating volume is reserved to a Bidder, then the offered maximum withdrawal and injection capacities will be reserved proportionally.

The calculated allocated storage capacity is always rounded to the nearest whole number.

A Bidder may not participate in the auction if he is subject to insolvency proceedings under Act No. 182/2006 Coll. (Insolvency Act) or if he is in default of any payment to the Storage Operator, unless the Storage Operator decides otherwise.

The Storage Operator has the right to cancel the auction in justified cases. The Storage Operator informs the auction participants of the cancellation without delay, but no later than the following working day.

If the Storage Operator publishes more than one language version of this Annex No. 1 to the Auction Terms and Conditions of RWE Gas Storage CZ, s.r.o., the Czech language version is the governing one, and in the event of a conflict between the Czech and foreign language versions, the Czech version prevails over the versions in another language, which are merely informative.

## II. Rules for Allocation of Storage Capacity in Auctions

The Storage Operator offers free storage capacity in ascending- or descending-price auctions, the values of these parameters are specified in the Auction Terms and Conditions.

### A. Ascending Auction

The ascending auction begins with the first round of requests from each participant. If the sum of all requests in this or any subsequent auction round is higher than the storage capacity offered, a further auction round follows in which the price per unit of storage capacity is increased by the value specified in the Auction Terms and Conditions.

The auction ends if, at the end of the auction round, the sum of the storage capacity reservation requests is less than or equal to the storage capacity offered.

The auction also ends if the Storage Operator activates an offer of additional storage capacity during the break between auction rounds.

At the end of the auction, the entire storage capacity required for the first storage period in the last round is reserved for the participants.

If part of the storage capacity offered for the first period remains unreserved after the last auction round, this part of the storage capacity is allocated proportionally to the requests from the penultimate auction round for the first period, with the last but one round requirements being reduced by the requests from the last auction round before the start of the allocation.

The storage capacity for the second and subsequent periods is allocated using the same algorithm as for the first period, except that the amount of allocated capacity for the second and subsequent periods may not exceed the allocated storage capacity for the previous period.

The price for the reserved storage capacity is applied from the relevant auction round from which the capacity was allocated.

## B. Descending Auction

The descending auction starts with the first auction round, when each participant may submit a request for storage capacity. Individual requests are satisfied immediately after they are made (i.e. the earliest requests are satisfied first). If the sum of all requests in all auction rounds is lower than the storage capacity offered, another auction round takes place in which the price per unit of storage capacity is reduced by the value specified in the Auction Terms and Conditions. If a participant places a request during the last minute of an auction round, the auction round is extended by one minute.

The auction ends if the sum of all requests entered is equal to or higher than the offered storage capacity and the additional storage capacity has not been activated.

If the additional storage capacity has been activated, the auction ends if the sum of all requests entered is equal to or higher than the offered storage capacity plus the additional storage capacity.

The auction also ends if the price of the next auction round is lower than the minimum price set by the Storage Operator (this price is set by the Storage Operator before the auction starts, but is not published).

The entire required storage capacity is always reserved to the participants at the price of the auction round.

If, after the last auction round, part of the offered storage capacity remains unallocated, this capacity remains free storage capacity and may be offered in subsequent auctions.

## III. Terms and Conditions Specific to Certain Products Offered

The text below states the terms and conditions that are specific to only some of the products offered. Therefore, these terms and conditions apply only to the product listed.

## A. Options

On the basis of the auction result, a contract for the storage capacity allocated according to the auction results, hereinafter referred to as "Reserved Storage Capacity", is concluded with the auction participant. The auction participant thus becomes a Storage User. If Storage User decides to transfer any quantity from the Reserved Storage Capacity to fixed storage capacity ("Fixed Storage Capacity"), the Storage Operator is notified of the Fixed Storage Capacity by the Storage User by email from the address under which the Storage User is registered in the Auction System (unless otherwise agreed) to the Storage Operator's address [gs.aukce@rwe.com](mailto:gs.aukce@rwe.com). In the email, the Storage User specifies the company, the auction date and the amount of Fixed Storage Capacity. The Storage User may request the transfer of the Reserved Storage Capacity to the Fixed Storage Capacity in whole or in parts, even repeatedly, but no later than on the date specified in the Auction Terms and Conditions (the "Fixed Storage Capacity Notification Date") and up to a maximum of the amount of the Reserved Storage Capacity. If that the Storage User fails to inform the Storage Operator of the amount of Fixed Storage Capacity by the Fixed Storage Capacity Notification Deadline, all Reserved Storage Capacity is no longer reserved for the Storage User and becomes Available Storage Capacity. The difference between the Fixed Storage Capacity and the Reserved Storage Capacity is Unfixed Storage Capacity, for which the contractual fee specified in the Auction Terms and Conditions as "Contractual Fee for Unfixed Storage Capacity" is applied. This fee will be invoiced as a single payment based on an invoice issued by the Storage Operator no later than 10 days from the date specified in the Auction terms and conditions, with a due date of 10 days. The contractual fee is calculated on the basis of the values for the first storage year.

## B. Green Energy Storage

A green premium will be added to the final auction price to cover the costs associated with the purchase of biomethane and green electricity intended to cover the energy needed for injection into and withdrawal from the gas storage. This premium is calculated for the corresponding amount of storage capacity offered (one storage cycle) And its value is given in the Auction terms and conditions.

The Storage Operator also confirms that he will use the appropriate amount of biomethane and green electricity for the injection and withdrawal associated with the offered storage capacity, evidenced by the relevant certificates.

## C. Auction for unutilized storage capacity

In the case of an auction for unutilized storage capacity pursuant to § 60c, article 2 of the Energy Act, the Storage Operator states in Auction Terms and Conditions the date "Date of fill up", by which the Storage user must meet the obligation to fill the gas storage to 90% according to §11a, article (3) of Decree No. 344 /2012 Coll. on the state of emergency in the gas industry and on the method of ensuring the safety standard of gas supply as amended.

Last update of the document: August 3, 2022