

# GAS STORAGE CODE

## I. GENERAL PROVISIONS

### 1. GENERAL PROVISIONS, TERMS AND ABBREVIATIONS

1. This Code defines the legal, technical, organizational, and economic principles of functioning of the underground gas storages (hereinafter – the UGSs), including:

rights and obligations of the storage system operator (hereinafter – the SSO) and Customers of services;  
conditions for access to the UGSs;

terms and procedure for provision of natural gas storage (injection, withdrawal) services;

interaction mechanisms between the SSO, the gas transmission system operator (hereinafter – the TSO), and other subjects of the natural gas market;

basic operating rules of the UGSs.

2. This Code applies to the SSO and Customers of natural gas storage (injection, withdrawal) services (hereinafter – the Customers).

3. The terms herein are used within the following meaning:

administration of the transfer of natural gas stored in the UGSs is a process of entering by the SSO information on the transfer of natural gas stored in the UGSs from one Customer to another, which involves a decrease in the volume of natural gas in the storage account of the Customer transferring natural gas and an increase in the volume of natural gas in the storage account of the Customer receiving natural gas;

administration of the transfer of allocated capacity is a process of entering by the SSO information on the transfer of a right to use the service of annual and bundled natural gas storage (injection, withdrawal) capacity from one Customer to another, which is carried out in accordance with the procedure established hereby;

active gas volume is a certain volume of natural gas determined by the technical design, within the limits of which injection and withdrawal of natural gas is possible, which is the working volume (amount) that a Customer may store in the UGSs in accordance with the natural gas storage (injection, withdrawal) agreement;

allocation is a confirmation over a certain billing period of actual volume of natural gas delivered by the Customer to the UGSs at the exit point from the gas transmission system (hereinafter – the GTS) or withdrawn from the UGSs at the entry point to the GTS;

basic period of the investment program is a period of one calendar year preceding the planned period;

basic injection season is the period during which the Customer uses injection capacity, and which begins on the 1<sup>st</sup> gas day of April and ends on the last gas day of September;

basic withdrawal season is the period during which the Customer uses withdrawal capacity, and which begins on the 1<sup>st</sup> gas day of October and ends on the last gas day of March;

cushion gas volume is a technologically and economically justified amount of natural gas, which shall not be subject to withdrawal and which is permanently stored (kept) in the UGS, performs technological functions of an energy carrier that supports the energy of the reservoir for the withdrawal of active gas, provides the necessary design parameters for operation of the UGS main technological equipment, the UGS daily performance, and separates a gas part of the reservoir from its water saturated part preventing flooding of individual wells and artificial gas reservoir as a whole;

available withdrawal capacity is a part of the withdrawal capacity, a right to use which has not been granted to the Customers in accordance with the concluded natural gas storage (injection, withdrawal) agreements and which is available for allocation among the Customers;

available injection capacity is a part of the injection capacity, a right to use which has not been granted to the Customers in accordance with the concluded natural gas storage (injection, withdrawal) agreements and which is available for allocation among the Customers;

available working volume is a part of the active gas volume, the right to use which is not granted to the Customers in accordance with the concluded natural gas storage (injection, withdrawal) agreements and which is available for allocation among the Customers;

gas day is a period from 05:00 UTC (from 07:00 Kyiv time) to 05:00 UTC (to 07:00 Kyiv time) of the following day for a winter period, and from 04:00 UTC (from 07:00 Kyiv time) to 04:00 UTC (to 07:00 Kyiv time) of the following day for a summer period;

gas month is a period that begins on the 1<sup>st</sup> gas day of the current month and lasts until the beginning of the 1<sup>st</sup> gas day of the following month;

gas year is a period that begins on the 1<sup>st</sup> gas day of October of the current year and lasts until the 1<sup>st</sup> gas day of October of the following year;

firm capacity is the UGS capacity provided to the Customer with a guarantee of the right to use it during the period of providing natural gas storage (injection, withdrawal) services;

storage (injection, withdrawal) agreement is an agreement concluded between the SSO and the Customer on the basis of a standard storage (injection, withdrawal) agreement approved by the Regulator, according to which the SSO provides the Customer with storage (injection, withdrawal) services for the period and on the terms specified therein, and the Customer pays the SSO the costs of services received;

backup gas metering unit is a metering unit designed to control the volume of natural gas accounted for by the commercial metering unit;

reverse is a process of virtual injection or withdrawal of natural gas into/from the UGS, which is documented;

Customer is an individual entrepreneur or a legal entity booking natural gas storage (injection, withdrawal) services under the natural gas storage (injection, withdrawal) agreement with the SSO;

applicant is an individual entrepreneur or a legal entity that has submitted an application for conclusion of the natural gas storage (injection, withdrawal) agreement or allocation of the UGS capacity to the SSO;

identification data is basic information about the applicant or Customer, in particular, their full name, place of registration, USREOU (Unified State Register of Enterprises and Organizations of Ukraine) code/No. of a tax payer registration card and passport code (for individuals who due to their religious beliefs refuse to obtain a tax payer registration card and officially informed the relevant supervisory authority thereof and have a record thereabout in the passport); bank account details, contact information (phone number, email address), as well as the legal basis for the authority of the person signing the natural gas storage (injection, withdrawal) agreement, EIC;

investment program is a separate section of the 10-year plan for development of the UGSs for the 1<sup>st</sup> planned year, which provides a plan for using funds to increase a level of reliability and ensure efficient operation of the UGSs and contains a set of obligations of the licensee for a period of implementation of the investment program for development of the company, improvement of the service provision quality with appropriate calculations and justifications confirming the feasibility of investment activities, sources of financing and schedule of implementation;

information platform is an electronic platform (web application in Internet), the operation and management of which is ensured exclusively by the SSO for provision of natural gas storage (injection, withdrawal) services in accordance with the requirements hereof;

gas custody metering stations (GCMS (DMS)) is the metering unit that is used for commercial calculations during natural gas storage (injection, withdrawal);

boundary of balance sheet attribution is a demarcation point of gas networks between their adjacent owners on the grounds of the right of ownership or use where acceptance and delivery of natural gas is proceeded;

minimum mandatory volume is the minimum volume of storage (injection, withdrawal) services, which is determined by the Customer in an application for capacity allocation and to which the Customer agrees to reduce the declared volume while the SSO is satisfying the applications for capacity allocation in proportion to the declared volumes specified therein;

non-nominated capacity is the allocated working volume and/or injection capacity and/or withdrawal capacity for which the Customer has not submitted a nomination;

nomination is the Customer's application submitted to the SSO for the volumes of natural gas that will be delivered by the Customer during a certain period (within a gas day) for injection to the UGSs and/or withdrawn from the UGSs;

bundled capacity is the UGS capacity, including a combination of the UGS working volume, injection capacity in the basic injection season and withdrawal capacity in the basic withdrawal season;

operational balance account (OBA) is a document concluded between the SSO and the TSO, and reflects a technologically justified difference between the agreed nominated volumes and the actually transmitted volumes of natural gas;

adjacent system operator – the SSO/the TSO;

interruptible capacity is the UGS capacity provided to the Customer without a guarantee of the right to use it during the gas day, but with a possibility of its restriction (interruption) under the conditions specified in the natural gas storage (injection, withdrawal) agreement and herein;

planned period of the investment program is a period of one calendar year for which the investment program is approved;

storage (injection, withdrawal) services are the services defined in Section IV hereof, which the SSO provides to Customers in accordance with the terms hereof and on the basis of a natural gas storage (injection, withdrawal) agreement, the standard form of which is approved by the Regulator and published on the SSO's website;

withdrawal capacity is the volume of the natural gas that may be withdrawn from the UGS(s) within the certain period;

UGS capacity is any combination of the UGS working volume and/or injection capacity and/or withdrawal capacity within the UGS technical capacity;

injection capacity is the volume of natural gas that may be injected into the UGS(s) within the certain period;

“lesser rule” is a principle which is applied by the SSO in cases when the volume of natural gas indicated in nominations/renominations at the entry and exit point does not correspond, and consists of the SSO confirming the lowest declared volume of natural gas in nominations/renominations and informing the Customers thereof;

storage account is an account that the SSO creates for each Customer and which reflects the movement of the Customer's natural gas in the UGSs: the volume of natural gas injection, the volume of natural gas withdrawal, the transfer of natural gas stored in the UGSs, the volume of natural gas in the UGSs at a certain point in time, as well as its customs regime and restrictions/encumbrances, which were informed to the SSO in accordance with applicable law;

renomination is a change of the confirmed nomination;

storage year is a period beginning on the 1<sup>st</sup> gas day of April of the current calendar year and lasts until the 1<sup>st</sup> day of April of the following year;

working volume is the maximum daily volume of natural gas that the Customer is entitled to keep in the UGS(s) for a certain period according to the natural gas storage (injection, withdrawal) agreement;

allocated UGS capacity is a part of the UGS capacity that is allocated to the Customer under the storage (injection, withdrawal) agreement;

stabilization interruption is a temporary cessation of injection or withdrawal of natural gas into/from a certain UGS to ensure reliable and safe operation of the UGS;

technical UGS capacity is the maximum UGS working volume, injection capacity and withdrawal capacity that the SSO can offer to the Customers in accordance with the UGS design characteristics and technical conditions;

technical agreement is the agreement concluded between the TSO and the SSO to settle the technical issues of natural gas acceptance and delivery;

natural gas pressure is the natural gas pressure measured under static conditions as the difference between the absolute static gas pressure and atmospheric pressure;

trade notification is an information message of the form established hereby, which is sent to the SSO either by the Customer, on whose storage account a certain volume of natural gas is accounted for, which it intends to alienate, or by the Customer which intends to purchase the corresponding volume of natural gas;

conditionally firm capacity is the UGS capacity provided to the Customer with a guarantee of the right to use it during the period of provision of natural gas storage (injection, withdrawal) services, provided that the Customer complies with certain conditions specified hereby;

physical overload is an excess demand for natural gas storage (injection, withdrawal) services over the UGS technical capacity;

renomination cycle is a process performed by the SSO to notify the Customer of the confirmed volume after receiving a renomination from the Customer;

EIC is the energy identification code of a natural gas market entity and/or commercial metering point, specified as per the rules of the European Network of Transmission System Operators for Gas (ENTSOG), for the purposes of unification and unique identification of natural gas market entities and commercial metering points, located at gas infrastructure facilities, including for the purposes of participation in regional (international) gas markets and to ensure simplification of replacement procedures for natural gas suppliers and electronic data exchange between natural gas market entities.

Other terms used herein as defined in the Commercial Code of Ukraine, the Customs Code of Ukraine, the Law of Ukraine “On the Natural Gas Market”.

4. The SSO publishes this Code on its website.

## **2. BASIC FUNCTIONS OF THE SSO**

1. The SSO carries out activities of natural gas storage (injection, withdrawal) under the license issued by the National Energy and Utilities Regulatory Commission of Ukraine (hereinafter – the Regulator, NEURC).

2. When carrying out activities of natural gas storage (injection, withdrawal) the SSO provides the natural gas storage (injection, withdrawal) services to the Customers by providing them with gas storage capacity on the basis of and under the conditions determined by the natural gas storage (injection, withdrawal) agreement in accordance with the procedure determined hereby.

3. The SSO shall ensure secure and reliable operation, maintenance in proper technical condition and development (including new construction and renovation) of one or more UGSs, which it uses on legal grounds.

4. When carrying out its activities the SSO shall adhere to the principles of proportionality, transparency and non-discrimination envisaged by the Law of Ukraine “On the Natural Gas Market” and other legislative acts.

5. The basic functions of the SSO include:

operational dispatch management of the UGS(s), subject to the requirements of technical and security standards;

efficiency of the UGS functioning;

control during injection and withdrawal of quality and physical/chemical parameters of natural gas stored in the UGS(s);

metering of natural gas during its storage (injection, withdrawal);

cooperation with other subjects of the natural gas market in order to ensure proper conditions for the UGS(s) effective and reliable operation;

long-term UGS(s) capability to meet reasonable demand through investment planning and re-engineering;

compliance with technical and security standards during storage (injection, withdrawal) of natural gas.

## **3. OBLIGATIONS OF THE SSO**

1. The SSO shall:

offer natural gas storage (injection, withdrawal) services in accordance with the provisions hereof;

document the natural gas acceptance and delivery related to storage (injection, withdrawal);

implement the National Action Plan;

develop and submit for the Regulator’s approval on an annual basis before 31<sup>st</sup> October, publish on its website and implement the UGS development plan for the next 10 years, taking into consideration the development plans for the GTS, GDS, and LNG;

take measures to ensure the security of supply of natural gas, including the UGS(s) accident-free and uninterrupted operation;

take measures to enhance rational use of energy resources and environmental protection in carrying out its economic activities;

provide mandatory information required by the legislation;

ensure the confidentiality of information obtained in the exercise of its economic activities; and publish on its website in a non-discriminatory way the information which shall incentivize the development of the natural gas market;

provide information necessary for operation of the GTS in accordance with the procedure established by legislation;

align the system of management and data exchange necessary for the UGS(s) secure operation with the TSO;

take other measures necessary for the UGS(s) secure and stable operation envisaged by legislation;

purchase energy resources necessary to carry out its economic activities in a non-discriminatory and transparent way;

ensure administration of the transfer of natural gas stored in the UGSs and administration of allocated capacity in accordance with the procedure established hereby;

keep separate records of gas stored in a UGS (a group of UGSs) under different customs regimes, in accordance with the requirements of the current legislation of Ukraine;

keep separate records of gas supplied to the exit point of a UGS or a group of UGSs on the terms of using the capacity with restrictions;

notify the TSO of a change of the customs regime of all or part of the volume of natural gas that was delivered to the exit point of a UGS or a group of UGSs under the conditions of using the capacity with restrictions to the customs regime under which natural gas acquires a status of the Ukrainian goods as defined in Article 4 of the Customs Code of Ukraine, if the SSO has not received a notification on crediting of full payment for changing the conditions (restrictions) of the capacity with restrictions from the TSO for such volume of natural gas;

make appropriate changes in natural gas metering after receiving a notification from the Customer about an intention to change the conditions (restrictions) of the capacity with restrictions and a notification from the TSO on crediting of full payment for changing the conditions (restrictions) of the capacity with restrictions. The forms of such notifications shall be determined by the SSO and published on its website.

2. The SSO shall place the following information on its website:

a list of services, namely, the information on prices or tariffs, and other terms and conditions of providing such services; quantitative calculations of the UGS capacity volumes, the right to which use has been provided to the Customers in accordance with effective gas storage (injection, withdrawal) agreements and the UGS available capacity;

volumes of natural gas available in each UGS, volumes of injection and withdrawal, as well as the volume of the UGS available capacity on a daily basis.

3. The SSO shall ensure impartial, equal and transparent conditions for access to the UGSs, taking into account the UGSs integrity, safe and stable operation and their efficient use

#### **4. TERMS OF INTERACTION WITH THE SSO**

1. The interaction between the SSO and TSO shall be governed hereby, the Gas Transmission System Code, approved by the Resolution of the National Energy and Utilities Regulatory Commission of 30<sup>th</sup> September 2015 No. 2493 (hereinafter – the GTS Code), the agreement on implementation of the OBA and the technical agreement providing for, inter alia:

principles of information exchange allowing cooperation with the TSO's system of data exchange;

setting threshold values of the minimum and maximum gas pressures;

a procedure for determining the volume of natural gas per day and a procedure for determining the physical and chemical parameters of natural gas;

a procedure for limiting (terminating) the natural gas injection/withdrawal in case of non-compliance of its physical and chemical parameters with those specified in Chapter 1 of Section III hereof;

a procedure for inspection and verification (including the joint one) of commercial gas metering units;

a procedure for providing access to the telemetry and measurement & calculation data;

a procedure for obtaining the baseline information from the commercial (backup) metering unit;

the SSO's obligations to transfer the forecasted volumes of natural gas injection and withdrawal, according to the requirements specified herein;

a mechanism for coordinating the corresponding pairs of codes "supplier - recipient";

a procedure for provision of information required for allocation of planned volumes for transmission to the Customers of such transmission services at the entry/exit points to/from the UGSs;

a procedure for provision of nominations/renominations and a mechanism to verify their conformity to the volume of natural gas at the entry/exit points to/from the GTS from/to the UGSs;

a procedure of allocation of natural gas volumes transmitted between individual Customers of transmission services whose agreements are performed at the entry/exit points to/from the GTS from/to the UGSs and a procedure for transferring data on the allocation;

a procedure of coordination of the schedules, repairs and retrofit works affecting the operating conditions of the GTS and the UGSs;

an action procedure of the technical agreement parties in the event of disruptions in the operation of the GTS and the UGSs;

a procedure for notification of accidents, and a procedure of parties' interaction in the event thereof pursuant to the Rules on Security of Gas Supply and the National Action Plan approved by the central executive body that ensures formulation and implementation of state policy in the oil and gas complex;

contact details of dispatching services of the SSO and the TSO;

specific conditions relating to the use of the UGS reserved capacity by the TSO;

a procedure for the exchange of information on planned investments that affect the operating conditions of the GTS and the UGSs;

a dispute settlement procedure.

In the events when one economic entity is simultaneously the TSO and the SSO the agreements specified herein shall not be concluded.

2. The TSO shall cooperate with the SSO on an ongoing basis to ensure the routine and scheduled operating mode of the GTS and the UGSs, and the quality and quantity of natural gas injected and withdrawn.

The UGSs operating mode for the basic injection/withdrawal season shall be developed by the SSO and agreed with the TSO 10 days prior to the beginning/ending of the basic season.

The TSO's resolution within the agreed UGSs operating modes during injection and withdrawal are binding for the SSO. It is allowed to exceed the agreed modes of injection and withdrawal of natural gas within the design parameters. All changes in the UGS operating mode shall be agreed upon by the SSO with the TSO in due course.

## **II. UGS SPECIFICATION, DETERMINING THE ENTRY AND EXIT POINTS**

### **1. UGS SPECIFICATION**

1. The UGS is an engineering and technological complex that within its property boundaries is comprised of:

- geological structure with the reservoir bed;
- artificial gas deposit in the reservoir bed consisting of the volumes of cushion and active gas;
- control horizons;
- operating well stock;
- gas gathering system (wells pipelines and gas gathering line headers);
- gas gathering station;
- technological pipelines and pipelines connecting the UGSs to the GTS;
- boosting compressor stations;
- gas distribution stations;
- gas treatment facilities;
- cathodic protection facilities;
- lines and structures of engineering communications and telemetry control systems;
- power transmission lines and power supply equipment for electricity generating equipment of the UGSs, telemetry control and cathodic protection systems;
- natural gas measurement and quality control points;
- gas pressure reduction points;
- fire-fighting means, erosion control and protective structures of the UGSs;
- buildings and structures of the UGSs;
- facilities of reservoir water, wastewater, and industrial water disposal;
- other facilities envisaged by the UGS design.

2. All operating UGSs used by the SSO on legal grounds shall be deemed as a single undivided integral object, which simultaneously provides storage of the Customer's natural gas and is subject to terms and conditions of the natural gas storage (injection, withdrawal) agreement.

3. The UGSs are technologically connected with the GTS and intended to compensate for seasonal fluctuations in natural gas consumption, creation of strategic, operational and other reserves of gas to ensure the security of its supply to domestic and foreign Customers during the winter period, both on a scheduled basis and in the event of short-term shortage of natural gas, or other emergencies.

4. The UGSs shall be operated according to the engineering design and a regulation for monitoring of the UGS operation and tightness developed by the SSO on the basis thereof, and technological modes of injection (withdrawal) of natural gas in compliance with the existing regulatory legal acts and other normative documents.

5. Withdrawal of the maximum volume of the operating (active) gas is limited by a design value of the cushion gas volume and a minimum layer pressure value.

6. The UGS is operated solely within the design parameters.

### **2. DETERMINING THE GTS ENTRY AND EXIT POINTS TO/FROM THE UGSs**

1. Entry points:

entry points physically located at the connections to the GTS from the UGSs;  
virtual entry points with uncertain physical location to the GTS from a UGS or from a group of UGSs that combine all entry points physically located at the connections from the UGS.

virtual entry points with uncertain physical location to the GTS from the customs warehouse (hereinafter – the CW) of a UGS or from a group of UGSs that combine all entry points physically located at the connections from the UGS.

2. Exit points:

exit points physically located at the connections from the GTS to the UGSs;  
virtual exit points with uncertain physical location from the GTS to the UGS or to a group of UGSs that combine all exit points physically located at the connections to the UGS.

virtual exit points with uncertain physical location from the GTS to the CW of a UGS or to a group of UGSs that combine all exit points physically located at the connections to the UGS.

3. The SSO shall publish a list of all entry and exit points, including virtual ones, on its website.

## **III. QUALITY STANDARDS, PHYSICAL AND CHEMICAL PARAMETERS AND OTHER CHARACTERISTICS OF NATURAL GAS, METERING RULES AND DOCUMENTING OF ACCEPTANCE AND DELIVERY OF NATURAL GAS**

### **1. QUALITY STANDARDS, PHYSICAL AND CHEMICAL PARAMETERS AND OTHER CHARACTERISTICS OF NATURAL GAS ALLOWED TO BE INJECTED/WITHDRAWN INTO/FROM THE UGSs**

1. The following parties are responsible for gas quality:

The TSO – at the exit points physically located at the connections from the GTS to the UGSs;

The SSO – at the entry points physically located at the connections from the UGSs to the GTS.

2. Physical and chemical parameters (hereinafter – the PCP) and other characteristics of natural gas shall be determined by the TSO/the SSO within the period determined hereby at the entry/exit points physically located at the connections to/from the UGSs.

3. PCP of natural gas at the entry/exit points physically located at the connections to/from the UGSs shall be determined by the SSO at the GCMS (DMS) belonging to the SSO on the terms and conditions defined hereby and agreed with the TSO in the technical agreement, using the automatic flow instruments (automatic chromatographs and moisture monitors) and measuring chemical analytical laboratories.

4. Places of the natural gas PCP determination (places of sampling) and frequency of measurements with the use of measuring chemical analytical laboratories shall be coordinated by the SSO with the TSO by means of a separate document.

5. The entry/exit points physically located at the connections to/from the UGSs shall be equipped with devices that continuously monitor the component composition, calorific values, and dew point temperature by natural gas humidity (particularly, by means of automatic chromatographs and moisture monitors) with a possibility of their remote monitoring and data transmission to the TSO's structural units.

6. In the event of failure of the automatic flow instruments, it shall be allowed to use chemical analytical laboratories to determine the calorific value, component composition and dew point temperature by gas humidity, subject to the agreement with the TSO and for the troubleshooting period.

7. The frequency of determining component composition, calorific value, and dew point temperature by gas humidity measurement by using chemical analytical laboratories shall be not less than once a week.

8. Solely those measuring chemical analytical laboratories that have passed the technical competence evaluation procedure in accordance with the procedure established by the legislation shall be allowed to determine the natural gas PCP.

9. The following PCP values are determined for the physically located entry/exit points:

component composition;

gross and net calorific values;

gas density;

content of hydrogen sulfide and mercaptan sulfur;

content of mechanical impurities;

Wobbe index;

dew point temperature by gas humidity;

dew point temperature by hydrocarbons.

10. Natural gas PCP determination is carried out in accordance with existing regulations. Gas sampling should be conducted in accordance with the procedure established by the current normative acts. The authorized representatives of the adjacent systems operator may be present during the sampling of gas and/or during its analysis conducted to determine PCP.

Natural gas that is injected/withdrawn into/from the UGSs shall meet the requirements determined by the GTS Code.

11. The SSO shall not have the right to accept natural gas for storage in cases of non-compliance of natural gas PCP at entry points with the requirements of clause 10 hereof.

12. The natural gas PCP values fed to/from the UGSs shall be determined:

as the arithmetic average of the measurements every hour or every twenty-four hours for PCP determined by the flow instruments, and

based on the last measurement conducted by a measuring chemical analytical laboratory for PCP determined by a measuring chemical analytical laboratory.

13. The results of the natural gas PCP determination shall be published on the SSO's website.

14. The SSO shall provide the TSO the operative data on natural gas PCP by all the agreed points of its determination which shall contain the following numerical values:

gas density;

nitrogen content;

carbon dioxide content;

dew point temperature by gas humidity;

dew point temperature by hydrocarbons;

Wobbe index;

calorific value.

## **2. NATURAL GAS METERING PROCEDURE**

1. Acceptance and delivery of natural gas at the UGS entry and exit points shall be performed only if a commercial GCMS (DMS) is available.

2. Commercial metering of natural gas is performed on a commercial GCMS (DMS).

3. Commercial GCMS (DMS) at the entry/exit point to the UGSs shall be located at the connection point, which shall coincide with the boundary of balance sheet attribution between the SSO and the TSO.

4. If commercial GCMS (DMS) at the entry/exit point is located before/after the boundary of balance sheet attribution, the amount of transmitted gas shall be reduced/increased by the calculated value of production and operating costs at the section between the commercial GCMS (DMS) and the boundary of balance sheet attribution between the SSO and the TSO.

5. Requirements for the components of the natural gas metering units, the rules of operation of metering devices, the measuring procedure of natural gas volumes and its quality shall be determined by technical regulations and norms, rules and standards established and approved by the central executive body that ensures formulation and implementation of state policy in the oil and gas complex.

6. Specifics of natural gas metering at the entry/exit points between the SSO and the TSO shall be regulated hereby, the GTS Code, and technical agreement concluded between the entities mentioned.

7. Description of the measuring systems at the entry and exit points and the methodology for determination of the amount of natural gas are set forth in the technical agreement and shall include:

- establishing a threshold values of the minimum and maximum gas pressures;
- a procedure for determining the natural gas volume and PCP;
- a procedure for verification (including a joint one) of commercial GCMSs (DMSs);
- a procedure for interaction between the technical agreement parties in case of emergencies;
- a procedure for obtaining information from the commercial (backup) GCMS (DMS).

The technical agreement shall contain a list of commercial GCMS (DMS). An act of boundary of the balance sheet attribution for gas facilities and of operational responsibility of the parties shall be made for each commercial GCMS.

8. For the entry and exit points shall be determined:

- volume of natural gas per hour,
- volume of natural gas per day,
- volume of natural gas per month,
- natural gas PCP;
- gas pressure.

9. The volume of natural gas per hour in energy units ( $\text{MJ}/\text{m}^3$ ,  $\text{kW}\cdot\text{h}/\text{m}^3$ ), which is transmitted at the entry point and withdrawn at the exit point is defined as the product of the natural gas volume measured at the corresponding entry or exit point, and the calorific value determined for such an entry point or exit point.

10. The natural gas volume per day is defined as the sum of the hourly natural gas volumes.

11. The natural gas volume per month is defined as the sum of daily natural gas volumes.

12. When using a flow chromatograph, the hourly calorific value is the arithmetic average of the measurements conducted per hour with an accuracy of chromatograph readings.

The daily calorific value is the weighted average of hourly calorific values.

The monthly calorific value is the weighted average of daily calorific values.

13. If the calorific value is determined using chemical analytical laboratory, the monthly calorific value is the arithmetic average of each measurement of calorific values conducted over a month.

14. The calorific value is expressed in  $\text{kW}\cdot\text{h}/\text{m}^3$  with the accuracy of up to three decimals. The unit of measurement of the calculated hourly value shall be converted from  $\text{MJ}/\text{m}^3$  into  $\text{kW}\cdot\text{h}/\text{m}^3$  by dividing by a 3.6 factor.

15. Requirements for technical solutions applied in the construction, reconstruction, and overhauls of commercial GCMSs (DMSs) shall be defined in the specifications issued by the TSO.

16. When commissioning the new or reconstructed GCMS (DMS), the owner thereof shall notify the adjacent system operator about carrying out verification of readiness for commissioning of the commercial GCMS (DMS) and executing a respective bilateral act. The commissioning of commercial GCMS (DMS) shall be performed in the presence of the engineering and technical personnel of the owner of commercial GCMS (DMS) not later than within five working days from the date of notification to the adjacent system operator.

17. If, within 5 working days of receipt of a written notification, the representative of the adjacent system operator has failed to appear at the commissioning of the commercial GCMS (DMS), the owner of the commercial GCMS (DMS) may draw up an act of commissioning a commercial GCMS (DMS) on a unilateral basis, making a comment in the act that a representative of the adjacent system operator has failed to appear for the commissioning of the commercial GCMS (DMS).

18. If the commercial GCMS (DMS) complies with the requirements of the technical regulations and norms, rules, and standards, which is evidenced by the authorized organizations, an adjacent system operator may not deny the owner of a commercial GCMS (DMS) to sign the act of commissioning of the commercial GCMS (DMS).

19. The owner of a commercial GCMS (DMS) ensures its uninterrupted and reliable operation and takes immediate actions to recover the functioning of the GCMS (DMS) and subsequently notifies the adjacent system operator through the dispatch communication channels. Overhauls, current repairs, and technical maintenance of GCMS (DMS) that require an intervention in the operation of measurement systems, are informed to the adjacent system operator in writing about such works with no prior coordination of technical solutions by drawing up a bilateral protocol (act) on completion of such works.

20. The gas market entity that has commercial or backup GCMSs (DMSs) on its balance shall ensure their proper technical condition and the timely introduction of natural gas PCP information in gas calculators/correctors.

21. In the commercial GCMS (DMS) the measurement of gas volume shall be performed using electronic gas volume calculators/correctors. Calculator/corrector software and the results of measuring of gas volumes shall be protected from unauthorized interference.

22. A procedure for conducting joint inspections of commercial GCMS (DMS) by the adjacent system operators, a procedure for interaction between the parties in the event of emergencies, a dispute resolution procedure regarding the determination of natural gas volume and PCP shall be determined in accordance with the requirements hereof.

23. To improve the reliability of measurements of the gas volume by means of commercial GCMS (DMS) the adjacent system operator shall have the right to install the backup automatic calculators/correctors and/or to construct the backup GCMS (DMS) outside the property boundaries of the owner of commercial GCMS (DMS).

24. Installation of backup calculators/correctors or gas metering units shall be performed in accordance with the terms of reference and working design approved by the owner of commercial GCMS (DMS). The design of a backup GCMS (DMS) shall describe the gas flows, property boundaries, location of measuring devices, gas consuming or gas regulating equipment, their sequence, switching connections. Installation of the backup calculators/correctors or gas metering units should not affect the operation of a commercial GCMS.

25. Commissioning of backup calculators/correctors or backup GCMSs (DMSs) shall be documented by a bilateral act. In the case of installation of backup calculators/correctors or backup GCMSs (DMSs), the parties shall have equal rights to obtain initial information and to access the backup measuring systems.

### **3. PROCEDURE FOR INSPECTIONS, VERIFICATIONS, AND EXAMINATIONS OF GAS METERING UNITS**

1. The adjacent system operator may control the proper operation of commercial GCMS (DMS), conduct its control inspection and/or technical inspection, verification (calibration) of the systems in the presence of engineering and technical personnel of the GCMS (DMS) according to annual schedules of control inspections and/or technical inspections, verifications (calibrations) approved by the adjacent system operators.

2. If an extraordinary control inspection and/or technical inspection, verification (calibration) of commercial GCMS (DMS) is needed, the adjacent system operator shall inform the owner of the commercial GCMS (DMS) thereof in writing. The inspection is performed in presence of the engineering and technical personnel of the owner of GCMS (DMS) not later than 5 days after a receipt of the written notification.

3. In the case of deficiencies that affect the accuracy of determining the quantity and quality of gas, the representative(s) of the adjacent system operator that performs/performs the inspection shall make records in the logbook and draws (draw) up a bilateral act together with the owner of commercial GCMS (DMS).

4. If, within the agreed timeframes determined by the annual schedules of the control inspections and/or technical inspection, verifications (calibrations), the representative(s) of the adjacent system operator has(have) failed to appear at the commercial GCMS(DMS) to participate in an inspection of the GCMS (DMS) or in verification (calibration) of the measuring equipment (ME), then the owner of commercial GCMS (DMS), may unilaterally remove the seal from the metering system, ensure conducting the inspection, verification (calibration), and draw up a protocol of inspection, verification (calibration), making a comment therein that the representative of the adjacent system operator failed to appear for the inspection, verification (calibration).

5. In the event of emergency (failure of a measuring transducer, a calculator, a power supply system and spark protection system) the owner of a commercial GCMS (DMS) shall urgently take measures to ensure the regular operation of the commercial GCMS (DMS), and shall notify the adjacent system operator thereof through the dispatch communication channels and may unilaterally carry out restoration works (calibration, setup, maintenance of ME and devices) having previously removed the seals from the metering system.

6. The adjacent system operators shall agree upon the schedule of periodic inspection of the conditions of determination of natural gas PCP in the places of PCP determination.

7. If an extraordinary inspection of the natural gas PCP determination is needed, the adjacent system operator notifies the owner of the commercial GCMS (DMS) thereof in writing, specifying the place where the control sampling of gas shall be taken and its time. The inspection shall be performed in presence of the engineering and technical personnel of the owner of the commercial GCMS (DMS) not later than 5 days after the receipt of the written notification.

### **4. NATURAL GAS METERING PROCEDURE IN THE EVENT OF FAILURE OR DECOMMISSIONING OF THE COMMERCIAL GCMS (DMS)**

1. Commercial GCMS (DMS) can be temporarily decommissioned for the time of inspection, verification (calibration), overhaul and current repairs, emergency response or maintenance.

2. When commercial GCMSs (DMSs) are decommissioned, the amount of gas supplied during the reporting period shall be determined by the readings of backup calculators/correctors or the backup DMS (if commissioned), and in their absence – in accordance with clauses 4-6 hereof.

3. In the event of damage to the seals on commercial GCMS (DMS), the adjacent system operator may require the determination of gas quantity for the current month based on the readings of the backup GCMS (DMS), and in its absence – in accordance with clauses 4-6 hereof.

4. If the measurements have not been carried out for a period not exceeding 3 hours, the amount of gas shall be determined based on the average hourly data 3 hours before the decommissioning and 3 hours following the restoration of the regular mode of operation subject to gas transmission.

5. If the measurements have not been carried out for up to 3 days, the amount of gas shall be determined by the average hourly data of the previous 3 days.

6. If the measurements have not been carried out for more than 3 days, the amount of gas shall be determined by the data of the previous 3 similar periods or by an agreement of the adjacent system operators performed on the basis of a single methodology agreed by the adjacent system operators.

### **5. PROCEDURE FOR RESOLVING DISPUTES REGARDING THE VOLUME AND PCP OF THE DELIVERED/ACCEPTED NATURAL GAS**



1. Disputes (disagreements) arising during the implementation of natural gas metering, including determination of the natural gas daily and monthly volume and PCP, shall be resolved through negotiations.

2. The party that does not agree with the determined daily or monthly volume and PCP of the delivered natural gas, shall so notify the other party within 5 days from the date of execution of the act or other document confirming the value of volume and PCP of the delivered (accepted) gas.

3. If any disputes arise between the parties with regard to the results of measurements of gas volume or technical, including metrological, characteristics of measuring equipment, the adjacent system operators may request an expert verification of the measuring equipment. If the results of verification are negative, the owner of such devices shall be responsible for payment for expert verification, and if the verification results are positive, the payment shall be made by the party that requested the expert verification.

4. In case of failure to reach an agreement (including on the basis of the results of an expert verification) by means of negotiations, the disputes shall be referred to the court to be resolved according to the procedure established by the legislation.

5. Until the disputes are resolved, and the court decision is made, the amount of delivered (accepted) gas shall be determined in accordance with the results of measurements by means of GCMS (DMS).

## **6. DATA COLLECTION AND TRANSFER SYSTEM**

1. The SSO and the TSO shall determine the frequency and conditions of access to telemetry data from telemetry systems by entering into technical agreements.

2. If certain entry/exit point is not equipped with a telemetry system, or if there is a failure in the telemetry system, then the necessary data shall be transferred in the manner set out in the technical agreements.

3. The TSO shall determine to the SSO the requirements to the installation of telemetry systems and to the access to the telemetry data when connecting to the GTS under the corresponding technical conditions for connection.

4. The SSO may install own telemetry devices at the entry/exit points that are used to transfer measurement data thereto.

5. The SSO and the TSO shall independently pay their own costs associated with transfer of telemetry data to their services.

6. In the event of an accident in the telemetry system, the adjacent system operator that operates the telemetry devices shall inform the other adjacent system operator about the accident not later than the next working day, unless another term is established in the technical agreement.

7. The owner of the commercial GCMS (DMS) provides the adjacent systems operator with the daily information on the amount and volume of gas transferred through the commercial GCMS (DMS) and once a month provides information in electronic format contained in hourly printouts (gas volume and gas PCP, the nature and duration of emergency situations and interventions).

8. Under the provision specified in the technical agreement, the SSO may provide information on the amount and volume of gas at the entry/exit points by publishing it on its website. Otherwise, the party that delivers/accepts gas at an entry/exit point shall have the right to continuously obtain information in electronic format in accordance with the developed design of the data transfer system (equipment and communication lines), agreed with the owner of the commercial gas metering unit. Based on the agreed design the party that accepts gas shall purchase, install, and set up the data transfer system at its own cost. The information shall be sent from a personal computer of the SSO's structural unit to which such information is sent from calculators and correctors. The parties shall sign a data protection agreement.

## **7. DOCUMENTING ACCEPTANCE AND DELIVERY OF NATURAL GAS**

1. Acceptance and delivery of natural gas between the adjacent system operators is documented by acts of acceptance and delivery signed by representatives of these parties not later than the 5<sup>th</sup> day of the month following the reporting month.

2. Deviations in amounts of delivered (accepted) gas shall be regulated in accordance with the provisions of Chapter 5 hereof. Before a final court judgment, the amount of delivered (accepted) gas shall be determined according to the results of measurements of commercial GCMS (DMS).

3. By the 12<sup>th</sup> day of the month following the reporting month, the Customer and the SSO shall draw up an act on the movement of natural gas in the UGSs accounted for in the Customer's storage account, which shall indicate

volume of natural gas in the storage account at the beginning of the reporting month;

volumes of natural gas injected and/or withdrawn into/from the UGSs for the reporting month in accordance with the allocations made by the SSO as per Section IX hereof;

volumes of delivered/accepted natural gas in accordance with confirmed trade notifications on delivery of natural gas stored in the UGSs;

volume of natural gas in the storage account at the end of the reporting month.

In case of violation of the said requirement, the SSO shall unilaterally draw up an act on the movement of natural gas in the UGSs accounted for in the Customer's storage account by the 13<sup>th</sup> day of the month following the reporting month in the amount according to allocations made by the SSO and confirmed trade notifications on the delivery of natural gas stored in the UGSs.

A form of the act on the movement of natural gas in the UGSs accounted for in the Customer's storage account shall be posted on the SSO's website.

## **8. NATURAL GAS BALANCE IN THE UGSs**

1. Prior to expiration of the term for provision of natural gas storage (injection, withdrawal) services under the storage agreement, if there is natural gas remaining in the Customer's account, the Customer undertakes to:

book a storage (injection, withdrawal) service for the next period, which takes into account the storage of natural gas remaining at the end of the term of provision of natural gas services (storage, injection);

or transfer the specified volume of natural gas to a third party (parties) in accordance with the procedure established hereby;

or withdraw the entire volume of natural gas stored in the UGSs in its storage account.

2. If the Customer has not taken the measures stipulated by clause 1 hereof, the SSO shall unilaterally draw up an act on the volume of natural gas remaining in the UGSs within 10 working days on the date of termination of storage (injection, withdrawal) services on the basis of an act on the movement of natural gas in the Customer's storage account for the last billing period.

3. The SSO shall calculate the cost of storing the remaining natural gas after termination of the storage (injection, withdrawal) services as for the day-ahead capacity on the basis of an act on the volume of remaining natural gas and issue an invoice to the natural gas owner.

4. The SSO does not confirm the nomination and does not administer the transfer of natural gas stored in the UGS until full payment for natural gas storage (injection, withdrawal) is made, including for storage of the remaining natural gas after termination of storage (injection, withdrawal) services.

Forms of the acts are posted on the SSO's website.

#### **IV. SERVICES PROVIDED BY THE SSO**

##### **1. GENERAL PROVISIONS**

1. The SSO shall provide natural gas storage (injection, withdrawal) services on the basis of the natural gas storage (injection, withdrawal) agreement concluded between the SSO and the Customer and on the terms and conditions specified hereby. The standard form of the natural gas storage (injection, withdrawal) agreement shall be approved by the Regulator and published on the SSO's website.

2. On the basis of the natural gas storage (injection, withdrawal) agreement, the SSO shall provide Customers with storage (injection, withdrawal) of natural gas by providing them with access to the UGS capacity:

working volume

injection capacity;

withdrawal capacity.

The SSO shall provide access to the UGS capacity for the following periods: storage year (annual/bundled capacities), basic injection season, basic withdrawal season, month, day (day-ahead capacity).

The SSO shall provide access to the UGS capacity by allocating it to the Customers in the amount that shall be a multiple of 1 m<sup>3</sup>, except for the day-ahead capacity.

For each period of providing access to the UGS capacity, the Customer is allocated capacity with the right to store/inject/withdraw the same natural gas volume during each gas day. In this case, the injection/withdrawal of natural gas volumes during a gas day according to the confirmed nomination is carried out evenly with a constant hourly flow.

3. The SSO shall allocate the firm, conditionally firm and interruptible capacities on the terms and conditions determined hereby.

When providing access to the firm capacity, the SSO shall grant the right to use a certain amount of capacity on a firm (permanent) basis.

Conditionally firm capacity is provided with a guarantee of the right to use it (as firm capacity) for the natural gas volumes specified by the Customer in a submitted nomination for a gas day (D+1). If the Customer increases the volume of natural gas within a submitted renomination for a gas day (D) compared to the volume in the confirmed nomination, then within a size of the booked conditionally firm capacity for a gas day (D), such difference in volumes will be attributed by the SSO to the capacity provided to the Customer without a guarantee of the right to use it (as interruptible capacity) during a gas day for which the renomination was submitted.

When providing interruptible capacity, the SSO shall grant the right to use a certain amount of capacity if it is technically possible but has the right to interrupt a service at any time (subject to the minimum time for notification of interruption) if injection or withdrawal is technically impossible. The minimum time for notification of interruption for a particular hour of a gas day is 45 minutes after the start of the renomination cycle for that hour of a gas day.

##### **2. ANNUAL CAPACITY, CAPACITY FOR THE BASIC INJECTION SEASON AND THE BASIC WITHDRAWAL SEASON, BUNDLED CAPACITY**

1. As part of allocation of annual and bundled capacities, capacity for the basic injection season/basic withdrawal season, there is granted the right to use the working storage volume, which cannot be less than 1000 m<sup>3</sup>/day.

Injection capacity and withdrawal capacity are not allocated within the annual capacity.

Minimum amount of injection capacity and withdrawal capacity allocated by the SSO for the basic injection/withdrawal season is 1 m<sup>3</sup>/day.

Bundled capacity consists of the annual capacity (working volume), injection capacity in the basic injection season and withdrawal capacity in the basic withdrawal season. Within the bundled capacity allocation, a Customer is entitled to book different amounts of the working storage volume (annual capacity), injection capacity in the basic injection season and withdrawal capacity in the basic withdrawal season.

2. Actual daily working storage volume, amount of withdrawal capacity and injection capacity of natural gas may be less than the minimum amount specified in clause 1 hereof. In this case, payment for such services will be made as for the minimum amount of daily working volume.

3. Within annual capacity and capacity for the basic injection/withdrawal season, the working volume is allocated as firm capacity. Injection capacity for the basic injection season and withdrawal capacity for the basic withdrawal season are allocated as firm and/or conditionally firm capacity.

Depending on the UGS technical capabilities and the amount of previously allocated capacity, injection capacity may be allocated to the Customers for the basic withdrawal season and withdrawal capacity may be allocated to the Customers for the basic injection season.

Withdrawal capacity for the basic injection season and the injection capacity for the basic withdrawal season are allocated as interruptible capacity. Such capacity is not allocated as bundled capacity.

Bundled capacity is allocated as firm capacity.

4. Working volume is allocated within the annual capacity for a period of one storage year. At the same time, such a service is available for any 4 storage years following the storage year in which the capacity is allocated.

For the bundled capacity, the service is available for any 4 storage years following the storage year in which the capacity is allocated.

### **3. MONTHLY WORKING VOLUME**

1. Working volume is provided on a firm basis for a period of one gas month. At the same time, such service is available for any gas months of the relevant storage year following the month in which the capacity is allocated.

2. If a Customer has not been allocated the annual capacity and/or the bundled capacity and/or the capacity for the basic withdrawal/injection season, this service provides for the right to use the working storage volume, the minimum amount of which is 1000 m<sup>3</sup> for each day of the month.

3. Actual daily working volume of natural gas storage may be less than the minimum amount specified in clause 2 hereof. In this case, payment for such services will be made as for the minimum amount of the daily working volume.

### **4. MONTHLY INJECTION CAPACITY**

1. Monthly injection capacity is provided for a period of one gas month. In this case, such a service is available for any gas months of the relevant storage year following the month in which the capacity is allocated.

2. Monthly injection capacity included in the basic injection season allows a Customer to inject natural gas within the allocated firm or conditionally firm capacity.

Monthly injection capacity included in the basic withdrawal season is allocated as interruptible capacity.

3. The SSO shall publish, if available, a historical level of interruptible injection capacity prior to the start of capacity allocation for the relevant gas month.

4. If a Customer has not been allocated the bundled capacity and/or annual capacity and/or capacity for the basic withdrawal/injection season, this service provides for the provision of monthly capacity, the minimum amount of which is 1 m<sup>3</sup>.

5. Actual amount of natural gas monthly injection capacity may be less than the minimum amount specified in clause 4 hereof. In this case, payment for such services will be made as for the minimum injection capacity.

### **5. MONTHLY WITHDRAWAL CAPACITY**

1. Monthly withdrawal capacity is provided for a period of one gas month. In this case, such a service is available for any gas months of the relevant storage year following the month in which the capacity is allocated.

2. Monthly withdrawal capacity included in the basic withdrawal season allows a Customer to withdraw natural gas within the allocated firm or conditionally firm capacity.

Monthly withdrawal capacity included in the basic injection season is allocated as interruptible capacity.

3. The SSO shall publish, if available, a historical level of interruptible withdrawal capacity for a gas month prior to the start of capacity allocation for the relevant gas month.

4. If a Customer has not been allocated annual and/or bundled capacity and/or capacity for the basic withdrawal/injection season, this service provides for the provision of monthly withdrawal capacity, the minimum amount of which is 1 m<sup>3</sup>.

5. Actual amount of natural gas monthly withdrawal capacity may be less than the minimum amount specified in clause 4 hereof. In this case, payment for such services will be made as for the minimum withdrawal capacity.

### **6. DAY-AHEAD INJECTION CAPACITY**

1. Day-ahead injection capacity is available to all Customers and is allocated to any day following the day in which the capacity is allocated.

2. Day-ahead injection capacity is provided on an interruptible basis and allows a Customer to inject natural gas regardless of the basic season.

3. Day-ahead injection capacity allows a Customer to book the day-ahead natural gas injection capacity in accordance with Section IX hereof by submitting nominations/renominations.

4. If a Customer has not been allocated annual and/or bundled capacity and/or capacity for the basic withdrawal/injection season and/or monthly capacity, this service provides for the provision of day-ahead injection capacity, the minimum amount of which is 1 m<sup>3</sup>.

5. Actual amount of the day-ahead natural gas injection capacity may be less than the minimum amount specified in clause 4 hereof. In this case, payment for such services will be made as for the minimum injection capacity.

### **7. DAY-AHEAD WITHDRAWAL CAPACITY**

1. Day-ahead withdrawal capacity is available to all Customers and is allocated to any day following the day in which the capacity is allocated.

2. Day-ahead withdrawal capacity is provided on an interruptible basis and allows a Customer to withdraw natural gas regardless of the basic season.

3. Day-ahead withdrawal capacity allows a Customer to book the day-ahead natural gas withdrawal capacity in accordance with Section IX hereof by submitting nominations/renominations.

4. If a Customer has not been allocated annual and/or bundled capacity and/or capacity for the basic withdrawal/injection season and/or monthly capacity, this service provides for the provision of day-ahead withdrawal capacity, the minimum amount of which is 1 m<sup>3</sup>.

5. Actual amount of the day-ahead natural gas withdrawal capacity may be less than the minimum amount specified in clause 4 hereof. In this case, payment for such services will be made as for the minimum withdrawal capacity.

#### **8. DAY-AHEAD WORKING VOLUME**

1. Day-ahead working volume is available to all Customers and is allocated to any day following the day in which the capacity is allocated.

2. Day-ahead working volume is provided within the firm capacity in cases of confirmation of a trade notification and within the interruptible capacity in cases of confirmation of nomination/renomination.

3. Day-ahead working volume allows a Customer to book the day-ahead working volume in accordance with Section VII hereof by submitting nominations/renominations, trade notifications. Amount of such working volume shall be automatically allocated for each subsequent gas day, if at the end of such gas day a Customer does not have enough available allocated working storage volume.

4. If a Customer has not been allocated annual and/or bundled capacity and/or capacity for the basic withdrawal/injection season and/or monthly capacity, this service provides for the provision of a day-ahead working volume, the minimum amount of which is 1000 m<sup>3</sup>.

5. Actual amount of natural gas day-ahead working volume may be less than the minimum amount specified in clause 4 hereof. In this case, payment for such services will be made as for the minimum daily working volume.

### **V. TERMS OF THE UGS RELIABLE AND SECURE OPERATION, BASIC RULES OF THE UGS TECHNICAL OPERATION, PLANNING OF THE UGS OPERATIONAL AND TECHNOLOGICAL MANAGEMENT AND DEVELOPMENT**

#### **1. TERMS OF THE UGS RELIABLE AND SECURE OPERATION, BASIC RULES OF THE UGS TECHNICAL OPERATION**

1. The SSO ensures secure and reliable operation, proper maintenance and development, including new construction, reconstruction of UGSs to meet projected demand by subjects of the natural gas market in natural gas storage (injection, withdrawal) services, taking into account development of the natural gas market.

2. UGSs are operated by the SSO in line with the requirements of the current legislation, regulatory acts on design, construction, repair and secure operation, technical norms, and security standards.

3. For secure and reliable operation of the UGSs the SSO shall ensure:

compliance with requirements of regulatory documents on operation, namely: technological designs of UGS establishment and operation, regulation on monitoring and operation of the UGS layer systems, regulation on operation of the UGS technological equipment, technical norms and safety standards, rules of the UGS technical operation;

preventive measures for no-failure operation of the UGSs, namely: a maintenance complex, current repair or overhaul works carried out following the technical examination of the UGS production facilities; carrying out of measures to ensure storage (injection, withdrawal) of natural gas over the periods of a very high consumption according to the Rules of Natural Gas Security of Supply and National Action Plan;

monitoring of adherence to natural gas PCP at the points of gas transfer from the UGS to the GTS and maintaining permissible natural gas PCP limits in line with the requirements of the GTS Code;

limiting of natural gas injection and/or withdrawal in cases specified by the legislation;

development and implementation of plans for localization and eliminations of emergencies (PLEE);

action plans preparation and coordination according to the concluded technical agreements with the TSO in cases of gas supply disruptions taking into account the provisions of the Rules of Natural Gas Security of Supply, and the National Action Plan;

maintenance of technical condition of the equipment, units, structures in compliance with the technical norms and safety standards, rules of technical operation of the UGSs approved by the central executive body in charge of formulation and implementation of the national policy in the oil and gas complex, regularly supervising the operation and in cases of emergencies immediately commence measures aimed at emergency management;

the UGS technical evaluation following which it shall prepare the UGS investment plans and repair plans;

development and implementation of the regulatory and technical documents on the UGS technical operation in compliance with the legislation and regulatory acts.

4. Design and construction (new construction, reconstruction, overhaul, technical re-equipment) of the UGS production facilities are carried out in line with the legislation on urban development, technical norms and safety standards and effective regulatory acts in the area of industrial security.

5. Measures indicated in the UGS development plan are financed using the funds, foreseen in tariffs for natural gas storage (injection, withdrawal) and other sources allowed by the legislation.

#### **2. PLANNING OF WORKS CAUSING CHANGES IN THE UGS OPERATING CONDITIONS**

1. In order to ensure secure and reliable operation of the UGSs, the SSO ensures fulfilment of works foreseen in regulations on monitoring of operation of the UGS layer systems, on monitoring the operation of the UGS technological equipment and other regulatory and technical documents.

2. The SSO plans and continually performs the required operational, diagnostic, repair works, as well as works associated with the UGS modernization and technical re-equipment.

3. The SSO schedules repair or regular maintenance works in the period from 1 May to 31 October, if these measures may hinder the activities of natural gas withdrawal, and in the period from 1 November to 30 April, if these measures may hinder the activities of natural gas injection.

4. The SSO shall, based on the conditions specified in technical agreements, coordinate with the TSO the scope and timeline of works planned.

Adjustment of the scope and timeline of works via coordination between the SSO and the TSO shall be made not later than 21 calendar days prior its commencement, of which the SSO shall inform the interested Customer and the TSO. In justified cases, the SSO upon agreement with the TSO may introduce adjustments of the scope of works during the calendar year.

5. The SSO shall have the right to interrupt or decrease the Customer's nominations and renominations for the period (hours, days) of repair works and regular maintenance of the UGS(s), of which it shall simultaneously inform the Customer.

6. The SSO shall conduct regular repairs and regular maintenance of the UGS(s) in the most efficient way and minimize negative impact on the Customer's rights.

7. By 1 November, the SSO publishes on its website information on time, location of the repair works planned in the following calendar year that may pose changes in the UGS operating conditions, leading to limiting of natural gas storage (injection, withdrawal) and specifies the expected period of these restrictions.

### **3. INFORMING THE CUSTOMER ABOUT CHANGES IN THE UGS OPERATING CONDITIONS**

1. The SSO informs the Customer whom the introduced restrictions concern, about the timeline, scope of restrictions not later than 21 days prior to the commencement of works planned via a written notification with a receipt notification and/or by e-mail.

2. The Customer shall consider the restrictions specified in clause 1 hereof in nominations/renominations.

3. For a period of suspension or restriction of services due to works performed by the SSO, a continuous payment for capacity shall be subject to a corresponding reduction in the amount of the cost of natural gas storage (injection, withdrawal) services that were not provided to the Customer as a result of works performed by the SSO.

### **4. PLANNING THE UGS DEVELOPMENT**

1. The UGS development shall be carried out subject to current and future needs of Ukraine in natural gas, for reliable and failure-free gas supplies to consumers, for establishment of natural gas reserves (stock) for emergencies as well as concerning on demand for storage (injection, withdrawal) services.

2. Every year by 31 October, the SSO develops and submits to the Regulator for approval the UGS development plan for next 10 years that is prepared based on data on the actual and projected demand and supply for the services of natural gas storage (injection, withdrawal). The UGS development plan for next 10 years shall ensure the compliance of UGSs with the natural gas market needs and security of natural gas supplies.

3. When preparing a UGS development plan for next 10 years, the SSO shall consider possible changes in the volumes of natural gas storage (including volumes of cross-border natural gas trade) and UGS development plans of the adjacent countries.

4. The 10-year UGS development plan shall determine:

a list of basic facilities associated with natural gas storage (injection, withdrawal) services, which construction and reconstruction is expedient to conduct within next 10 years;

a list of approved investment projects regardless of financing sources as well as a list of investments which are expedient to conduct within next 3 years;

foreseen timelines/dates of implementation of investment projects.

5. The 10-year UGS development plan consists of:

an investment program for the 1<sup>st</sup> planned year of the 10-year UGS development plan, indicating measures financed through confirmed investments;

planned measures for the 2<sup>nd</sup> and 3<sup>rd</sup> years of the 10-year UGS development plan, financed through confirmed and new investments;

planned measures for the 4<sup>th</sup>-10<sup>th</sup> years of the 10-year UGS development plan, indicating investments needed for their implementation.

6. Along with development of the investment program for the 1<sup>st</sup> planned year, which is a composite part of the 10-year UGS development plan, as well as repair plans, technical maintenance and technical diagnostics, the SSO shall take into account:

requirements for the UGS secure operation and provision of uninterrupted natural gas storage (injection, withdrawal) services;

a need to bringing the UGS in compliance with the mandatory norms and technical requirements;

actual technical conditions of the UGS facilities and constituents;

reduction of operational costs;

increase, where necessary, of the UGS technical capacity.

7. In order to conduct planning, the SSO cooperates with the TSO, as well as with Customers.

### **5. DOCUMENTING OF THE UGS DEVELOPMENT PLAN**

1. Planning of measures and financing of the development plan shall be carried out by the SSO taking into account the technical condition of its fixed and other assets, a need to ensure the proper level of operation of the SSO's gas infrastructure facilities and the quality of natural gas storage (injection, withdrawal) services for the long-term period, reduction of production and technological costs, standard losses of natural gas, fuel gas consumption, as well as the principles of economic feasibility of implementing appropriate measures.

The 10-year UGS development plan consists of the following sections:

Section I – description of the actual state of the SSO’s main gas infrastructure facilities (stocks, assets) and the necessary measures to maintain them at the proper level in accordance with the regulatory procedures provided for by regulatory and technical documents for next 3 years;

Section II – description of measures aimed at the UGS development via construction of new UGSs, including new construction, reconstruction, overhaul, technical re-equipment, etc. in next 10 years at the expense of planned investments;

Section III – description of measures for the 1<sup>st</sup> year of the development plan (investment program) with the planned activities and expenses in the specified period;

Section IV – action plan for the 2<sup>nd</sup> and 3<sup>rd</sup> planned years of the 10-year development plan, indicating the investments needed for its implementation;

Section V – action plan for the 4<sup>th</sup>-10<sup>th</sup> years of the 10-year development plan, indicating the investments needed for its implementation.

The development plan may not include the following measures (except for measures to develop design and estimate documentation):

not creating new fixed assets/intangible assets;

not leading to an increase in the book value of fixed/intangible assets.

2. Section I of the development plan should include a description of the actual state of the SSO’s UGS main facilities and material & technical equipment and necessary measures to maintain them at the proper level in accordance with the regulatory procedures provided for by regulatory and technical documents for next 3 years. These measures should include the projected costs of their implementation.

Generalized technical conditions of the facilities of the SSO’s engineering and technological complex shall be submitted in a form given in Annex 1 hereto.

3. Section II of the development plan shall include a description of measures aimed at the UGS development through construction of new UGSs, including new construction, reconstruction, overhaul, technical re-equipment, etc. in next 10 years at the expense of planned investments.

4. Based on the data of Sections I and II of the development plan, the SSO shall form Section III of the development plan (investment program), which shall include description of measures and necessary expenses for the 1<sup>st</sup> year of the development plan, in a context of the following sections:

Section
I. UGSs
II. Other (UGS operation)
III. Modernization and procurement of vehicles, special machinery, and mechanisms
IV. Procurement of diagnostic, examination and other devices
V. Implementation and development of information technologies
VI. Premises of industrial and administrative purposes
VII. Other (specify)

The licensee plans to finance the activities of the SSO’s investment program at the expense of the following sources of financing:

depreciation charges provided for by the SSO’s relevant tariff;

capital investments provided for by the SSO’s relevant tariff;

other sources not prohibited by law, with the obligatory justification and interpretation of such sources.

5. The explanatory note to Section III thereto shall include:

description of the list of works, main equipment, materials, hardware and software and services planned to be performed in the planned period, broken down into stages (quarters);

justification of the need to carry out activities in the planned period;

justification and calculation of the investment program financing sources;

information on the technical and economic efficiency of the investment program activities, in particular technical and economic indicators in accordance with the approved design documentation and economic efficiency indicators;

information on the economic efficiency of the procurement of vehicles, special machinery, and mechanisms in the investment program in accordance with the form given in Section I of Annex 2 hereto;

information on transitional measures (unfinished construction facilities), the financing period of which is expected to last more than 1 year, in accordance with the form given in Section II of Annex 2 hereto;

information on design and survey works planned to be carried out in the planned period, in accordance with the form given in Section III of Annex 2 hereto.

6. Planned activities of the investment program shall be supported by substantiating materials for the planned works and procurements of goods, which, in particular, may contain price offers by manufacturers or their official representatives in Ukraine, orders on approval of design documentation and consolidated estimates for relevant projects provided for by the activities for the planned period, as well as information on examination of design and estimate documentation.

Measures for the UGS new construction or reconstruction shall be included in the development plan if there are projects necessary for this purpose, developed and approved in accordance with the requirements of applicable law.

The SSO may provide costs for the development plan 1<sup>st</sup> year to develop designs for implementation of works planned for future periods.

Procurement prices used in formation of the development plan 1<sup>st</sup> year are indicative. The final procurement price is determined by the SSO on a competitive basis in accordance with the requirements of the current procurement legislation, in particular the Law of Ukraine "On Public Procurements".

7. The SSO's UGS development plan for 20\_\_ - 20\_\_ for the 1<sup>st</sup> year (investment program for 20\_\_) shall contain the action plan for the 1<sup>st</sup> year of the 10-year UGS development plan in the form given in Annex 3 hereto, with details for each measure and each type of work, as well as with the numerical prioritization of measures on the principle of consecutive numbering, starting from one. At the same time, several measures cannot be assigned the same numerical priority.

8. Based on the data of Sections I and II of the development plan, the SSO shall form Section IV of the UGS development plan for 20\_\_-20\_\_ for the 2<sup>nd</sup> and 3<sup>rd</sup> years with details for each measure and each type of work and their financing for each year of the planned period in the form given in Annex 4 hereto.

The explanatory note to Section IV thereof shall include:

description of the list of works, main equipment, materials, hardware and software and services planned to be performed in the planned period, broken down into stages (one year);

justification of the need to carry out activities in the planned period and projected sources of funding.

9. Based on the data of Sections I and II of the development plan, the SSO shall form Section V of the UGS development plan for 20\_\_-20\_\_ for the 4<sup>th</sup>-10<sup>th</sup> years in terms of enlarged measures and their financing for each year of the planned period in the form given in Annex 5 hereto.

10. Based on the data of Sections III, IV and V of the development plan, the SSO shall provide summarized information on the measures of the 10-year UGS development plan in the form given in Annex 6 hereto.

11. The development plan is formed with an indication of the amount of funding excluding VAT.

Numerical information in the development plan and reports on its implementation shall be indicated in UAH thousands without decimals.

12. Pages of the development plan shall be numbered and laced, the number of laced sheets shall be certified by the signature of the SSO CEO or his/her authorized person and with the SSO's seal (if any).

The materials provided as a justification for the sections of the development plan shall be signed by the SSO CEO or his/her authorized person and certified with the seal (if any).

## **6. PROCEDURE FOR SUBMISSION, REVIEW AND APPROVAL OF THE DEVELOPMENT PLAN**

1. The development plan for next 10 years shall be submitted by the SSO to the Regulator annually by October 31 of the year preceding the planned period, taking into account the requirements of the Procedure for open discussion of the draft resolution of the National Energy and Utilities Regulatory Commission, approved by Resolution of the National Energy and Utilities Regulatory Commission No. 866 of 30 June 2017, regarding endorsement/approval of investment programs/development plans and amendments thereto.

The SSO shall ensure the accuracy of the information provided to the Regulator.

For the purpose of informing the public, the draft UGS development plan shall be made public by the SSO by posting it on the SSO's official website prior to the date of submission of the development plan for approval by the Regulator.

2. During consideration of the submitted documents and/or additional explanations and justifications, the Regulator may hold working meetings with the authorized representatives of the business entity.

3. In case the development plan is found to be inconsistent with the requirements hereof and/or the Regulator has certain comments (clarifications, proposals) thereto or a need to clarify certain constituents thereof, the Regulator shall, within 30 calendar days, notify the SSO in writing of the comments thereto or the need to clarify certain components thereof.

In case of receipt of written comments (clarifications, proposals) thereto from the Regulator, the SSO shall, within 30 calendar days from the date of receipt of such comments (clarifications, proposals), provide relevant proposals, additional explanations and justifications. In this case, the development plan shall be re-considered by the Regulator after the SSO has submitted the UGS development plan revised with due regard to the comments (clarifications, proposals).

4. In case the Regulator has no comments thereto, an issue of approval of the SSO's development plan shall be submitted to the meeting of the Regulator, which is held in a form of an open hearing.

5. If during consideration of the development plan at the Regulator's meeting held in a form of an open hearing, questions arise regarding the insufficiency of the justification of certain measures thereof, the Regulator or the SSO may initiate their examination. In this case, consideration of the development plan shall be suspended for the period necessary for such an examination, which the Regulator shall notify the SSO in writing within 5 business days from the date of the Regulator's decision on the need for such an examination.

Based on the results of an expert review, the Regulator shall reconsider the disputed issues.

6. If the Regulator decides at a meeting held in a form of an open hearing that certain measures of the development plan are unjustified, these measures shall be excluded therefrom. At the same time, the funds provided for their financing shall be reallocated to other measures in accordance with the numerical priority therein.

7. The development plan approved by the Regulator shall be executed by the SSO in 2 copies. Within 7 calendar days, one copy shall be submitted to the Regulator, and the other shall be kept by the SSO.

An electronic form of the development plan approved by the Regulator shall be made public by the SSO by posting it on the SSO's official website within 10 business days from the date of the Regulator's decision to approve the development plan and shall be kept there for at least 3 years.

After the Regulator makes a decision to approve the development plan, the design documentation and supporting materials attached thereto by the SSO, as well as working copies of the development plan shall be returned to the SSO for keeping and using in its work and shall be provided to the Regulator upon its request to fulfil the tasks laid thereon.

A cover page of all copies of the approved UGS development plan shall contain the requisites of the documents by which the development plan was approved in accordance with the licensee's charter and approved by the Regulator. The said marks shall be signed by the licensee CEO or his/her authorized representative and certified with a seal (if any).

Pages of the UGS development plan shall be numbered and laced, the number of laced sheets shall be certified by the signature of the licensee CEO or his/her authorized person and with a seal (if any).

8. Amendments thereto shall be reviewed by the Regulator in accordance with the procedure provided for herein.

When submitting amendments to the investment program of the approved development plan the SSO shall submit to the Regulator:

1) summarized information on amendments to the investment program of the approved UGS development plan in the form given in Section I of Annex 7 hereto;

2) proposals for amendments to the investment program for 20\_\_ of the approved SSO's UGS development plan for 20\_\_ - 20\_\_ in the form given in Section II of Annex 7 hereto;

3) amendments to the investment program for 20\_\_ (list of measures) of the SSO in the form given in Section III of Annex 7 hereto.

## **7. IMPLEMENTATION OF THE DEVELOPMENT PLAN**

1. The SSO shall implement the development plan approved by the Regulator in full in accordance with planned stages, scope of work in quantitative terms and amount of financing in value terms.

The investment program shall be implemented in accordance with approved sources for each measure.

2. Completed facilities are considered to be those that have been put into operation in accordance with the requirements of the current legislation, accepted on the balance sheet and for which financing has been completed, as evidenced by the following documents:

1) for fixed assets:

a certificate of completion/acceptance certificate of services rendered, and/or a certificate of commissioning of fixed assets, and/or a certificate of readiness of the facility for operation, and/or a certificate (declaration) issued by the relevant state architectural and construction control authorities, and/or other primary documents in accordance with accounting standards confirming the acceptance of fixed assets on the balance sheet;

payment instructions and/or other documents confirming the payment.

2) for intangible assets:

an act of putting an intellectual property right object into economic circulation as part of intangible assets and/or other primary documents in accordance with accounting standards confirming the acceptance of intangible assets on the balance sheet;

payment instructions and/or other documents confirming the payment.

Measures to develop design and estimate documentation are considered completed if, based on the results of their implementation, an act of completion and/or an act of acceptance and transfer of design and estimate documentation for the facility are drawn up and for which full funding has been made.

The stages of transitional measures (unfinished construction facilities divided into construction stages) provided for by the investment program are considered completed if, based on the results of their implementation, acts of completion and/or acts of acceptance and transfer are drawn up, and financing is completed in accordance therewith.

3. If the cost of implementation of the investment program measures (except for transitional measures (unfinished construction facilities divided into construction stages) and measures for which the estimated cost of the measure was examined) provided for in the approved development plan increases by up to 5 (five) percent, the SSO, provided that there are fund savings in full quantitative implementation of the relevant investment program measures, may independently redistribute funding between measures in the context of a separate source of funding and provided that the physical scope of these measures remains unchanged.

4. In case of underfunding of the development plan activities planned for the 1<sup>st</sup> year for reasons beyond the SSO's control, the 1<sup>st</sup> priority shall be given to funding of the activities related to construction, modernization and reconstruction of the UGS engineering and technological complex. At the same time, the SSO may extend the financing of these activities until the 20<sup>th</sup> day of the month following the expiration of the development plan 1<sup>st</sup> year at the expense of funds received as a source of the development plan financing for the next period.

5. The SSO has a right to apply to the Regulator during the planned period with a proposal to amend the approved development plan with the relevant justification.

6. In case of actual increase in the receipt of funds in accordance with the identified sources of financing, the SSO shall initiate a procedure for making appropriate amendments to the development plan in accordance with the procedure established hereby in terms of increasing the sources of financing and supplementing the planned activities.



If the cost of measures increased during the period between elaboration of the estimate documentation for the development plan measures and commissioning of these measures by more than an actual inflation index for the relevant period, the Regulator or the SSO may initiate an expert review of these measures.

7. The development plan measures shall be deemed financed if actual payment has been made in monetary funds.

8. When implementing state control measures, the following shall not be considered as implementation of the investment program:

measures that were implemented/financed by the SSO but are not provided for in the investment program of the approved development plan;

amount of financing under the measures of the investment program of the approved development plan in case of such financing prior to the approval of the relevant development plan, except for force majeure circumstances certified by the Chamber of Commerce and Industry of Ukraine and confirmed by a relevant certificate.

## **8. PROCEDURE FOR PROVIDING REPORTING INFORMATION ON IMPLEMENTATION OF THE DEVELOPMENT PLAN**

1. Reporting information on implementation of the investment program measures and summary information on implementation by sections of the investment program, executed in accordance with Annex 8 hereto, shall be provided by the SSO to the NEURC in electronic form in the “docx”, “xls” or “xlsx” formats with a qualified electronic signature of the SSO CEO or his/her authorized person and/or the SSO’s qualified electronic seal in the electronic interaction system (EIS) or to the official e-mail address of the Regulator’s central office in compliance with the requirements of the Laws of Ukraine “On Electronic Documents and Electronic Document Flow” and “On Electronic Trust Services”, quarterly on a cumulative basis no later than the 28<sup>th</sup> day of the month following the reporting period, and on the basis of the year results no later than 25<sup>th</sup> February of the year following the reporting period, until the investment program is fully implemented and/or the state control measure is carried out.

An electronic form of a report on implementation of the development plan 1<sup>st</sup> year (investment program) shall be published by the licensee by posting on its official website on the Internet on a quarterly basis no later than the 28<sup>th</sup> day of the month following the reporting period, and on the basis of the year results no later than 25<sup>th</sup> February of the year following the reporting period, and shall be kept thereon for at least 3 years.

2. The Regulator shall control implementation of the development plan by the SSO by analyzing the reporting information on implementation thereof and conducting scheduled and unscheduled inspections of the SSO’s activities.

3. The SSO shall ensure the accuracy of the reporting information provided to the Regulator.

## **VI. PROCEDURE FOR CONCLUSION OF THE NATURAL GAS STORAGE (INJECTION, WITHDRAWAL) AGREEMENT**

### **1. PROCEDURE FOR CONCLUSION OF THE NATURAL GAS STORAGE (INJECTION, WITHDRAWAL) AGREEMENT**

1. Access to the natural gas storage (injection, withdrawal) services shall be done on the basis of a natural gas storage (injection, withdrawal) agreement. The SSO may not refuse a conclusion of the natural gas storage (injection, withdrawal) agreement provided that the Customer complies with the requirements of its conclusion, set forth hereby.

The natural gas storage (injection, withdrawal) agreement is a document regulating legal relationships between the SSO and a certain Customer.

2. In order to conclude a natural gas storage (injection, withdrawal) agreement, the Customer shall submit to the SSO the following documents:

an application for concluding the natural gas storage (injection, withdrawal) agreement, which template is recommended by the SSO, is public information, and shall be published on its website;

EIC of the subject of the natural gas market of Ukraine;

if the Customer is not a Ukrainian resident, an additional document shall be submitted to confirm the registration as an economic entity in the country of registration;

documents confirming authorities of the persons acting on behalf of the Customer.

3. If the documents specified in clause 2 hereof, are prepared in a foreign language, a certified translation thereof into Ukrainian shall also be submitted.

4. In order to conclude the natural gas storage (injection, withdrawal) agreement the SSO may not demand documents and/or information not provided in clause 2 hereof.

5. The SSO considers the application for conclusion of the natural gas storage (injection, withdrawal) agreement and enclosed documents thereto within 10 days from the date of their registration. In case of non-complete submission of the application and the enclosed documents thereto, according to the list specified in clause 2 hereof, the SSO, following the application registration, shall refer to the Customer with a written request to clarify the completeness of the application within 5 business days. The deadline for consideration of the application for conclusion of the natural gas storage (injection, withdrawal) agreement is suspended for the period of full completion of the document submission by the Customer.

6. If no response is received to the SSO’s written request to clarify the data within 10 days, the SSO shall leave the application with no consideration and notify the applicant in writing, stating the reason therefor.

7. If the documents submitted by the applicant comply with the requirements of clause 2 hereof, the SSO shall send, within 10 days from the application registration, the applicant a draft of the natural gas storage (injection, withdrawal) agreement in 2 copies signed by the SSO.

8. If within 20 days from the date of receipt of the draft of the natural gas storage (injection, withdrawal) agreement by the applicant, it fails to return the signed natural gas storage (injection, withdrawal) agreement to the SSO and in case when

there is no signing extension agreed by the parties, the SSO shall have the right not to consider the application for conclusion of the agreement and deem this contract as not concluded, notifying the applicant thereof in written.

9. An application for capacity allocation shall be submitted via the information platform. A form of the application for capacity allocation is set by the Annex to the standard natural gas storage (injection, withdrawal) agreement.

10. The natural gas storage (injection, withdrawal) agreement and annexes thereto shall be concluded in Ukrainian. Upon a request by the Customer, the SSO shall provide the natural gas storage (injection, withdrawal) agreement both in Ukrainian and English languages.

## **2. PAYMENT FOR SERVICES**

1. The Customer to which the annual and/or bundles capacity has been allocated, shall make a 100% monthly advance payment in the amount of the cost of the booked annual capacity for a gas month 5 banking days prior to the beginning of the gas month in which such service will be provided.

The Customer which has been allocated capacity for the basic injection season and/or the basic withdrawal season, monthly capacity (including capacity allocated for more than one gas month until the end of the storage year) shall make a 100% advance payment in the amount of the booked capacity for one gas month 5 banking days prior to the beginning of the gas month in which such services will be provided.

For one gas day capacity, the Customer shall make 100% advance payment in the amount not less than the cost of access to the gas day capacity, which is planned to be used in accordance with the nomination/renomination/trade notification. In this case, such payment shall be received by the SSO on its account no later than 3 hours before the deadline for submitting the nomination/renomination/trade notification.

For the allocated day-ahead working volume in accordance with the requirements of clause 11 of Chapter 1 of Section VII hereof, the Customer shall make 100% advance payment in the amount of the gas day working volume 3 hours prior to the start of the gas day of service provision.

If, in accordance with the requirements hereof, the amount of capacity allocated to the Customer changes, the SSO shall credit the Customer's overpayment against payment for a next billing period or return it to the Customer's current account upon the Customer's written request within a period not exceeding 5 calendar days from the date of receipt of such request.

2. If the Customer fails to provide the advance payment within the period specified in clause 1 hereof, the SSO shall suspend the provision of access to the allocated capacity in respect of which the advance payment requirements have not been met. For the period of suspension, such a Customer shall not be released from the obligations to pay for the allocated capacity.

The SSO has the right to offer such allocated capacity to other Customers on an interruptible basis.

3. In case of non-payment or untimely payment by the Customer for services within the terms specified hereby and the natural gas storage (injection, withdrawal) agreement, the SSO shall refuse to accept nominations, trade notifications for transfer of natural gas in the UGSs and applications for transfer of the UGS capacity by the Customer until the date of fulfillment of the Customer's obligations and shall notify the TSO thereof.

## **VII. CAPACITY ALLOCATION**

### **1. GENERAL PROVISIONS**

1. The SSO shall daily publish information on the UGS allocated and available capacity on the information platform and its website in quantitative form in accordance with the requirements of clause 3 hereof.

2. The SSO calculates amount of the UGS available storage capacity for a certain period of time, taking into account current UGS filling and capacity utilization under current agreements with the Customers, and places data on the information platform and its website.

3. The SSO shall offer no more than 90% of the available storage capacity for allocation of annual capacity, bundled capacity, capacity for the basic injection/withdrawal season and monthly capacity (for capacity allocated for more than one gas month until the end of the storage year). At least 10% of the available storage capacity shall be offered for allocation of monthly capacity (capacity allocated to the next gas month) and day-ahead capacity during the storage year. Not less than 60% of the total available injection and withdrawal capacity shall be offered by the SSO as firm capacity, the remaining available capacity, but not less than 30%, shall be offered as conditionally firm capacity and not more than 10% shall be offered as interruptible capacity.

4. The Customer may simultaneously use the services provided for the following periods: storage year, basic withdrawal season, basic injection season, month, day.

5. If the SSO interrupted the provision of natural gas storage (injection/withdrawal) services or if the SSO rejected a nomination submitted by the Customer on the grounds of lack of available capacity within the allocated firm or conditionally firm capacity, which is provided as firm capacity in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof, the SSO shall pay the cost of such unutilized booked capacity (cost of capacity interruption) in accordance with a procedure established by the standard natural gas storage (injection, withdrawal) agreement.

If the SSO has interrupted the provision of natural gas storage (injection/withdrawal) services within the allocated interruptible capacity, the SSO shall recalculate the cost of services in accordance with the procedure established by the standard natural gas storage (injection, withdrawal) agreement.

6. In the application for capacity allocation, the Customer shall indicate:

EIC and a No. of the agreement on the basis of which the application for capacity allocation is submitted;

service grounded by the agreement (injection/withdrawal/working volume);

UGS capacity applied for;

period (a term for which the UGS capacity is applied for);

minimum mandatory capacity to which the Customer agrees to reduce the capacity it applies for in accordance with the requirements hereof (hereinafter referred to as the minimum mandatory capacity).

In the application for bundled capacity allocation, the Customer shall indicate the UGS declared capacity separately for working volume (annual capacity), injection capacity for the basic injection season and withdrawal capacity for the basic withdrawal season.

The Customer does not specify the amount of firm/conditionally firm/interruptible capacity in the application for capacity allocation. The SSO shall consider the applications for capacity allocation submitted by the Customers and allocate the capacity, determining the amount of capacity allocated as firm, conditionally firm or interruptible in accordance with the requirements hereof.

7. The application for capacity allocation shall be submitted by the Customer via the information platform with a qualified electronic signature of the authorized person or an electronic seal. The Non-resident Customers shall have the right to submit a signed application for capacity allocation in paper with a prior sending of relevant scanned copies via the information platform. A form of the application for capacity allocation shall be determined by the Annex to the standard natural gas storage (injection, withdrawal) agreement.

If, in accordance with the requirements hereof, each of the Customers receives the declared amount of capacity specified in the submitted application, the SSO shall sign the application for capacity allocation, including a scanned copy of the application for capacity allocation of the Non-resident Customer, with the qualified electronic signature of the authorized person or electronic seal.

If, in accordance with the requirements hereof, the Customers' applications for capacity allocation are satisfied in proportion to the declared volumes of each Customer, the SSO shall provide each such Customer with a new application for capacity allocation on the information platform with a qualified electronic signature of the SSO's authorized person or an electronic seal, which indicates the amount of the allocated capacity of the Customer, including of the Non-resident Customer. In this case, no later than the next day after the day of sending a new application for capacity allocation by the SSO, the Customer shall return such application for capacity allocation on the information platform with a qualified electronic signature of the Customer's authorized representative or electronic seal. If, in accordance with the requirements hereof, the Customer has not returned a new application for capacity allocation on the information platform, the capacity shall be deemed unallocated and offered by the SSO for the following capacity allocation periods. The Non-resident Customers shall have the right to return the signed application for capacity allocation in paper with a prior sending of the relevant scanned copies via the information platform.

8. During the procedure for allocating gas storage capacities, the SSO conducts a technical analysis, which includes an assessment of the UGS capability to satisfy the Customer's request.

9. The SSO shall refuse to allocate UGS capacities in the following cases:

the Customer has overdue debts to the SSO under the natural gas storage (injection, withdrawal) agreement;

failure of the Customer's to fulfill obligations to pay for the services specified in Chapter 2 of Section VI hereof and the natural gas storage (injection, withdrawal) agreement;

absence or insufficiency of the UGS available capacity;

failure of the Customer to fulfill its obligations under the natural gas storage (injection, withdrawal) agreement;

granting access will be an obstacle to the fulfillment by the SSO of special obligations imposed on it in accordance with Article 11 of the Law of Ukraine "On the Natural Gas Market";

refusal of access is justified on the basis of a decision made in accordance with Article 55 of the Law of Ukraine "On the Natural Gas Market";

the SSO complies with the requirements of the National Action Plan or rules on the security of natural gas supply.

10. The SSO shall inform the Customer of the refusal to allocate capacity via the information platform by a notification signed by a qualified electronic signature of the authorized person (indicating the refusal reasons) no later than the next business day after the deadline for submission of applications for capacity allocation.

11. Allocation of the UGS available capacity shall take place in the following order: bundled capacity, annual capacity, capacity for the basic injection/withdrawal season, monthly capacity.

Conditionally firm capacity is allocated only if the firm capacity for the relevant periods has been fully allocated.

Interruptible capacity shall be allocated only in the cases specified herein.

Allocation of the injection/withdrawal capacity or the working volume for a day ahead shall be carried out on the basis of the valid standard natural gas storage (injection, withdrawal) agreement and on the terms of submission of nominations/renominations (or trade notifications in cases specified herein) in accordance herewith.

If the amount of natural gas determined by the Customer in the submitted nomination for a gas day (D+1) exceeds the total amount of capacity already allocated to it for other periods determined hereby (storage year, basic injection/withdrawal season, month), it shall be deemed that the Customer has applied for capacity allocation for a day ahead (D+1) by the amount of excess. The nomination for a gas day (D+1) confirmed by the SSO shall be a confirmation of allocation of the injection/withdrawal capacity and the working volume for a day ahead in the amounts determined in accordance herewith. In this case, the injection capacity and the working volume shall be allocated by the injection nomination, and the withdrawal capacity shall be allocated by the withdrawal nomination.

Amount of the allocated day-ahead injection/withdrawal capacity/working volume shall be changed in case the SSO confirms the renomination submitted by the Customer.

The Customer is allocated the day-ahead working volume by confirming the trade notification if the Customer does not have enough available allocated working storage volume on the gas day of submission of such trade notification.

Day-ahead working volume allocated in accordance with the requirements hereof shall be automatically allocated for each subsequent gas day if, at the end of such gas day, the Customer does not have enough available allocated working storage volume.

Available day-ahead capacity shall be calculated by the SSO on a daily basis and communicated to the Customers by posting it on the information platform and on its website by 08:00 UTC (10:00 Kyiv time) for the winter period and by 07:00 UTC (10:00 Kyiv time) for the summer period of the previous gas day. The SSO shall post updated information taking into account daily nominations and non-nominated capacity as of 16:00 UTC (18:00 Kyiv time) for the winter period and by 15:00 UTC (18:00 Kyiv time) for the summer period of the previous gas day.

## **2. ALLOCATION OF ANNUAL CAPACITY, CAPACITY FOR THE BASIC INJECTION SEASON AND THE BASIC WITHDRAWAL SEASON, BUNDLED CAPACITY**

1. An application for annual capacity allocation shall be submitted annually for a period of not less than 1 storage year and not more than 4 storage years following the storage year in which the application is submitted.

An application for bundled capacity allocation shall be submitted annually and shall consist of a declared working volume, declared injection capacity for the basic injection season and withdrawal capacity for the basic withdrawal season for a storage year following the storage year in which the application is submitted.

2. Amount of the UGS available capacity that will be subject to the capacity allocation procedure for the following storage years (4 years) shall be published by the SSO on the information platform and its website 30 calendar days prior to the start of an application submission procedure period.

Amount of the UGS available capacity that will be subject to the allocation procedure for a basic injection/withdrawal season of the respective storage year shall be published by the SSO on the information platform and on its website 30 calendar days prior to the start of an application submission procedure period. The amount of available capacity shall be indicated separately for firm and conditionally firm.

Information on the UGS available capacity that can be allocated as interruptible capacity (injection capacity for the basic withdrawal season and withdrawal capacity for the basic injection season) shall not be communicated by the SSO prior to the start of an application submission procedure period.

3. Applications for allocation of annual capacity, bundled capacity, working volume and injection capacity for the basic injection season, withdrawal capacity for the basic injection season shall be submitted on business days from the last Monday of January of the current gas year to the 2<sup>nd</sup> Monday of February of the current gas year inclusive. The SSO shall consider applications for capacity allocation in the following order: bundled capacity, annual capacity, working volume and/or injection capacity for the basic injection season, and withdrawal capacity for the basic injection season.

Applications for allocation of working volume and withdrawal capacity for the basic withdrawal season, injection capacity for the basic withdrawal season shall be submitted on business days from the last Monday of July of the current gas year to the 2<sup>nd</sup> Monday of August of the current gas year inclusive. In this case, the SSO shall consider applications for capacity allocation in the following order: working volume and/or withdrawal capacity for the basic withdrawal season, injection capacity for the basic withdrawal season.

Applications for capacity allocation submitted earlier or later than the specified deadlines shall be left without consideration.

4. An application for capacity allocation submitted by the Customer in accordance with the requirements hereof is an irrevocable offer to purchase natural gas storage (injection, withdrawal) services.

The SSO shall consider one Customer's application for capacity allocation. If such a Customer has submitted several applications in accordance with the requirements hereof, the SSO shall accept for consideration the application for capacity allocation that was submitted last.

5. Capacity allocation based on the results of consideration by the SSO of applications for bundled capacity allocation, annual capacity allocation and working volume for the basic injection/ withdrawal season shall be carried out in accordance herewith.

If the total annual or bundled capacity declared by the Customers does not exceed the UGS available firm capacity, each Customer shall receive the declared amount of annual and/or bundled capacity specified in a submitted application.

If the total capacity determined by the 1<sup>st</sup> paragraph hereof, declared by the Customers, does not exceed the UGS available firm capacity, each Customer shall receive the declared capacity specified in a submitted application. However, if such total capacity exceeds the UGS available firm capacity, the SSO shall satisfy the applications in proportion to the declared volumes of each Customer, taking into account the minimum mandatory capacity. If, in accordance with the proportional allocation of the UGS available firm capacity, the SSO shall allocate to the Customers the amount of such capacity less than the minimum mandatory volume specified in their applications, the SSO shall refuse to allocate the capacity to such Customers. The available firm capacity that has not been allocated to such Customers shall be allocated among other Customers in proportion to their declared volumes.

6. Capacity allocation based on the results of consideration by the SSO of applications for injection/withdrawal capacity allocation for the basic injection/withdrawal season shall be carried out in accordance herewith.

The SSO shall allocate the firm capacity in the order of priority of receipt of applications for capacity allocation submitted by Customers.

After allocation of the entire volume of available firm capacity, the SSO shall allocate available conditionally firm capacity. At the same time, if after allocation of the firm capacity, the total capacity declared by the Customers does not exceed the UGS available conditionally firm capacity, each of the Customers receives the declared capacity specified in an application submitted, which is determined by the SSO as conditionally firm capacity.

If the total capacity declared by the Customers exceeds the UGS available conditionally firm capacity, the SSO shall satisfy the applications in proportion to the declared volumes of each Customer, taking into account the minimum mandatory capacity, and determine the allocated capacity as conditionally firm. If, in accordance with the proportional allocation of the UGS available capacity, the SSO shall allocate to the Customers the amount of conditionally firm capacity less than the minimum mandatory volume specified in their applications, the SSO shall refuse to allocate capacity to such Customers. The conditionally firm capacity that has not been allocated to such Customers shall be allocated among other Customers in proportion to their declared volumes.

Withdrawal capacity for the basic injection season shall be allocated in the order of priority of receipt of applications for allocation of such capacity submitted by the Customers. The SSO shall allocate interruptible withdrawal capacity for the basic injection season exclusively to the amount of injection capacity that was allocated as firm and conditionally firm capacity for the basic injection season.

Injection capacity for the basic withdrawal season shall be allocated in the order of priority of receipt of applications for allocation of such capacity submitted by the Customers. The SSO shall allocate interruptible injection capacity for the basic withdrawal season exclusively to the amount of withdrawal capacity that was allocated as firm and conditionally firm capacity for the basic withdrawal season.

7. The SSO, based on the results of the capacity allocation procedure, shall indicate the allocated volume and sign the application for capacity allocation or refuse to approve it, informing a reason for refusal to allocate capacity on the information platform no later than the next business day after the deadline for submission of applications for capacity allocation.

Obligation to pay for natural gas storage (injection, withdrawal) services (except for cases of proportional satisfaction of applications for capacity allocation in accordance herewith) shall arise on the day of receipt by the Customer of the results of the capacity allocation procedure (agreed application for capacity allocation), taking into account the terms of advance payment specified herein and the standard natural gas storage (injection, withdrawal) agreement.

In cases of proportional satisfaction of applications for capacity allocation in accordance herewith, the obligations to pay for natural gas storage (injection, withdrawal) services shall arise on the day the Customer returns the signed application for capacity allocation, taking into account the terms of advance payment specified herein and the standard natural gas storage (injection, withdrawal) agreement.

### **3. ALLOCATION OF MONTHLY WORKING VOLUME**

1. An application for working volume allocation may be submitted monthly for a period from one gas month and until the end of the relevant storage year.

2. The SSO shall calculate the available working volume that will be subject to the allocation procedure during the next gas month and/or subsequent gas months until the end of the relevant storage year 5 business days prior to the 1<sup>st</sup> Monday of the current gas month and shall notify Customers via its website and information platform. The SSO shall indicate the available working volume separately for each gas month of the relevant storage year.

3. The applications for working volume allocation shall be submitted for the next gas month and/or subsequent gas months until the end of the relevant storage year on business days between the 1<sup>st</sup> and 3<sup>rd</sup> Monday of the month preceding the months for which the capacity is allocated.

4. An application for working volume allocation submitted by the Customer in accordance with the requirements hereof is an irrevocable offer to purchase natural gas storage (injection, withdrawal) services.

The SSO shall consider one application for capacity allocation from the Customer. If such a Customer has submitted several applications in accordance with the requirements hereof, the SSO shall consider the application for capacity allocation that was submitted last.

If, in accordance with the proportional allocation of the UGS available capacity, the SSO shall allocate to the Customers a working volume less than the minimum mandatory capacity specified in their applications, the SSO shall refuse to allocate capacity to such Customers. The working volume that was not allocated to such Customers shall be allocated among other Customers in proportion to their declared volumes.

5. If the total UGS working volume declared by the Customers in accordance with the applications submitted within the period specified in clause 3 hereof does not exceed the UGS available working volume, each of the Customers shall receive the working volume in the amount specified in a submitted application.

If the total working volume declared by the Customers in accordance with the applications submitted within the period specified in clause 3 hereof exceeds the UGS available working volume, the SSO shall satisfy the applications in proportion to the declared volumes of each Customer, taking into account the minimum mandatory volume. If, in accordance with the proportional allocation of UGS available capacity, the SSO shall allocate to Customers the individual working volume less than the minimum mandatory volume specified in their applications, the SSO shall refuse to allocate capacity to such Customers. The individual working volume that has not been allocated to such Customers shall be allocated among other Customers in proportion to their declared volumes.

6. Based on the results of the working volume allocation procedure for the next gas month and/or subsequent gas months until the end of the relevant storage year, the SSO shall indicate the allocated working volume and sign the application for capacity allocation or refuse to approve it (informing a reason for refusal to allocate capacity signed by a qualified electronic signature of the authorized person) via the information platform no later than the next business day after the deadline for submission of applications for capacity allocation.

Obligation to pay for natural gas storage (injection, withdrawal) services (except for cases of proportional satisfaction of applications for capacity allocation in accordance herewith) shall arise on the day of receipt by the Customer of the results

of the capacity allocation procedure (agreed application for capacity allocation), taking into account the terms of advance payment specified herein and the standard natural gas storage (injection, withdrawal) agreement.

In cases of proportional satisfaction of applications for capacity allocation in accordance herewith, the obligations to pay for natural gas storage (injection, withdrawal) services shall arise on the day the Customer returns the signed application for capacity allocation, taking into account the terms of advance payment specified herein and standard natural gas storage (injection, withdrawal) agreement.

#### **4. ALLOCATION OF MONTHLY INJECTION CAPACITY**

1. An application for monthly injection capacity allocation may be submitted monthly for the period from one gas month until the end of the relevant storage year.

2. The SSO shall, 5 business days prior to the 1<sup>st</sup> Monday of the current month, calculate the available injection capacity (separately for firm and conditionally firm) that will be subject to the allocation procedure during the following gas months until the end of the storage year, and shall inform the Customers via its website and information platform.

Information on the UGS available capacity that can be allocated as interruptible capacity (monthly injection capacity included in the basic withdrawal season) is not reported by the SSO prior to the start of the application submission procedure.

3. The applications for monthly injection capacity allocation shall be submitted on business days between the 1<sup>st</sup> and 3<sup>rd</sup> Monday of the month preceding the months for which the capacity is allocated. The applications for injection capacity allocation for a month submitted earlier or later than the specified deadlines shall be left without consideration.

4. An application for monthly injection capacity allocation submitted by the Customer in accordance with the requirements hereof is an irrevocable offer to purchase natural gas storage (injection, withdrawal) services.

The SSO shall consider one application for capacity allocation from the Customer. If such a Customer has submitted several applications for the same period in accordance with the requirements hereof, the SSO shall accept for consideration the application for capacity allocation that was submitted last.

5. If the total monthly injection capacity in the basic injection season declared by the Customers does not exceed the available injection capacity, each Customer shall receive injection capacity in the amount specified in a submitted application.

The SSO shall allocate the firm capacity in the order of priority of receipt of applications for capacity allocation submitted by the Customers.

After allocating the entire volume of available firm capacity, the SSO shall allocate available conditionally firm capacity. In this case, if, after allocation of the firm capacity, the total capacity declared by the Customers does not exceed the UGS available conditionally firm capacity, each of the Customers receives the declared capacity specified in the submitted application, which is determined by the SSO as conditionally firm capacity.

If the total capacity declared by the Customers exceeds the UGS available conditionally firm capacity, the SSO shall satisfy the applications in proportion to the declared volumes of each Customer, taking into account the minimum mandatory capacity, and determine the allocated capacity as conditionally firm capacity. If, in accordance with the proportional allocation of the UGS available capacity, the SSO shall allocate to the Customers the amount of conditionally firm capacity less than the minimum mandatory volume specified in their applications, the SSO shall refuse to allocate capacity to such Customers. The conditionally firm capacity that has not been allocated to such Customers shall be allocated among other Customers in proportion to their declared volumes.

Monthly injection capacity included in the basic withdrawal season shall be allocated in the order of priority of receipt of applications for allocation of such capacity submitted by the Customers. The SSO shall allocate monthly interruptible injection capacity included in the basic withdrawal season exclusively to the amount of withdrawal capacity that was allocated as firm and conditionally firm capacity in the basic withdrawal season.

6. Based on the results of the monthly injection capacity allocation procedure, the SSO shall indicate the allocated volume and sign the application for capacity allocation or refuse to approve it (informing a reason for refusal to allocate capacity signed by a qualified electronic signature of the authorized person) via the information platform no later than the next business day after the deadline for submission of applications for capacity allocation.

Obligation to pay for natural gas storage (injection, withdrawal) services (except for cases of proportional satisfaction of applications for capacity allocation in accordance herewith) shall arise on the day of receipt by the Customer of the results of the capacity allocation procedure (agreed application for capacity allocation), taking into account the terms of advance payment specified herein and the standard natural gas storage (injection, withdrawal) agreement.

In cases of proportional satisfaction of applications for capacity allocation in accordance herewith, the obligations to pay for natural gas storage (injection, withdrawal) services shall arise on the day the Customer returns the signed application for capacity allocation, taking into account the terms of advance payment specified herein and the standard natural gas storage (injection, withdrawal) agreement.

#### **5. ALLOCATION OF MONTHLY WITHDRAWAL CAPACITY**

1. An application for allocation of monthly withdrawal capacity may be submitted monthly for the period from one gas month until the end of the relevant storage year.

2. The SSO shall, 5 business days prior to the 1<sup>st</sup> Monday of the current month, calculate the available withdrawal capacity (separately for firm and conditionally firm) that will be subject to the allocation procedure during the following gas months until the end of the storage year, and shall inform the Customers via its website and information platform.

Information on the UGS available capacity that can be allocated as interruptible capacity (monthly withdrawal capacity included in the basic injection season) is not reported by the SSO prior to the start of the application submission procedure.

3. The applications for monthly withdrawal capacity allocation shall be submitted on business days between the 1<sup>st</sup> and the 3<sup>rd</sup> Monday of the month preceding the months for which the capacity is allocated. The applications for monthly withdrawal capacity allocation submitted earlier or later than the specified deadlines shall be left without consideration.

4. An application for monthly withdrawal capacity allocation submitted by the Customer in accordance with the requirements hereof is an irrevocable offer to purchase natural gas storage (injection, withdrawal) services.

The SSO shall consider one application for capacity allocation from the Customer. If such a Customer has submitted several applications for the same period in accordance with the requirements hereof, the SSO shall accept for consideration the application for capacity allocation that was submitted last.

5. If the total monthly withdrawal capacity in the basic withdrawal season declared by the Customers does not exceed the available withdrawal capacity, each Customer shall receive the withdrawal capacity in the amount specified in a submitted application.

The SSO shall allocate the firm capacity in the order of priority of receipt of applications for capacity allocation submitted by the Customers.

After allocating the entire volume of available firm capacity, the SSO shall allocate available conditionally firm capacity. At the same time, if after allocation of the firm capacity, the total capacity declared by the Customers does not exceed the UGS available conditionally firm capacity, each of the Customers receives the declared capacity specified in the submitted application, which is determined by the SSO as conditionally firm capacity.

If the total capacity declared by the Customers exceeds the UGS available conditionally firm capacity, the SSO shall satisfy the applications in proportion to the declared volumes of each Customer, taking into account the minimum mandatory capacity, and determine the allocated capacity as conditionally firm. If, in accordance with the proportional allocation of the UGS available capacity, the SSO shall allocate to the Customers the amount of conditionally firm capacity less than the minimum mandatory volume specified in their applications, the SSO shall refuse to allocate capacity to such Customers. The conditionally firm capacity that has not been allocated to such Customers shall be allocated among other Customers in proportion to their declared volumes.

Monthly withdrawal capacity included in the basic injection season shall be allocated in the order of priority of receipt of the applications for allocation of such capacity submitted by the Customers. The SSO shall allocate monthly interruptible withdrawal capacity included in the basic injection season exclusively to the amount of injection capacity that was allocated as firm and conditionally firm capacity in the basic injection season.

6. Based on the results of the monthly withdrawal capacity allocation procedure, the SSO shall indicate the allocated volume and sign the application for capacity allocation or refuse to approve it (informing a reason for refusal to allocate capacity signed by a qualified electronic signature of the authorized person) via the information platform no later than the next business day after the deadline for submission of applications for capacity allocation.

Obligation to pay for natural gas storage (injection, withdrawal) services (except for cases of proportional satisfaction of applications for capacity allocation in accordance herewith) shall arise on the day of receipt by the Customer of the results of the capacity allocation procedure (agreed application for capacity allocation), taking into account the terms of advance payment specified herein and the standard natural gas storage (injection, withdrawal) agreement.

In cases of proportional satisfaction of applications for capacity allocation in accordance herewith, the obligations to pay for natural gas storage (injection, withdrawal) services shall arise on the day the Customer returns the signed application for capacity allocation, taking into account the terms of advance payment specified herein and the standard natural gas storage (injection, withdrawal) agreement.

## **VIII. ADMINISTRATION OF TRANSFER OF NATURAL GAS STORED IN THE UGSs AND ADMINISTRATION OF TRANSFER OF ALLOCATED CAPACITY 1. ADMINISTRATION OF TRANSFER OF NATURAL GAS STORED IN THE UGSs**

1. The Customers shall have the right to conclude agreements under which the transfer of natural gas stored in the UGSs is conducted.

2. The SSO shall ensure functioning of the information platform, which accounts for the transfer of natural gas stored in the UGSs.

3. Accounting for the transfer of natural gas stored in the UGSs from the storage account of the Customer transferring natural gas to the storage account of the Customer receiving natural gas shall be carried out by the SSO on the basis of trade notifications on the transfer of natural gas provided to it by the Customers.

4. The trade notification shall contain the following information:

details, including the EIC of the Customer providing a trade notification;

details of the natural gas market entity, including its EIC, which is the other party to the transfer of natural gas stored in the UGSs;

subject of the trade notification – transfer or receipt of natural gas stored in the UGSs;

volume of natural gas to be transferred;

customs regime of the transferred natural gas.

5. The SSO shall confirm trade notifications and account for the transfer of natural gas stored in the UGSs if:

a trade notification for transfer of natural gas provided by the Customer coincides with the corresponding trade notification of the other party to the transfer of natural gas stored in the UGSs;

the Customer transferring natural gas has, at the time of the natural gas transfer, a volume of natural gas on its storage account not less than the volume of natural gas specified in the trade notification;

volume of natural gas to be transferred is not subject to encumbrance or restriction (including arrest), if the SSO has been informed in accordance with the current legislation of such encumbrances or restrictions (including arrest);

the natural gas market entity that receives natural gas has a natural gas storage (injection, withdrawal) agreement concluded with the SSO at the time of natural gas transfer;

the Customer which has provided a trade notification for the transfer of natural gas stored in the UGSs has no overdue debts to the SSO under the natural gas storage (injection, withdrawal) agreement;

the Customer which transfers or receives natural gas complies with the requirements hereof and the natural gas storage (injection, withdrawal) agreement.

6. In case of transfer/receipt by the Customer in the UGS of any part of the volume of natural gas that was supplied to the exit point of the UGS or a group of UGSs on terms of using the capacity with restrictions as defined by the GTS Code, the Customer undertakes, in addition to the information specified in clause 4 hereof, to indicate in the trade notification that the natural gas to be transferred was supplied to the exit point of the UGS or a group of UGSs on terms of using capacity with restrictions.

7. Upon confirmation of the trade notification, the SSO shall increase the volume of natural gas in the storage account of the Customer receiving natural gas and decrease the volume of natural gas in the storage account of the Customer transferring natural gas by the volume of natural gas specified therein.

8. The term for confirming trade notifications shall not exceed 2 hours from the moment of their receipt. The SSO shall minimize the time for administration of trade notifications.

9. If the SSO does not confirm the trade notification, it shall inform the reasons for refusal to the Customer which transfers or receives natural gas stored in the UGSs in electronic form within 2 hours of the refusal.

10. Trade notifications shall be submitted by the Customers on the information platform in the form posted by the SSO on its website. The Customer shall have the right to authorize a third party to submit trade notifications on its behalf, subject to prior approval by the SSO.

The Customer may provide an unlimited number of trade notifications during the gas day (D).

11. Administration of the transfer of natural gas stored in the UGSs between the Customers shall be carried out by the SSO free of charge.

12. When processing trade notifications, the SSO shall check the presence of the Customer transferring natural gas and the Customer receiving natural gas in the register of wholesale energy market participants published by the Regulator on the day of submission of trade notifications.

If the Customer/Customers between which natural gas is transferred are not included in such register, the SSO shall inform the Regulator thereof on a monthly basis by the 5<sup>th</sup> day of the month following the reporting month, in terms of confirmed/unconfirmed trade notifications, indicating the information provided for in clause 4 hereof.

## **2. PROCEDURE FOR TRANSFERRING ALLOCATED UGS CAPACITIES**

1. The Customers shall have the right to conclude agreements under which a right to use capacities within the annual capacity and the bundled capacity services is transferred.

2. The SSO shall administer the transfer of allocated capacity free of charge.

3. The Customers may transfer only the annual and/or bundled capacity.

The Customer may transfer all or part of the volume of the bundled capacity but may not transfer the bundled capacity in parts (separately the working volume, separately the injection capacity and separately the withdrawal capacity).

4. The SSO shall ensure functioning of the information platform, which accounts for the transfer of the right to use the natural gas storage (injection, withdrawal) services.

5. The SSO shall transfer the UGS capacity from one Customer to another Customer on the basis of applications for capacity transfer submitted to the SSO by the Customers.

6. The application for UGS capacity transfer shall contain the following information

identification data, including the EIC of the Customer submitting the application;

identification data, including the EIC of the Customer which is the other party to the transfer of the UGS capacity;

subject of the application – acquisition or alienation of the UGS capacity;

type and volume of the UGS capacity to be acquired or alienated;

the date from which the capacity is transferred. The date of capacity transfer shall be the 1<sup>st</sup> day of the gas month.

7. Simultaneously with the application for capacity transfer, the Customer shall submit an adjusted application for capacity allocation on the information platform, which will reduce/increase the volume of declared capacity in accordance with the volume of capacity alienated or acquired.

8. The SSO shall confirm the application for capacity transfer if:

the application for alienation or acquisition of capacity submitted by the Customer coincides with the corresponding application of another party acquiring or alienating the UGS capacity;

the Customers have submitted duly executed adjusted applications for capacity allocation;

the UGS capacity to be alienated is not greater than the corresponding UGS capacity allocated to the Customer;

the natural gas market entity acquiring the capacity has a natural gas storage (injection, withdrawal) agreement with the SSO;

the Customer who submitted the application for capacity transfer has no overdue debts to the SSO under the natural gas storage (injection, withdrawal) agreement;

the Customer that transfers and/or acquires the capacity complies with the requirements hereof and the natural gas storage (injection, withdrawal) agreement;



content of the application meets the requirements hereof.

9. The SSO shall review the application within 3 business days from the date of receipt of the application for capacity transfer.

10. Based on the results of the review of the application for capacity transfer, the SSO shall send an agreed (signed) adjusted application for capacity allocation.

11. If the SSO does not confirm the application for capacity transfer, it shall inform the reasons for refusal to the Customer which submitted the application for capacity transfer on the information platform.

12. The applications for capacity transfer shall be submitted on the information platform by the Customers in the form posted by the SSO on its website using a qualified electronic signature of an authorized person or an electronic seal. The Non-resident Customers have the right to submit a signed application for capacity transfer in paper with a prior sending of the relevant scanned copies via the information platform.

## **IX. NOMINATIONS, RENOMINATIONS AND ALLOCATION**

### **1. GENERAL CONDITIONS OF NOMINATION SUBMISSION**

1. In order to use storage (injection, withdrawal) services the Customer submits to the SSO nominations/renominations for injection and/or withdrawal in accordance with the terms hereof and the natural gas storage (injection, withdrawal) agreement.

2. Nominations/renominations shall contain the following information:

identification of the Customer providing the nomination/renomination;

the gas day to which the relevant nomination/renomination relates;

the volume of natural gas delivered by the Customer for injection into and/or withdrawal from the UGSs;

identification that the volume of natural gas submitted for injection and/or withdrawal into/from the UGSs is in the customs warehouse regime (CWR) as defined by the Customs Code of Ukraine;

identification that the nomination/renomination is submitted for the volumes of natural gas submitted for injection and/or withdrawal into/from the UGSs using capacities with restrictions as defined by the GTS Code.

For the volumes of natural gas delivered for injection and/or withdrawal into/from the UGSs using capacities with restrictions as defined by the GTS Code, the Customer shall submit a separate nomination/renomination to the SSO, where there is identification that the nomination/renomination is submitted for the volumes of natural gas delivered for injection and/or withdrawal into/from the UGSs using capacities with restrictions as defined by the GTS Code.

3. The SSO shall confirm nominations/renominations in the following order:

nominations/renominations for natural gas injection and/or withdrawal using the bundled capacity;

nominations/renominations for natural gas injection and/or withdrawal using the firm capacity and conditionally firm capacity, which is provided as firm capacity for the basic injection/withdrawal season in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof;

nominations/renominations for natural gas injection and/or withdrawal using the firm and conditionally firm capacity, which is provided as firm monthly capacity in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof;

nominations/renominations for natural gas injection and/or withdrawal using the conditionally firm capacity, which is provided as interruptible capacity for the basic injection/withdrawal season in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof;

nominations/renominations for injection and/or withdrawal of natural gas using the conditionally firm capacity, which is provided as monthly interruptible capacity in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof;

nominations/renominations for natural gas injection and/or withdrawal using the interruptible capacity for the basic injection/withdrawal season;

nominations/renominations for natural gas injection and/or withdrawal using the monthly interruptible capacity;

nominations/renominations for natural gas injection and/or withdrawal using the day-ahead interruptible capacity.

4. Nominations/renominations of the Customers which are provided with the natural gas storage (injection, withdrawal) services on an interruptible basis may be confirmed with a decrease in the volume of natural gas declared by the Customer in nominations/renominations. The reduction shall be made in the following order:

nominations/renominations for natural gas injection and/or withdrawal using the day-ahead interruptible capacity;

nominations/renominations for natural gas injection and/or withdrawal using the monthly interruptible capacity;

nominations/renominations for natural gas injection and/or withdrawal using the interruptible capacity for the basic injection/withdrawal season;

renominations for natural gas injection and/or withdrawal using the conditionally firm capacity, which are provided as interruptible monthly capacity in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof;

renominations for natural gas injection and/or withdrawal using the conditionally firm capacity, which are provided as interruptible capacity for the basic injection/withdrawal season in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof.

If the services have the same term of provision, the reduction shall be proportional to the natural gas volumes specified in a relevant nomination.

Natural gas injection/withdrawal volumes specified in confirmed nominations/renominations of the Customers granted the right to use interruptible capacity may be reduced by the SSO unilaterally in case there is no available capacity for the provision of such services and/or there is a need to fulfill the renominations of the Customers granted the right to use firm capacity.

5. Nominations may be changed in accordance with the renomination procedure.

6. In nominations/renominations, it is necessary to take into account the change of time from summer to winter, as well as from winter to summer.

7. Nominations/renominations submitted by the Customer shall take into account restrictions and suspensions imposed in accordance with the provisions hereof, the National Action Plan, as well as other restrictions imposed in accordance with the current legislation.

8. If there is no technical capability to deliver/receive the volume of natural gas specified in the nomination, the TSO shall notify the SSO thereof. The SSO shall immediately inform the Customers thereof.

9. The SSO shall have the right to reduce or reject the nominations/renominations in cases stipulated hereby and the natural gas storage (injection, withdrawal) agreement. In this case, the SSO shall reduce or reject the nominations taking into account the procedure for confirmation of nominations/renominations specified in clause 3 hereof.

10. The SSO shall reject nominations/renominations in the event of:

absence of a valid natural gas storage (injection, withdrawal) agreement between the Customer and the SSO;

failure by the Customer to fulfill the terms of the natural gas storage (injection, withdrawal) agreement;

failure by the Customer to comply with the procedure for submitting nomination/renomination specified herein;

overdue debts of the Customer to the SSO under the natural gas storage (injection, withdrawal) agreement;

non-compliance with the terms of payment for services in accordance with the requirements hereof and the natural gas storage (injection, withdrawal) agreement;

absence of available injection/withdrawal capacity, working storage volume for the provision of natural gas storage (injection, withdrawal) services;

absence of a sufficient volume of natural gas in the Customer's storage account for withdrawal in accordance with the submitted nomination/renomination for withdrawal, taking into account the relevant customs regime and identification that natural gas was supplied to the exit point of a UGS or a group of UGSs on the terms of using the capacity with restrictions;

restrictions and/or encumbrances, which were informed to the SSO in accordance with applicable law, on the Customer's natural gas in a relevant volume;

announcement by the SSO of restrictions caused by an accident or emergency, which makes it impossible to provide natural gas storage (injection, withdrawal) services under the nomination/renomination provided by the Customer;

a need for the SSO to comply with the requirements of the National Action Plan or rules on the security of natural gas supply;

failure to comply with the requirements of current legislation on storage of natural gas in accordance with the chosen customs regime;

absence in the nomination/renomination of information on the customs regime of natural gas;

absence in the nomination/renomination of information on the delivery of natural gas on the terms of using capacity with restrictions as defined by the GTS Code, if natural gas was delivered on the terms of using capacity with restrictions.

The renomination submitted by the Customer may be rejected by the SSO if the following condition is not met:

$$RQ > (NQ * H)/24,$$

where **RQ** is the volume of natural gas injection/withdrawal specified in the submitted Customer's renomination;

**NQ** is the volume of natural gas injection/withdrawal specified in the confirmed Customer's nomination;

**H** is a number of hours from the beginning of the gas day to the beginning of a change in the volume of injection/withdrawal determined by the renomination (**RQ**).

11. In case of rejection of the nomination/renomination, the SSO shall inform the Customer about the reasons for rejection via the information platform.

12. A nomination/renomination that has passed the verification process specified herein shall receive the status of a confirmed nomination/renomination.

13. A nomination/renomination of the Customers who are provided with storage (injection, withdrawal) services on an interruptible basis may be changed by the SSO unilaterally in case of necessity to fulfill the submitted renominations of Customers which use storage (injection, withdrawal) services on a firm basis. In this case, the SSO shall unilaterally change the nomination/renomination of the Customers in the order specified in clause 4 hereof. The SSO shall immediately inform the Customers whose nomination/renomination was changed via the information platform.

## 2. PROCEDURE OF NOMINATION SUBMISSION

1. The Customer shall submit the nomination to the SSO no later than 13:00 UTC (15:00 Kyiv time) of the gas day for the winter period and 12:00 UTC (15:00 Kyiv time) of the gas day for the summer period preceding the gas day related to the nomination. If the Customer submits more than one such nomination within the same period, the SSO shall consider the nomination received last. The SSO shall notify the Customer of acceptance or rejection of a nomination by 15:00 UTC (17:00 Kyiv time) of the gas day for the winter period and 14:00 UTC (17:00 Kyiv time) of the gas day for the summer period preceding the gas day related to the nomination.

2. The Customer may submit nominations to the SSO for no more than 180 days in advance (by day).

3. In case the Customer fails to submit nominations for the next gas day in accordance with the provisions of clause 1 hereof, the SSO shall consider the previous nomination for the relevant gas day, which was received last.

4. In case the Customer does not submit to the SSO a nomination in accordance with the provisions of clause 2 hereof or a nomination for the next gas day within the time specified in clause 1 hereof, the nomination for such Customer with the volume of natural gas equal to "0" (zero) shall be considered confirmed.

5. In case of rejection of the nomination, the volume of natural gas in the nomination confirmed for the Customer shall be equal to "0" (zero).

6. The nomination may be reduced or rejected for the reasons specified in Chapter 1 hereof.

### **3. PROCEDURE OF RENOMINATION SUBMISSION**

1. The Customer shall have the right to change declared volumes in the nomination confirmed by the SSO for a given gas day. Renominations shall be submitted from 16:00 UTC (18:00 Kyiv time) of the gas day for the winter period and from 15:00 UTC (18:00 Kyiv time) of the gas day preceding the gas day from which the nomination is made until 2:00 UTC (4:00 Kyiv time) of the gas day for the winter period and until 1:00 UTC (4:00 Kyiv time) of the gas day when the renomination is to be made. The renomination shall be submitted not less than 2 hours prior to the commencement of changed injection/withdrawal volumes as specified in the nomination.

2. The volume of injection/withdrawal in the Customer's renomination may not be less than the volume of natural gas actually injected/withdrawn from the beginning of the gas day to the beginning of the hour from which the Customer plans to change the volume in the renomination.

The volume of natural gas shall be injected/withdrawn by the SSO evenly with a constant flow during the gas day. At the same time, in case of confirmation of the renomination for such a gas day, the SSO shall continue to inject/withdraw natural gas evenly with a constant flow from the beginning of volume changes according to the confirmed renomination until the end of the relevant gas day.

3. A procedure for reviewing the renomination starts every hour and lasts for two hours. The SSO shall consider the last renomination received prior to the start of the hourly consideration of renominations.

4. The SSO shall notify the Customer which submitted the renomination of the confirmation or rejection of the renomination together with the reasons for rejection within two hours from the start of this renomination review procedure, but no later than prior to the start of an hour related to the renomination.

5. Reduction or rejection of a renomination may occur for the reasons specified in Chapter 1 hereof. Injection/withdrawal during the day shall be carried out on an even hourly schedule.

6. In case the SSO rejects the renomination, the last nomination (renomination) confirmed by the SSO shall remain valid for the parties.

### **4. CONFORMITY VERIFICATIONS OF NOMINATIONS AND RENOMINATIONS FOR NATURAL GAS INJECTION/WITHDRAWAL INTO/FROM UGSs**

1. Nominations and renominations for natural gas injection/withdrawal shall coincide with the corresponding nominations and renominations submitted for the virtual entry/exit point from/to the UGSs to the TSO.

2. Conformity verifications of nominations and renominations for injection and/or withdrawal into/from the UGSs and nominations and renominations for the virtual entry/exit point from/to the UGSs and the virtual entry/exit point from/to the CW of the UGSs shall be carried out in accordance with the requirements of the GTS Code.

3. If, during the conformity verifications of nominations and renominations for injection/ withdrawal into/from the UGSs, a discrepancy in nominations and renominations regarding the volume of natural gas is revealed, the "lesser rule" shall apply.

### **5. ALLOCATION PRINCIPLES**

1. Allocation of natural gas for each Customer at the virtual point of entry/exit to/from the UGSs and at the virtual point of entry/exit to/from the CW of the UGSs shall be carried out in accordance with the provisions of the GTS Code.

2. The SSO may conclude an agreement with the TSO regarding keeping the operator balancing account for maintenance of natural gas supply to the entry point into the GTS or withdrawal from the exit point from the GTS. The agreement may be concluded if there are technical possibilities for such an account.

3. The agreement on the operator balancing account concluded between the SSO and the TSO shall determine the principles of management by the TSO of operator balancing account and the volume of natural gas that may be mutually exchanged between the SSO and the TSO in order to equalize the differences between the volumes specified in nominations and the volumes actually supplied to/from the GTS, as well as the principles of equalization of the operator balancing account balance.

4. For the UGSs in respect of which an agreement has been concluded on implementation of the operator balancing account, the volumes of natural gas, respectively, delivered by the Customer for injection/withdrawal into/from the UGSs, shall be accepted as the volumes set out in the confirmed nomination/renomination for these UGSs. That is, allocation of natural gas volumes for each Customer corresponds to the confirmed nomination/renomination for injection/ withdrawal.

5. In cases where one legal entity is both the SSO and the TSO, the volumes of natural gas, respectively, delivered by the Customer for injection/withdrawal into/from the UGSs, are accepted as the volumes set out in the confirmed nomination for these UGSs. That is, allocation of natural gas volumes for each Customer corresponds to the confirmed nomination/renomination for injection/ withdrawal.

6. Difference between the volumes specified in the confirmed nomination/renomination and the actual volume of natural gas injected or withdrawn shall be credited to the operator balancing account in accordance with the agreement on the operator balancing account.

## **X. CONGESTION MANAGEMENT RULES**

### **1. GENERAL PROVISIONS**

1. The Customer shall facilitate the effective use of the UGSs.

2. Congestion may occur in the UGSs in view of the following:

limited capacity of the UGSs or processing facilities at the UGSs;

limited possibility to store natural gas in the UGSs by the SSO;

process constraints on gas injection and withdrawal capacity of the UGSs controlled by SSO;

necessity to keep minimum or maximum pressure levels in exit points of the UGSs;  
necessity to keep stable quality characteristics of natural gas in the UGSs and in entry and exit points;  
carrying out of work in the UGSs or in adjacent systems;  
occurrence of accident or emergency;  
actions or omissions of the Customer, which do not comply with the provisions hereof or storage agreement;  
necessity to comply with the efficient modes of injection and withdrawal of natural gas.

3. The SSO shall use all reasonable efforts to prevent contractual congestions and adheres to the following principles:  
provision of natural gas storage (injection, withdrawal) services and additional services that meet the needs of the natural gas market;

allocation of gas storage capacity shall be carried out on a non-discriminatory and transparent basis in accordance with the terms hereof;

providing the Customers with an offer to use the UGS unominated capacity at least one day before the actual operation on an interruptible basis;

ensuring the exercise of the rights of the Customers which have concluded a natural gas storage (injection, withdrawal) agreement to transfer access rights to the UGSs to other Customers.

4. To avoid a possibility of contractual congestion the SSO:

analyses possibilities to fulfill new agreements at a stage of processing of applications for capacity allocation;

in case of available technical capability to offer natural gas storage (injection, withdrawal) services offers available firm, conditionally firm capacity, and in the case of lack thereof – natural gas storage service (injection, withdrawal) on an interruptible basis;

prepares information about the scope of actions required for reconstruction of the UGS(s) to increase its capacity at request from an interested entity. The SSO charges a fee for preparation of the information which reflects the expenses for its preparation;

the SSO cooperates with the TSO;

plans and performs modernization of the UGSs;

operates UGSs in a way to reduce the likelihood of congestion;

develops and implements a plan of containment and liquidation of accidents and emergencies.

#### **CONTRACTUAL CONGESTION MANAGEMENT PROCEDURE**

1. The SSO conducts an ongoing evaluation of the use of UGS allocated capacity taking into account the actual storage services provided under the natural gas storage (injection, withdrawal) agreements, and the submitted applications for capacity allocation. A purpose of the ongoing evaluation is to prevent possible capacity blocking in the UGSs, and contractual congestion.

2. If in the course of processing of a new application for capacity allocation it will appear that there is no available capacity, and under the natural gas storage (injection, withdrawal) agreements, which are in force at the moment of considering such a new application, there is allocated annual or bundled firm capacity, which has not been used, the SSO shall demand from the Customer which during 6 months uses less than 80% of allocated annual or bundled capacity to dispose (alienate) within 30 days the firm annual or bundle capacity, which it does not use.

3. If as the result of the change of conditions for the capacity allocation or announcing of its alienation, there is available firm capacity in the UGSs; the SSO shall offer this capacity to other Customers.

4. The Customer may alienate a part of the UGS allocated annual or bundled capacity to the other Customers. At the same time, the Customer cannot alienate the bundled capacity in parts, i.e., separately the working volume, separately the injection capacity and separately the withdrawal capacity.

5. In order to simplify the procedure of alienation of the UGS capacity, which is not used, the SSO shall place on its website the information about the capacities offered for alienation.

6. If the Customer intends to alienate the capacities which are not used, the Customer shall provide the SSO with an offer according to the template placed on the SSO's website specifying the following details:

Customer's identification data;

UGS capacity offered for alienation;

date, from which access to the capacity is offered to be given, and period, during which such access is offered to be given, that shall cover full gas months, and the beginning shall fall on the 1<sup>st</sup> day of the gas month;

validity term of the offer.

7. The offer shall be sent in electronic form at least 5 days prior to the date, from which access to the capacity is offered to be given.

8. If the offer fails to comply with the requirements of clause 6 hereof, the SSO reserves the right not to place an offer and, at the same time, informs the Customer thereof in electronic form at the email address specified in the offer.

9. The SSO shall not be liable for adequacy and content of the offers placed by the Customers.

10. Upon expiry of the offer, the SSO shall remove the offer from the list of available capacities offered for use.

11. In case of alienation of not used UGS capacity to the Customer, with which the SSO has a current storage (injection, withdrawal) agreement, the following procedure shall be applied:

the Customer alienating the capacity shall send to the SSO a signed application on alienation of the UGS capacity prepared according to the template placed on the SSO's website;

the Customer accepting the capacity shall send to the SSO signed annexes on a change of allocation of the UGS capacity, taking into account the capacities accepted;

above-mentioned documents shall be sent to the SSO in electronic form, as well as by registered mail.

12. In case of alienation of not used UGS capacity to the Customer, which did not conclude a storage (injection, withdrawal) agreement with the SSO, the entity receiving the capacities shall enter into the natural gas storage (injection, withdrawal) agreement in accordance with the provisions hereof and provide the SSO with the following:

an application signed by the Customer alienating the UGS capacity on capacity alienation according to the template placed on the SSO's website;

an application for capacity allocation signed by the entity accepting the capacity;

an annex signed by the Customer alienating the capacity, which amends the capacity allocation, taking into account the volume of alienated capacity.

13. The SSO shall check the application for capacity allocation in accordance with the procedures foreseen hereby. If there are no grounds to refuse such capacity allocation, the SSO shall agree a new capacity allocation with the entity accepting the capacity, and the annex amending the capacity allocation with the Customer alienating the capacity.

14. The SSO shall take any actions related to the procedure for the management of contractual congestion free of charge.

### **3. UGS CONGESTION MANAGEMENT IN CASE OF THE NATURAL GAS INJECTION/WITHDRAWAL VOLUME IMBALANCES**

1. If after taking of measures stipulated herein, the SSO is not able to balance the natural gas injection/withdrawal volumes, it can impose restrictions on the Customer which caused shortage or surplus of natural gas in the UGSs by:

restriction (termination) of the natural gas acceptance for its storage at entry points (in case of a surplus of natural gas resource for storage), or

restriction (termination) of the natural gas receipt from the UGSs at exit points (in case of shortage (reduction) of natural gas withdrawal volume).

2. By imposing restrictions, the SSO shall provide the Customer with information about the starting date of such restrictions, expected duration, as well as maximum volumes for injection or withdrawal of natural gas per hour and per 24 hours into/from the UGSs at this point.

3. The Customer shall comply with the restrictions imposed by the SSO on the basis of information provided by the SSO by limiting nominations/renominations for natural gas injection or withdrawal volumes into/from the UGSs.

4. The SSO may take the measures stipulated by clause 1 hereof by interrupting the allocated firm capacity and conditionally firm injection/withdrawal capacity, which is provided as firm capacity in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof. The interruption of such Customer's capacity shall be carried out in proportion to the allocated firm and conditionally firm injection capacity, which is provided as firm capacity in accordance with the requirements of clause 3 of Chapter 1 of Section IV hereof, in case of restriction (termination) of acceptance of natural gas for storage and withdrawal capacity in case of restriction (termination) of receipt of natural gas from the UGS.

The capacity defined in this clause shall be interrupted in the following order of capacity allocation periods:

day ahead

month;

basic injection/withdrawal season;

storage year (annual capacity);

storage year (bundled capacity).

If the SSO interrupts the capacity specified herein, the SSO shall pay the Customer for the cost of capacity interruption in cases specified in the natural gas storage (injection, withdrawal) agreement.

The amount, procedure for calculation and payment of the cost of capacity interruption shall be determined by the natural gas storage (injection, withdrawal) agreement.

## **XI. INFORMATION EXCHANGE RULES**

### **1. GENERAL PROVISIONS**

1. The information exchange system is used for exchange of information related to provisions of storage (injection, withdrawal) services between the SSO and the TSO, and the Customers (hereinafter – the Parties).

2. The electronic exchange of information related to performance of technical agreements and storage (injection, withdrawal) agreements shall be based on the standard of electronic document interchange (EDI) in a version developed for gas industry under the title "EDIG@S" (described in the document Edig@s Message Implementation Guidelines, which can be accessed on <http://www.edigas.org>). As a provisional solution to the data exchange there may be used xls, xlsx, txt, pdf, etc.). Also, the Parties may agree upon the following communication protocols: email, FTP or AS2. The AS2 protocol may be applied for communication in the case of technical capabilities of both Parties for the exchange of information within the common European standard of Edig@s.

3. Detailed requirements to the format of files are determined on the TSO's website.

4. The file exchange shall be made on the information platform.

5. The SSO, the TSO, and the Customer shall ensure the protection and integrity of files being sent.

6. If the Customer's natural gas stored in a CW under the CWR is placed under another customs regime, the Customer shall, within 3 business days from the date of customs clearance of such natural gas, provide the SSO with a copy of the executed customs declaration certified by the customs in accordance with the established procedure.

### **2. INFORMATION PUBLISHED AND SENT BY THE SSO**

1. The SSO shall publish on its website the following information:

a list of services provided;

information on price, tariffs, and other conditions for provision of services;  
quantitative indicators of UGS capacity, the right to use which was granted to the Customers in accordance with the current natural gas storage (injection, withdrawal) agreements, and the UGS available capacity;  
quantitative indicators of the UGS day-ahead available and non-nominated capacity;  
information on the volumes of natural gas available in each UGS, injection and withdrawal volumes, as well as the UGS available capacity (daily);  
historical information on interruptions of storage services (injection, withdrawal);  
historical information on the volumes of storage, injection and withdrawal of natural gas in the UGSs and the historical level of utilization of the UGS capacity;  
tariff calculator for natural gas storage (injection, withdrawal) services;  
schedule of planned works that may affect the Customers;  
detailed information on the UGS operation mode in case of unplanned changes in the UGS operation (related to changes in injection and withdrawal capacity, interruptions, etc.);

information on the transfer transactions of natural gas stored in the UGSs (number of registered operations, number of participants);

the Gas Storage Code and the natural gas storage (injection, withdrawal) agreement;  
application form for a storage (injection, withdrawal) agreement, application form for capacity allocation, nomination form, and act form;

other information required to be disclosed by the applicable law.

2. The SSO shall submit the following information to the TSO:

correspondence of nomination or renomination in entry/exit points connected with the UGSs,

volume of natural gas designated for certain Customers;

data on the volume of natural gas received and injected for the previous day, as well as a state of the UGS effective capacity for the previous gas day by 08:00 UTC (10:00 Kyiv time) for the winter period and by 07:00 UTC (10:00 Kyiv time) for the summer period of each day;

occurrence of interruptions in the UGS operation that may affect the terms of cooperation between these facilities and the GTS, containing information on a cause of the interruptions, expected duration of the interruptions, capacity reduction at the connection points to the TSO's system, values of parameters that do not meet the contractual terms, confirmation of changed nominations arising from the occurrence of interruptions;

planned works in the UGSs that may affect the terms of cooperation between the UGSs and the GTS, in order to agree with the TSO on the possible date and time of the works;

change of the customs regime of all or part of the volume of natural gas that was delivered to the exit point of a UGS or a group of UGSs under the terms of using the capacity with restrictions to the customs regime under which natural gas acquires the status of Ukrainian goods as defined in Article 4 of the Customs Code of Ukraine, if the SSO has not received a notification of full payment for changes in the terms (restrictions) of the capacity with restrictions from the TSO in respect of such volume of gas

3. The SSO shall inform the Customers about events, which may affect the provision of services, and operation of adjacent systems, including information about changes in the duration of works and unscheduled works by placing respective information on its website and using the information exchange system.

4. The SSO shall provide information related to nominations and renominations received from the Customers in order to confirm a possibility of their fulfilment.

## **XII. PROCEDURES FOR THE UGS FAILURE AND NATURAL GAS SUPPLY SECURITY DISTURBANCE**

1. In case of an accident or emergency jeopardizing the UGS operation safety, the SSO shall take immediate measures in order to remove the emergency and to resume its operation in accordance with the Plan of Containment and Liquidation of Emergencies and Accidents (hereinafter, the Emergency Response Plan) developed by the SSO in accordance with current legal requirements.

2. In case of critical situation or threat to public safety, the UGS integrity or destruction, the SSO shall take measures stipulated by the rules on the security of natural gas supply and the National Action Plan.

3. The SSO shall immediately inform the Customers, the TSO about any accident, emergency or critical situation that may affect the operation of technological equipment, in particular, about expected time of restrictions in the UGS operation.

4. In case of an accident or emergency, the SSO may suspend acceptance or delivery of natural gas at entry/exit points to prevent threats to safety of the UGS operation, human health or life, and environment.

5. In accident or critical situation, the Customer shall cooperate with the SSO to the extent required in accordance herewith and the National Action Plan.

6. The SSO shall respond to emergencies and eliminate their consequences in accordance with the requirements of Section VI of the Code of Civil Protection of Ukraine.

**DEPUTY DIRECTOR OF THE DEPARTMENT FOR  
REGULATION OF RELATIONS IN THE OIL AND GAS  
SECTOR**

**T. RIABUKHA**