

ISACCEA III – NEGRU VODĂ II GAS PIPELINE TRANSMISSION CONTRACT

no. of year month day

S.N.T.G.N. TRANSGAZ S.A., having the registered office in
.....Street,County/District, Postal
Code....., phone, fax.., Sole Registration Code..... ,
VAT Number, registered with the Trade Registry Office under
no....., account no,
opened with, dully represented by, as
the provider of the transmission services, hereinafter referred to as the `Transmission System
Operator` or `TSO`, on one hand,
and

..... (to be filled-in with the identification data of the network user), as
the user of the Isaccea III – Negru Vodă II gas transmission pipeline, hereinafter referred to as
the `pipeline`, and the `beneficiary of the transmission services`, hereinafter referred to as the
`Network User` or `NU`, on the other hand,
have agreed to sign this transmission contract, hereinafter referred to as the `Contract`.

I. Terminology and applicable law

Art. 1.

(1) The terms used in this Contract are defined by Regulation (EC) No. 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No. 1775/2005, by Regulation (EU) No. 984/2013 of the Commission of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No. 715/2009 of the European Parliament and of the Council, Regulation (EU) 703/2015 of the Commission of 30 April 2015 establishing a Network Code on interoperability and data exchange rules, Regulation (EU) No. 312/2014 of the Commission of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks, Energy and Gas Law No. 123/2012, as further amended and supplemented, and the agreements concluded between S.N.T.G.N. Transgaz S.A. and

Bulgartransgaz, and between S.N.T.G.N. Transgaz S.A. and Ukrtransgaz, hereinafter referred to as the `agreements concluded with the neighbouring TSOs`.

(2) The `agreements concluded with the neighbouring transmission system operators` shall mean any document agreed between S.N.T.G.N. Transgaz S.A. and Bulgartransgaz, Ukrtransgaz respectively, the scope of which being, without limitation, the technical conditions of the Isaccea III and Negru Vodă II gas metering stations, the minimum operating conditions for the Isaccea III and Negru Vodă II interconnection points, and the minimum specifications for the quality of the gas transmitted through the Isaccea III – Negru Vodă II pipeline.

(3) The provisions of the Contract are governed by the EU laws in the domain, the Romanian laws in force and the provisions of the agreements concluded with the neighbouring TSOs.

(4) The provisions of the agreements concluded with the neighbouring TSOs shall be applicable to the cases not mentioned explicitly in this Contract.

II. Scope

Art. 2.

(1) The scope hereof is the provision of transmission services (*)

- firm
- interruptible;

referring to the set of activities and operations performed by the TSO for or in relation to transmission capacity booking in the pipeline entry/exit points and to transmission through the pipeline of the determined gas quantities expressed in energy units, according to the agreements.

(*) To be filled in based on the type of capacity products requested by the NU and allocated by the TSO according to the Methodology for the Isaccea III – Negru Vodă II gas transmission pipeline capacity allocation and tariff setting

(2) The capacity booked in the pipeline entry/exit points is established in Annex 1 to this Contract and is expressed in kWh/day.

III. Duration

Art. 3.

(1) This Contract is concluded for (*)

- quarter II, between.....(day/month/year) –.....(day/month/year);
- quarter III, between.....(day/month/year) –.....(day/month/year);
- quarter IV, between.....(day/month/year) –.....(day/month/year);
- one month, between.....(day/month/year) –.....(day/month/year).

(2) This Agreement shall enter into force upon signature by the Parties (hereof). If the Parties sign on different dates, the Contract shall enter into force on the date the TSO is communicated the original Contract, signed by the NU, by registered letter with acknowledgment of receipt.

(*) To be filled in based on the capacity products requested by the NU and allocated by the TSO according to the Methodology for the Isaccea III – Negru Voda II gas transmission pipeline capacity allocation and tariff setting

IV. Conditions for limitation/interruption of interruptible transmission capacities

Art. 4.

(1) The interruptible capacity shall be interrupted as established in the agreements concluded with the neighbouring TSOs.

(2) The NU shall unconditionally accept the limitation/interruption of the interruptible capacity according to paragraph (1).

NOTE:

The provisions of Article 4 shall be included only in the contracts to be concluded between the TSO and NU having interruptible transmission capacity booked.

V. Gas metering at the pipeline entry/exit points

Art. 5. The gas quantities shall be metered and the pipeline intakes/overtakes shall be determined according to the provisions of the agreements concluded with the neighbouring TSOs.

VI. Invoicing and payment

Art. 6.

- (1) The NU shall pay to the TSO the value of the transmission services provided, calculated based on the capacity allocation auction clearing price and on the volumetric transmission tariff approved by the order of the ANRE President.
- (2) The capacity allocation auction clearing price and the volumetric transmission tariff are presented in Annex 2 of the Contract.
- (3) The value of provided firm gas transmission services shall be monthly invoiced based on the pipeline entry/exit booked capacity, on the number of hours of each month when the transmission services were not limited/interrupted, and on the quantities of gas taken over/delivered, based on the monthly allocations, according to the provisions of the agreements concluded with the neighbouring TSOs, and, as appropriate, based on the other obligations generated by the execution of this Contract.
- (4) The value of provided interruptible gas transmission services shall be monthly invoiced based on the pipeline entry/exit booked capacity, on the number of hours of each month when the transmission services were not limited/interrupted and on the gas quantities delivered/taken over by the TSO, based on the monthly allocations, according to the provisions of the agreements concluded with the neighbouring TSOs, and, as appropriate, of the other payment obligations generated by the execution of this Contract.
- (5) The method of payment and the banks for the conducting of the banking transactions shall be mutually agreed.
- (6) The invoices issued for the transmission service shall be paid within 15 calendar days from the invoice date. If the due date is on a non-working day, this deadline shall be deemed as achieved on the next working day.
- (7) The invoices issued for the other obligations related to the execution of the contract shall be paid within 15 calendar days from the invoice date. If the due date is on a non-working day, this deadline shall be deemed as achieved on the next working day
- (8) The advance payment of the invoices issued for the transmission service shall be made by the transmission service start date, based on the advance payment invoice issued to this effect.
- (9) The payment obligation shall be deemed as fulfilled on the date when the relevant total amounts are credited to TSO bank account.
- (10) The transmission services shall be invoiced as follows:

- I) For quarterly/monthly contracts the TSO shall issue and send to the NU, until day 15 of the month following the month for which it provided the transmission service, an invoice for the transmission services provided for the previous month, based on the monthly allocations;
- II) For quarterly/monthly contracts, if the NU chooses to pay in advance, the TSO shall issue and send to the NU:
 - a) at least 5 calendar days prior to the date of beginning of each service provision month, an invoice for payment in advance, the amount of which equals the value of the booked capacity, calculated for the period of the service provision month, to which it is added the value of the volumetric component calculated at the contractual level of the capacity for the same period;
 - b) within 15 working days from the end of the service provision month a payment settlement invoice, based on the monthly allocation.

VII. TSO`s rights and obligations

Art. 7. The TSO shall be entitled to:

- a) receive from the NU the value of the services provided and of the delay penalties;
- b) limit/interrupt the transmission services, with a prior notice of 3 calendar days, if the payment obligations are not fulfilled according to the terms and conditions of the Contract;
- c) limit/interrupt the transmission services, with a prior notice of 3 calendar days, if the NU does not comply with any other provisions of the Contract;
- d) refuse to take over in the pipeline the gas non-compliant with the minimum quality specifications established under the agreements concluded with the neighbouring TSOs;
- e) limit/interrupt the transmission services for the execution of maintenance works and scheduled repairs, with the prior notice of the NU;
- f) limit/interrupt the transmission services in order to remedy any pipeline damages, notifying the NU within maximum 6 hours with regard to such limitation/interruption;
- g) interrupt the interruptible capacity transmission services as set by the

- agreements concluded with the neighbouring TSOs;
- h) initiate the amending or supplementing of the Contract in case of modification of the circumstances which are at the basis of its signature.

Art. 8. The TSO shall:

- a) notify the NU with regard to possible limitations/interruptions of the transmission services in case of the NU's payment default;
- b) resume the transmission services within 24 hours from the date of meeting payment obligations;
- c) take over from the NU at the entry point, transmit and deliver the energy quantities to the NU at the exit point according to the approved nominations/renominations;
- d) deliver at the exit the quantity taken over for transmission from the NU at the entry point, without being held liable for any possible differences between the quantities nominated and the quantities actually taken over at the entry point;
- e) deliver gas in the Negru Voda II interconnection point, complying with the gas quality specifications under the agreements;
- f) send to the NU a monthly report for the allocation of energy at the pipeline exit point;
- g) enable NU's access to the data/documents substantiating an invoice when the NU is disputing such invoice;
- h) answer and settle the NU's complaints regarding the transmission services, according to the applicable laws;
- i) make available for the NU the relevant information contained in the agreements concluded with the neighbouring TSOs;
- j) amend and/or supplement the Contract in case of modification of the circumstances which are at the basis of its signature.

VIII. NU's rights and obligations

Art. 9. NU shall be entitled to:

- a) dispute the invoices issued by the TSO and to request to the TSO access to data/documents substantiating such invoices;
- b) refuse to take over in the Negru Voda II interconnection point the gas non-compliant with the quality specifications established under the agreements

concluded with the neighbouring TSOs, provided the provisions of Art. 10, letter b) are complied with;

- c) ask the TSO to amend and/or supplement the Contract if deemed appropriate.

Art. 10. The NU shall:

- a) pay fully and by the due date the invoices issued by the TSO for the value of the transmission services provided and, as applicable, the other payment obligations resulted from the execution of this Contract;
- b) pay the exceeding capacity at the level of the highest clearing price of the auction for quarterly and monthly products related to the period 01.01.2016-30.09.2016, price which cannot be lower than the price for the monthly product, in the situation in which the gas quantities allocated to the NU exceed the level of the capacity booked;
- c) deliver the gas in the Isaccea III interconnection point, compliant with the gas specifications under the agreements concluded with the neighbouring TSOs. If during the delivery month the NU does not assure the gas quality specifications in the Isaccea III point, at least at the level established in the agreements concluded with the neighbouring TSOs, the TSO shall deliver in the Negru Voda II point gas of a similar quality, the NU being held liable for all of the consequences resulting from the failure to meet such obligation;
- d) accept the provisional reduction of capacity and approved nomination/renomination in the Isaccea III point, in case of non-compliance with the gas quality specifications;
- e) notify the TSO through the nomination/renomination with regard to its counterparties and to the energy quantities of such counterparties, according to the agreements concluded with the neighbouring TSOs;
- f) submit nominations in energy unit for each gas day, at quantitative levels identical with those submitted to the neighbouring transmission system operators and accepted by such TSOs. The gas quantity energy units – volume units conversion rules shall be published on the website of the TSO;
- g) accept the quantities of gas allocated by pipeline entry/exit points, according to the agreements concluded with the neighbouring TSOs;
- h) accept the limitation/interruption of the transmission services in the situations specified at Art. 7, letter e) and f);

- i) accept unconditionally the limitation/interruption of the transmission service regarding the interruptible transmission capacity, according to Art. 4 of the Contract;
- j) comply with the principle of equality between the daily nominations submitted to the TSO for the Isaccea III and Negru Vodă II interconnection points.

IX. Guarantees

Art. 11.

For the provision of the transmission services the NU shall present to the TSO the letter of good standing to confirm its financial ability to meet its obligations under the Contract.

Art. 12.

(1) The NU shall present to the TSO the performance bond according to Art. 13 and in the amount established at Art. 14, within minimum 5 working days prior to the provision of the transmission service.

(2) The NU may be exempted from the obligation to establish the performance bond under Art. 13 in favour of the TSO if:

- a) it makes the prove of a credit rating issued by a rating agency agreed by the TSO, at least at the same level as that of the TSO, valid over the Contract duration;
- b) it pays in advance the value of the transmission services according to Art. 6 of the Contract.

(3) If, during the execution of the Contract the NU's rating or the issuing rating agency mentioned at Art. 12, paragraph (2), letter a) changes, the NU shall prove that it complies with the provisions of Art. 12, paragraphs (1) and (2), within no more than 30 consecutive days from the occurrence of the modification.

Art. 13.

(1) The NU shall submit the performance bond in the form of:

- a letter of bank guarantee for the amount of RON ... or the EUR equivalent at the ECB rate of exchange of the bond issuance day, and/or
- a guaranteed account (collateral deposit) for the amount of RON ... or the EUR equivalent at the ECB rate of exchange of the bond issuance day, and/or
- an escrow account for the amount of RON or the EUR equivalent at the ECB rate of exchange of the bond issuance day.

(2) The TSO shall accept the letter of bank guarantee issued by a bank having a rating granted by one of the following rating agencies: Standard & Poor`s, Moody`s, Fitch, at least at the investment grade level .

Art. 14.

- (1) The level of the guarantee established by the NU according to Art. 13 shall be equal to:
- twice the average value of the monthly invoices estimated for the transmission services of the following period of use, for the quarterly contracts;
 - the value of the monthly invoice estimated for the transmission services of the following period of use, for the monthly contract.
- (2) If the level of the guarantee:
- is under the level stipulated at paragraph (1), the NU shall supplement the level of the financial guarantee accordingly;
 - is over the level stipulated at paragraph (1), the TSO shall return to the NU the unused portion of the guarantee value.
- (3) The guarantee level shall be adjusted within no more than 5 working days from the date of the occurrence of the diminishing/increase compared to the level established, according to paragraph (1).
- (4) The guarantee established according to paragraph (1) shall be valid starting with the bank day previous to the transmission service start date and shall expire in the 60th calendar day from Contract expiration.

Art. 15.

- (1) If the NU provides the letter of good standing in accordance with Art. 12, paragraph (2), letter a), the TSO may request, in certain justified cases, the establishment of a performance bond according to Art. 13 or the advance payment of the payment obligations resulting from the commercial relationship with the NU. The request of the guarantee or advance payment shall be provided and explained to the NU in writing.
- (2) For the transmission services a justified case is considered the situation in which a NU is in delay for an amount representing at least 10% of the value of the last invoice or of the value of the partial payment obligations, after the receipt of a notice from the TSO to that effect.

Art. 16.

- (1) The TSO shall be entitled to execute the guarantee under this section unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.
- (2) Prior to executing such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.
- (3) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the due date established at Art. 6, paragraph (6).
- (4) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to Art. 14 paragraphs (2) and (3).

Art. 17. Advance payment for the transmission service:

- (1) The Network User may choose not to establish a guarantee for the provision of the transmission service by making advance payments. In such case the Network User shall state its advance payment option instead of establishing a guarantee, to the Transmission System Operator, in writing, within minimum 7 working days prior to the transmission service start date.
- (2) The amount of the advance payment shall be equal to the monthly invoice estimated for the transmission services for the following period of use, according to Art. 6 of the Contract.
- (3) The advance payment/advance payment invoice is offset against the settlement invoice of the month for which the payment was made.
- (4) If such advance payment does not cover the amount of the settlement invoice for the relevant month, the difference shall be paid by the Network User on the invoice due date.
- (5) The Network User may request a cancellation of the advance payment option, provided the establishment of a guarantee according to Art. 12, paragraph (2), letter a) or to Art. 13.

X. Confidentiality**Art. 18.**

- (1) The parties shall keep confidential all data, documents and information obtained during the execution of the Contract.
- (2) Notwithstanding the provisions of paragraph (1), confidential data, documents and information shall not include any data, documents and information:

- a) known to a contracting Party prior to the date of disclosure by the other contracting Party, or
- b) disclosed following receipt of the written consent of the other contracting Party for such disclosure, or;
- c) which must be produced as a legal duty on disclosure.(3) The provisions of this article shall be effective for a period of five years from the expiration of the Contract.

Art. 19. Non-compliance to the provisions of Art. 18 on the confidentiality of the Contract shall attract the liability of the Party in default, according to the provisions of the law.

XI. Liability

Art. 20.

(1) Failure to meet the invoice payment obligation by the due date established at Art. 6, paragraph (6) shall incur:

- a) delay penalties, calculated for the outstanding amount, equal to the default interest due for the non-payment of the budgetary obligations by the due date, for each day of delay day, starting with the 16th calendar day from the invoice issuing date and until its full payment, the payment date included;
- b) the limitation/interruption the gas transmission service, with a prior notice of 3 calendar days, starting from the next day following the period of 15 calendar days specified at letter a), in case of complete or partial failure to meet the payment obligation.

(2) If the due date is a non-working day, the deadlines established at paragraph (1) shall be shifted accordingly.

(3) NU shall be held directly liable for any penalties incurred by the TSO from reason of such NU's failure to sign the documents at the basis of the invoice within the established period.

Art. 21. The full or partial culpable breach of the contract obligations by the NU, other than the payment obligations, shall entitle the TSO to claim damages, proportionally with the prejudice, according to the applicable law.

Art. 22. The full or partial culpable breach of the contract obligations by the TSO shall entitle the NU to claim damages, proportionally with the prejudice, according to the applicable law.

XII. Force majeure

Art. 23.

(1) Force majeure is an event that is external, unforeseeable, absolutely invincible and unavoidable, which exonerates the Parties from liability, according to the provisions of the Civil Code.

(2) In a Force Majeure event, the affected Party shall notify the other Party, within no more than 48 hours of the occurrence of such event, and subsequently submit the document certifying the Force Majeure issued by the competent state authorities, within maximum 20 days from the same date.

(3) The Contract Parties shall exercise the due diligence to reduce the effects generated by the occurrence of the Force Majeure.

(4) If the Force Majeure does not cease within 30 calendar days, the Parties shall have the right to request the termination of the Contract, without any of the Parties being entitled to claim damages.

Art. 24

(1) The act of God is an event that is unforeseeable and unavoidable by the party that would have been responsible if the event had not occurred.

(2) The provisions of Art. 23, paragraphs (2) to (4) shall be applied accordingly.

Art. 25

(1) The Parties are exonerated from their liability when the execution of an obligation became impossible due to circumstances beyond the control of the relevant Party.

(2) The provisions of Art. 23 paragraphs (2) to (4) shall be applied accordingly.

XIII. Termination

Art. 26.

(1) The Contract shall be terminated:

- a) by the Parties' agreement;
- b) at Contract expiry;
- c) by termination as of right and without the intervention of a court in the case of non-observance of any of the requirements regarding access to the pipeline transmission services;

- d) by termination as of right and without the intervention of a court in the case of non-observance of the financial requirements under Contract *Section IX – Guarantees*;
 - e) by unilateral termination, in case of bankruptcy, liquidation or withdrawal of license, as applicable, based on a prior notice;
 - f) in case of Force Majeure, according to Art. 23.
- (2) The termination of the Contract shall bear no effect on the contracting obligations arisen validly during the execution of the Contract, independent of their deadlines.

XIV. Notifications

Art. 27.

- (1) During the execution of the Contract the Parties shall notify each other in writing, at the address mentioned in this Contract, with regard to any change in the circumstances considered on its signing date.
- (2) The notification period shall be of maximum 5 calendar days from the occurrence of the modification, unless otherwise stated by the Contract.
- (3) The notifications between the Parties may also be sent by fax or e-mail, conditional on the written confirmation of the receipt.
- (4) Any written document must be registered when sent as well as when received.

XVI. Settlement of litigations

Art. 28. The Parties agree to amicably settle any dispute arising in relation to the validity, interpretation, execution and termination the Contract. If not, the disputes shall be referred to the competent Romanian law courts.

XVI. Contract Transfer

Art. 29.

- (1) Neither Party shall be entitled to transfer the rights and/or obligations established by this Contract, to a third party, totally or partially, except with the written consent of the other Party, which cannot be refused without any justification.
- (2) The transfer intention notification shall be sent to the other Party with minim 10 working days prior to the intended transfer date.
- (3) The notified Party shall send a reasoned answer within maximum 5 working days from the notification receipt date.

(4) If the Party notified in accordance with paragraph (3) fails to answer or, as applicable, fails to send a reasoned answer, the transfer intention shall be deemed:

- a) not accepted, in the case of contract transfer, according to the applicable law;
- b) accepted, in the case of debt transfer.

XVII. Miscellaneous

Art. 30.

(1) The Contract can be amended or supplemented with the Parties' agreement and according to the applicable law.

(2) The Contract is concluded in Romanian. If the Contract is concluded in a bilingual format, the Romanian version shall prevail.

Art. 31. The Contract shall be governed by the Romanian law.

Art. 32. Annexes 1 and 2 are part of the Contract:

This Contract was concluded today,, in two counterparts having the same legal value, and each party confirms the receipt of one counterpart.

TSO

Legal representative,

NU

Legal representative,

Annex 1
of the Gas Transmission Contract

BOOKED CAPACITY

Annex 2
of the Gas Transmission Contract

TARIFFS