

Appendix no. 9/B.

HEXUM Földgáz Zártkörűen Működő Részvénytársaság

Auction Rules

**(for auctions conducted on a capacity booking platform operated by a
third party contracted by the Storage System Operator)**

Fót,

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1 AUCTION RULES

1.1 Introduction

Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (specifically Article 33.) specifies that access to gas storage should in all cases be granted on the basis of objective, transparent and non-discriminatory criteria.

In accordance with the above, the Act XL of 2008 on Natural Gas Supply (hereinafter: **GET**), Article 1(d), aims to ensure objective, transparent and equal access to the inter-cooperating natural gas system.

HEXUM Földgáz Zártkörűen Működő Részvénytársaság (seat: 2151 Fót, Fehérkő u. 7., trade registry number: Cg. 13-10-042153, tax number: 13780960-2-44, a hereinafter as: **HEXUM Földgáz Zrt., or Tendering Party**) offers for auction, in accordance with the applicable legal provisions, all or part of its free storage capacities available in its portfolio for the purpose of booking these capacities, in accordance with the terms and conditions set out in this Auction Rules, in order to facilitate the development of effective competition and to ensure equal opportunities in access to natural gas storage capacities.

A Storage System User may book the free capacity of the natural gas storage on the IT platform of the natural gas storage licence holder or on a capacity booking platform operated by a third party contracted by the natural gas storage licence holder in accordance with the procedures set out in the Business Code of the natural gas storage licence holder or in the operating rules of the capacity booking platform.

An electronic auction may also be conducted on an electronic bidding platform operated by an intermediary party contracted by the natural gas storage license holder. The provisions of Article 71(2) of the GET shall apply mutatis mutandis to the booking of the free capacity awarded as a result of the auction.

The present Auction Rules contain the rules for auctions conducted on a capacity booking platform operated by a third party contracted by HEXUM Földgáz Zrt.

1.2 Purpose, subject and effect of the Auction Rules

The purpose of the present Auction Rules (hereinafter referred to as Auction Rules or Rules) is to set out the conditions for participation in the natural gas storage capacity auction (hereinafter referred to as Auction) to be conducted on a capacity booking platform operated by a third party contracted by the Tendering Party, the manner, procedures and rules for conducting the Auction(s).

The Auction Rules provide information on the range of potential participants, the services offered, the conditions for using these services and the way the Auction is conducted. It also contains all the contractual terms and conditions that will be set out in the Gas Storage Contract to be concluded between the Tendering Party and the successful Bidder following a valid and successful Auction and, if relevant for the Auction, in the Secondary Capacity Trading Contract for Interruptible Capacities.

The effect of the Rules will cover

- System Users, Bidders and natural persons acting on their behalf who wish to participate in the Auction, as defined in point 1.3 of the Rules;
- HEXUM Földgáz Zrt. and the natural persons acting on its behalf, who are responsible for the advertising and conducting of the Auction, and the natural persons and legal entities and subcontractors used by the Tendering Party for conducting the Auction.

The Rules have been prepared taking into account the provisions of the GET, Government Decree No. 19/2009 (I.30.) on the implementation of the provisions of the GET (hereinafter as: *Vhr.*), Act V of 2013 on the Civil Code (hereinafter as: *Ptk.*), other GET-related decrees and rules, and the Tendering Party's internal regulations.

The Tendering Party will act in conformity with Section 4 of Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information (hereinafter as: *Infotv.*) and Regulation (EU) 2016/679 of the European Parliament and of the Council (hereinafter as: *GDPR*), and processes the personal data that comes to its knowledge in the course of the procedure in accordance with the provisions of the Infotv. and GDPR.

The Tendering Party publishes the Auction Rules on its website (www.mmbf.hu).

1.3 Definition of terms

The purpose of this section is to explain and clarify the terms used in the Rules in relation to Auctions, in order to avoid any ambiguity in interpretation. This list does not include the terms regulated by the GET, the Vhr., the Business and Trade Regulation of the Hungarian Natural Gas System and the Tendering Party's current Storage License-holder Business Regulation (hereinafter referred to as: *Business Code*), which shall be understood as defined in these norms. In the case of financial terms, the Rules only explain terms closely related to the Auction.

Bid

The Bid Quantity submitted by a Bidder in a given Bid Round in the Auction through the Capacity Booking Platform.

Bid Price

The natural gas storage capacity tariff (TM) offered during the Auction by the Bidder for each capacity package. The unit of measurement for the Bid price is EUR/MWh. The Bid price is expressed in net amount, excluding value added tax (hereinafter referred to as: VAT), and all other official or fiscal charges and fees.

The Tendering Party will accept the Bid price at a fixed value up to 4 decimal places. In case a Bidder gives his Bid price with more than 4 decimal places, the Tendering Party will take into account the Bid price without rounding up and up to 4 decimal places and will ignore the other local values. (The Bid price includes the natural gas storage capacity tariff, but excludes the injection turnover fee and the withdrawal turnover fee, which the Bidder will pay in accordance with the resolution of the Hungarian Energy and Public Utilities Regulatory Office (or, if the official price is set by law, by legislation) in force at the time, based on its monthly turnover. The Bid price does not include the fees for any specific services that the Bidder may require and use during the contractual period.)

Tender security

A financial deposit, determined by the Tendering Party, in the event that the Bidder winning the Auction does not conclude the contracts for the capacity packages awarded pursuant to Appendix C.1 or C.2 for any reason within 8 working days after the date of the Official Notice of the Auction result, or fails to fulfil the conditions necessary for the entry into force of the Natural Gas Storage Contract concluded as a result of the Auction within the relevant time limit.

Tender Period

Duration of using the natural gas storage capacities offered in the Auction.

Bid Round

The period of time during which Bidders may submit Bids in the Auction.

Break between Bid Rounds:

The time interval between two Bid Rounds, the exact duration of which is specified in the Auction Announcement.

Bid quantity

The amount of capacity (the number of capacity packages advertised) for the booking of which the Bidder submits a Bid at the Bid Price specified by the Tendering Party for the given Bid Round.

Submission of bids

Submission of the Bid Quantity in the given Bid Round in the Auction through the Capacity Booking Platform.

Storage System User entitled to submit a Bid

The Storage System User who fulfils the conditions for participation in a given Auction, i.e. successfully registers for that Auction.

Bidder

The Storage System User eligible for access to the natural gas storage under GET who has been successfully registered by the Tendering Party in order to participate in the Auction in accordance with the provisions of Auction Rules Point 1.6.2, and who submits a Bid in accordance with the Auction Call for Bids.

Bidder's representative

The Bidder may be represented by a senior officer of the Bidder, an employee of the Bidder authorised to sign for and represent the Bidder or by a person authorised by the Bidder in a document with full probative value, as designated by the Bidder in the Registration Data Sheet (**Appendix A.1.**).

Undersubscription

If the total aggregated Bid Quantity in the Auction in the given Bid Round is lower than the number of capacity packages that can be allocated in the given Bid Round.

Bidding step

The predefined price step specified by the Tendering Party (EUR/package), with this step the current bidding price can be increased or decreased (depending on the type of Auction) between the Bid Rounds.

Auction

The auction described in the Rules, and announced by HEXUM Földgáz Zrt. as the Tendering Party and to be conducted on the Capacity Booking Platform, having the purpose to sell HEXUM Földgáz Zrt.'s free natural gas storage capacities.

Auction Call for bids

A document containing the details of the Auction, as set out in paragraph 1.7.2 of the Auction Rules, for the booking of the Tendering Party's free natural gas storage capacities.

Auction Organiser

The company involved by the Tendering Party into the management of the Auction, who is operating the Capacity Booking Platform.

Auction Declarations

Declarations to be completed during the Auction registrations procedure (**Appendix A.2.**), in which the Storage System User, indicating his intention to participate, declares his full acceptance of the conditions of participation in the Auction.

Auction Registration platform

An online surface operated by the Tendering Party, and accessible via the Tendering Party's website, through which the registration documents required for participation in Auctions already announced or to be announced in the future by the Tendering Party can be electronically and in a controlled manner submitted to the Tendering Party.

Product Released for Auction (Capacity package)

A capacity package containing specified natural gas storage capacities as defined in the Auction Call for Bids published pursuant to the Rules: working gas capacity, non-interruptible injection capacity, non-interruptible withdrawal capacity. In some cases, in addition to the above, also interruptible injection capacity, and interruptible withdrawal capacity.

Announcement of results

At the end of the Auction, the Tendering Party will inform the Bidders of the final result of the Auction, and will notify the winning Bidder(s) in accordance with Rules Points 1.7.3.4.

Information Technology Policy for Users

Rules for the use of the Auction Registration Platform.

Natural Gas Storage Agreement

The system usage agreement to be concluded between the winning Bidder and a Tendering Party for the booking of Capacity packages allocated to the winning Bidder.

Correction of defects and deficiencies

The procedure used during the Registration process, whereby the Storage System User has the opportunity to complete the documents and/or certificates required for a successful Registration, and/or to supplement or amend those already submitted.

Official Notification

Official notification of the result of the Auction sent to the Bidders by the Tendering Party.

Initial Price

The initial price set by the Tendering Party for the given Auction for the Product to be offered for Auction, from which the bidding process starts (EUR/Package).

No Bid

No valid Bid is submitted to the Auction for the Product submitted for Auction.

Capacity Booking Platform

The capacity booking platform operated by a third party contracted by the Storage System Operator to provide the technical infrastructure for the Auction.

Maximum Bid Quantity

The maximum number of capacity packages that may be allocated to a Bidder in an Auction.

Secondary Capacity Trading Agreement for Interruptible capacities

Agreement on interruptible capacities concluded by the successful Bidder with the Hungarian Hydrocarbon Stockholding Association. The Hungarian Hydrocarbons Stockholding Association will simultaneously with the Call for Tender issue a

commitment declaration for the conclusion of the Secondary Capacity Trading Agreement with the successful Bidder.

Minimum Price

The minimum unit price (EUR/Package) set by the Tendering Party for the Auction for the Product to be offered for the given Auction, the Bid Price may not drop below this price during the Auction.

Partner Risk Declaration

A declaration with the content specified and advertised by the Tendering Party to be submitted by the Storage System User in order to participate in the Auction.

Precise subscription

The case when the total Bid Quantity of the Bidders in the Auction is equal to the number of Capacity Packages that can be allocated in the Auction in the given Bid Round.

Pro-rata allocation

The procedure specified in details in Section 1.7.3.3 of the Rules for the allocation of capacity packages among Bidders.

Storage System User

The market player eligible for access to the natural gas storage in accordance with the GET.

Registration

As a prerequisite for participation in the Auction, the Storage System User will in accordance with Section 1.6.2. submit to the Tendering Party the documents described in details in Section 1.6.3.

Registration Form

The form required for Registration in conformity with A.1. Appendix.

Registration Security

A cash deposit specified by the Tendering Party as a condition of participation in the Auction, which acts as Bid Security in the event that a Bidder submits a Bid in the Auction.

Storage System User

The Bidder with which the Tendering Party has entered into a Natural Gas Storage Agreement in accordance with Appendix C.1. or Appendix C.2. of the Auction Rules following the Auction held in conformity with the Auction Rules.

Performance Bond

A contractual security defined by the Tendering Party to protect the financial and economic interests of the Tendering Party during the contractual performance period in the event of non-conforming performance delivered by the Storage System User.

System User holding a Technical Registration

A System User who has obtained electronic access with full right to use the Auction Registration platform.

Oversubscription

If the total aggregated Bid Quantity of Bidders in the Auction in the given Bid Round is higher than the number of capacity packages that can be allocated in the given Bid Round.

1.4 Auction conditions

1.4.1 Legal requirements

HEXUM Földgáz Zrt. will offer a part of the free natural gas storage capacities available in its portfolio for Auction, i.e. it will conduct a procedure to comply with the legal provisions indicated in Point 1.1., in order to promote efficient competition and ensure equal opportunities in access to the natural gas storage capacities.

Auctions may only be conducted ensuring full compliance with the conditions and rules set out in the Auction Rules.

The Natural Gas Storage Agreement as set out in Appendices C.1. / C.2. of the Rules and, if relevant for the given Auction, the Secondary Capacity Trading Agreement set out in Appendix C.3. of the Rules will be concluded with the Bidder/Bidders winning the Auction.

The Bid submitted by a Bidder in an Auction is regarded as an Offer to enter into an agreement, to which the Bidder is bound by the Ptk. 6:64 and remains bound until the 15th (fifteenth) business day following the date of the Announcement of results.

1.4.2 Financial conditions

The Bidders will, in accordance with the amounts and deadlines set out in the Auction preparation and the contracting phases and in the Natural Gas Storage Agreement:

- certify their overall solvency throughout the Registration procedure,
- submit the document verifying the provision of the Registration Security during Registration,
- provide the Performance Bond necessary for the conclusion of the Natural Gas Storage Contract in the form required by the Tendering Party's Business Code in force from time to time.

The amount of the Registration Security shall be credited to the Tendering Party's bank account by the registration deadline specified in the Auction Call for Bids.

Failure to pay the Registration Security by the due date will disqualify the Bidder from participating in the Auction.

The full amount of the Registration Security shall serve as a Bid Security to the Tendering Party as forfeit money in the event that the winning Bidder fails for whatever reason to conclude the agreements for the Capacity Packages it won pursuant to Appendix C.1. or C2. within 8 working days following the date of the Notification of the Auction result, or fails to fulfil the conditions necessary for the entry into force of the Natural Gas Storage Agreement concluded as a result of the Auction within the time limit.

1.4.3 Other conditions

- Storage System Users wishing to submit a Bid in the Auction will provide the Tendering Party with the documents (declarations and supporting documents) required for registration in accordance with Point 1.6.3 within the time limit set out in the Rules.
- Bidders shall maintain a fair market conduct during the Auction. They may not enter into background agreements that are prejudicial to the interests of the Tendering Party and other Bidders or that give them an undue advantage in the Auction.
- By registering, the Bidders accept the terms and conditions set out in the Auction Rules and acknowledge that any breach of these Auction Rules will result in the immediate disqualification of the Bidder(s).
- The language of the procedure is Hungarian, therefore all communication related to the Auction will be in Hungarian and English, however, the Tendering Party will provide the possibility to submit the documents required for Registration in Hungarian and English, and to use the Capacity Booking Platform in Hungarian and English.

1.5 Product offered for Auction

In the Auction, the Tendering Party will offer its free storage capacities for sale in capacity packages, in which the following parameters are fixed per package:

• Working gas capacity	[*] kWh
• Injection capacity - not interruptible	[*] kWh/nap
• Injection capacity - interruptible	[*] kWh/nap
• Withdrawal capacity - not interruptible	[*] kWh/nap
• Withdrawal capacity interruptible	[*] kWh/nap
• Injection cycle (planned)	...
• Withdrawal cycle (planned)	...

1.6 Registration

1.6.1 Conditions for registration

The System User shall register as an Auction participant in order to participate in any Auction announced by the Tendering Party. The Storage System User can initiate the registration at any time during the year.

The System User is eligible to participate in a particular Auction announced by the Tendering Party as an Eligible Storage System User if:

- he has submitted the registrations documents required for participation in the given Auction electronically, through the Auction Registrations Platform operated by the Tendering Party, as described in details in Point 1.6.3. to the Tendering Party and these documents have been accepted;
- the amount of the Registration Security has been credited to the Tendering Party's bank account by the deadline
- the Tendering Party has sent an email to the Storage System User confirming the acceptance of the User's Registration.

1.6.2 Registration process

1.6.2.1 Access to the Auction Registration platform

The Storage System Users can indicate their intention to get access to the Auction Registration Platform by filling in the online form available on the Tendering Party's website (gaztarolo.hu). By completing the form to obtain access to the Auction Registration Platform and submitting his data, the Storage System User accepts the provisions of the User Information Regulation. After filling in the form and submitting the data, the Tendering Party verifies the submitted data and, if found them as correct, sends the technical information required to access to the Auction Registration Platform to the Storage System User by e-mail within 2 working days, who thus can become a Storage System User with Technical Registration.

Once the terms and regulations have been accepted, the Tendering Party will not be in the position to consider any complaint/comment regarding the provisions of the terms and regulations accepted by the Bidder in connection with the Auction.

1.6.2.2 Submission of registration documents

A Storage System User having Technical Registration has the possibility to submit the registration documents for a given Auction electronically to the Tendering Party through the Auction Registration Platform.

The Storage System User shall send a notification of the submission of the registration documents to the following e-mail address:

capacity@gaztarolo.hu

The Tendering Party will, within 2 working days of receiving notification from the Storage System User, examine the submitted registration documents for formal and substantive compliance and, depending on the fulfilment of the conditions, accept or reject the Registration. The Tendering Party will notify the Storage System User by e-mail of the acceptance of the Registration.

The Tendering Party reserves the right to request the Storage System User concerned to rectify any deficiencies in form or content identified when examining the documents submitted during the Registration, subject to a deadline. The Storage System User has the possibility to make an unlimited number of rectification.

If the Storage System User fully complies with the request for completion within the deadline, the Tendering Party will notify the successful Registration within 2 (two) working days after the deadline for completion. If the Storage System User fails to complete the registration documentation in full within the prescribed time limit in accordance with the request for completion, the Tendering Party will call for repeated rectification.

The Auction Call for bids determines the final deadline for registration for a given Auction. The Tendering Party shall not be liable for any damages or loss of profits to a Storage System User arising from failure to meet the registration deadline.

The Tendering Party undertakes the obligation and warrants that the documents and data submitted to the Auction by the Storage System User(s) will be treated confidentially and disclosed to third parties (in particular to the Auction Organiser) only in accordance with the provisions of Article 4 of Act CXII of 2011 on the Right of Information Self-Determination and Freedom of Information. By virtue of registering for or by participating in the Auction, the Storage System User acknowledges and expressly consents that the intermediaries involved into the Auction by the Tendering Party may have access to the documents submitted by the Storage System User and their contents, including the personal data provided therein. Intermediaries involved into the Auction are bound by the same confidentiality obligations as the Tendering Party.

1.6.3 Documents and certificates to be submitted

To participate in an Auction advertised by the Tendering Party, the Storage System Users shall submit the following documents to the Tendering Party through the Auction Registration Surface:

Document	Expected frequency of submission	Form to be used
1. Registrations Data Sheet (officially signed in original or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature)	It shall be submitted once a calendar year (except in the case of changes).	Appendix A.1.
2. Auction Declarations (officially signed in original or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature)	It shall be submitted once a calendar year (except in the case of changes).	Appendix A.2.
3. Electronic bank document as proof of payment of the Registration Security	It shall be submitted once a calendar year (except if the Registration Security is repaid for any reason).	
4. Partner Risk Declarations (officially signed in original or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature)	It shall be submitted once a calendar year (except if the Registration Security is repaid for any reason or is considered a bid security at the time of the call for bids).	Appendix A.3.
5. Specimen signature of the authorised signatory(s) representing the Storage System User, or specimen signature countersigned by a lawyer Storage System User	It shall be submitted once a calendar year (except in the case of changes).	
6. In the case of a company registered abroad, the Bidder's company certificate not older than 30 days (in Hungarian or English, or in case of submission in other languages, with a certified translation into Hungarian)	It shall be submitted once a calendar year (except in the case of changes).	

(The above Declarations can also be validly submitted with an original company signature or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature.)

1.6.4 Registration Security

The successful Registration of a Storage System User is subject to the payment of the Registration Security in the form of a cash deposit. The amount of the Registration Security is:

EUR 50.000

Participation in Auctions advertised by the Tendering Party is subject to the Registration Security being available in the Tendering Party's bank account, i.e. the Registration Security shall be held in the Tendering Party's bank account in order that the Storage System User is eligible to participate in the Auctions.

Registration Security becomes Bid Security if the Storage System User participates in any Auction announced by the Tendering Party:

- Following the Auction, if the Storage System User is not awarded a capacity package in the Auction, the legal title to the amount paid will be re-qualified to Registration Security following the announcement of the Auction results;
- After the Auction, if the Storage System User is awarded a capacity package in the Auction, it will serve as a Bid Security until the contract enters into effect, and the legal title of the amount paid will be requalified as Registration Security after the contract enters into effect.
- As long as the cash deposit is qualified as a Bid Security and another Auction takes place in which the Storage System User wishes to participate, the Storage System User shall ensure that it pays the amount (EUR 50,000) of Registration Security that is required in order to be eligible to participate in the Auction.

The Storage System User is entitled to claim back the Registration Security paid. The Storage System User may notify the Tendering Party in writing of the reimbursement request. In the event of such a request, the Tendering Party will reimburse the amount of the Registration Security to the Storage System User within 5 working days. In the event of reimbursement of the Registration Security, the Registration of the Storage System User will be suspended and during the period of suspension he will not be entitled to participate in Auctions advertised by the Tendering Party.

In the event the amount of the Registration Security is reduced during the year, or the registration of a Storage System User in the Auction is suspended due to a reimbursed Registration Security, the participation of the Storage System User in the Auction is subject to the upload and payment of the Registration Security, provided that the other registration requirements are fully met.

1.6.5 Validity of registration, renewal of registration

Registration is valid until 31 December of the current calendar year. In December of each year, the Tendering Party will notify the registered Storage System Users by e-mail of the expiry of the Registration at the end of the year and at the same time offer the possibility to renew the Registration for the following year by resubmitting the registration documents.

The Tendering Party will within 10 working days reimburse the amount of the Registration Security to a Storage System User who does not renew his registration by 31 December of the given calendar year.

1.7 Auction

1.7.1 Technical conditions for participation in auctions

The technical precondition for participation in the Auctions announced by the Tendering Party on the Capacity Booking Platform is that the Storage System User has a valid registration and access to the Capacity Booking Platform. The terms and conditions for the required registration are set out in the Operating Rules of the Capacity Booking Platform, the electronic version of which is made available by the Tendering Party on its website. The Storage System User is responsible for obtaining general access to the Capacity Booking Platform for his participation in the Auction.

The Tendering Party will set the access rights of the Storage System User registered on the Capacity Booking Platform to the Auctions advertised by the Tendering Party within the Capacity Booking Platform, provided that the Storage System User has general access to the Capacity Booking Platform and fully complies with the conditions set out in Section 1.6.

The Tendering Party will by e-mail notify the Storage System User concerned of the access rights setup. The Tendering Party is entitled to suspend or terminate the access rights of the Storage System User at any time if the Storage System User does not fully comply with the registration conditions (e.g. the required Registration Security is not available in the Tendering Party's account) or the Storage System User violates the rules set out in the Auction Rules. The Tendering Party shall notify the Storage System User concerned of the suspension or termination of the access right by means of a reasoned e-mail.

The Tendering Party will automatically terminate the Storage System User's access rights on 31 December of each year (as the Storage System User's registration as described in Section 1.6 will also expire at the end of the year), unless the Storage System User has validly renewed his registration during the month of December for the following calendar year.

The operator of the Capacity Booking Platform provides user support to the Storage System User in relation to the management of the Capacity Booking Platform for Auctions advertised by the Tendering Party. The operator of the Capacity Booking Platform provides Help Desk support to the Storage System User by telephone and email. Contact details for the Help Desk can be found on the Tendering Party's website.

1.7.2 Announcement of Auction

The Tendering Party will issue the Call for Bids for the current Auction at least 13 business days prior to the Bid Submission Deadline:

- announcement on its internet website (gaztarolo.hu);
- electronically sending to System Users having Technical Registration and Storage System Users with a valid and suspended Registration to their e-mail address registered for contact.

The Tendering Party will keep a break of at least 3 business days between two Auctions in order to allow the Storage System Users sufficient time to pay the Registration Security required for a valid Registration.

The Tendering Party will provide the following information and data in the Call for Bids to the System Users entitled to submit a bid:

1. Basic data of the auction:
 - a. Auction ID (Tendering Party's side)
 - b. Auction type: auction on the Capacity Booking Platform operated by a third party contracted by the Storage System Operator
 - c. Auction starting time (day, hour, minute)
 - d. Registration deadline (day, hour, minute)
2. Product released for auction (content of 1 capacity package):
 - a. Bidding period
 - b. Working gas capacity (kWh)
 - c. Non interruptible storage capacity (kWh/day)
 - d. Interruptible injection capacity (kWh/day)
 - e. Non-interruptible withdrawal capacity (kWh/day)
 - f. Interruptible withdrawal capacity (kWh/day)
 - g. Injection cycle
 - h. Withdrawal cycle
3. Quantity information:
 - a. Number of capacity packages announced in the auction (units)
 - b. Maximum Bid Quantity (% , units)
4. Price information:
 - a. Initial price (EUR/package)
 - b. Bid step (EUR/package)

5. Technical information about the procedure:
 - a. Duration of Initial Bid Round (hour, minute)
 - b. Duration of further Bid Rounds (hour, minute)
 - c. Duration of break between the Bid Rounds (hour, minute)
6. Additional information
7. Availabilities of contact officers from the Tendering Party

The Auction Operator will publish the Auction announced by the Tendering Party on its Capacity Booking Platform website. At the same time, the Auction Operator will send a notification to all users of the Capacity Booking Platform who are eligible to participate in the Auction announced by the Tendering Party and who have subscribed to the auction notifications.

After the announcement of the Auction, only the contact person appointed by the Tendering Party in the Call for Bids and the Auction Operator will be entitled to provide information and answer any further questions related to the Auction.

At the same time as the Call for Bids, the Tendering Party will also send a model of the Natural Gas Storage Contract and, if relevant for the given Auction, the model of the Secondary Capacity Trading Contract for interruptible capacities to the Storage System User having Technical Registration and to the Storage System User having valid or suspended Registration to their e-mail address registered for contact.

The publicity of the Auction applies to the Registration procedure, after which the Auction will continue in a closed process. All further communication will be restricted to the Tendering Party, the Auction Operator and the Storage System Users eligible to submit Bids.

The Tendering Party and the Auction Operator shall manage the personal data that come to their knowledge in the course of the procedure in accordance with the provisions of Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information and Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR).

1.7.3 Conducting the auction

1.7.3.1 Information on the technical organisation of the auction

The Auction will take place on the Capacity Booking Platform. Storage System Users whose access rights to the Auctions announced by the Tendering Party have been set up as described in Section 1.7.1 may participate in the Auction.

The Auction Operator handles all Storage System User's inquiries related to the Auction through its own help desk.

In the event of any technical problems affecting the Auction, the Auction Operator will notify the Storage System Users (and the Tendering Party). Any technical problem affecting the Auction will be managed in accordance with the provisions of the Operating Rules of the Capacity Booking Platform.

1.7.3.2 Procedure for submitting bids

Bids for a given Auction may be submitted through the Capacity Booking Platform operated by the Auction Operator.

Prior to starting the Auction, the Storage System Users who are eligible to participate in the Auction will have access to the following parameters of the Auction also on the Capacity Booking Platform:

- Auction code ((automatically generated)
- Auction starting time (day, hour, minute)
- Duration of Initial Bid Round (hour, minute)
- Duration of additional Bid Rounds (hour, minute)
- Duration of break between Bid Rounds (hour, minute)
- Content of additional information field (in both Hungarian and English):
 - Auction ID at the Tendering Party (number of the calls for bid)
 - Information that the capacity package also includes non-interruptible and interruptible injection and withdrawal capacities
- Total number of capacity packages (units) announced in the auction
- Initial price (EUR/package)
- Maximum bid quantity (% , pieces)
- Bidding step (EUR/package)

Rules on submitting bids:

- In the Auction, the Bidder will specify the Bid Quantity, i.e. the number of capacity packages to be purchased at the given price separately for each Bid Round.
- A Bidder may submit a quantity in a given Bid Round up to the Maximum Bid Quantity or, if the quantity still available in a given Bid Round is less than the Maximum Bid Quantity, up to the quantity still available, or, if he has already been allocated in a given round, up to the difference between the Maximum Bid Quantity and the quantity allocated to him.
- The Bidder may submit different Bids in different Bid Rounds, and may even skip Bid Rounds:
 - Bidding is not mandatory in every Bid Round. A Storage System User having a valid registration and system access may submit a Bid in any Bid Round of the Auction.
 - The Bidder may increase, decrease or leave unchanged the Bid Amount per each Bid Round during the Auction (irrespective of the direction of the Auction).

- The Tendering Party will regard all Bids submitted on behalf of the Bidder through the Capacity Booking Platform as valid Bids in the Auction.
- The Bid submitted by the Bidder in the Auction is deemed to be a Bid aiming for the conclusion of a contract, and the Bidder will remain bound to this Bid in accordance with the provisions of Section 6:64 of the Civil Code (Ptk.) until the 15th (fifteenth) business day following the date of the announcement of the results of the Auction.

During the Auction, the Storage System Users and Bidders being eligible to participate in the Auction will see the following information about the Auction:

- Bid Round number
- Remaining duration of the Bid Round / Remaining duration of the break in case of a break
- Initial price (EUR/package)
- Current rate of bid step:
 - Positive bid step in case of ascending price auction (EUR/package)
 - Negative bid step in case of descending price auction (EUR/package)
- Current price (EUR/package)
- Capacity still available (not allocated) in the current Bid Round (total number of packages offered in Round 1 of the auction) (Package)
- Self-own Bid Quantity (Package) specified in the current Bid Round
- Self-own bid quantity (ies) specified in previous Bid Rounds (Package)

1.7.3.3 Operation of the bidding algorithm of the auction

- In each Bid Round, the number of capacity packages applied for at the given price - Bid Quantity (pieces) - has to be specified. This will be the Bid of the given Bidder in the given Bid Round.
- Each Bid Round lasts for the predefined duration. There must be a break with pre-defined duration between the Bid Rounds.
- **First Bid Round:** The bids submitted for the Initial Price in the first Bid Round will determine how the Auction continues:
 - If no bids are submitted, a **Descending Price auction** will start.
 - If there is a bid submitted but there is an **Undersubscription**, the capacities will be allocated to the bidders submitting bids in the given Bid Round and a **Descending Price Auction** will start for the remaining capacity packages.
 - If there is a bid submitted and there is an **Exact Bid**, the capacity packages will be allocated to the winning Bidders and the Auction will close.
 - If there is a bid submitted and there is an **Oversubscription**, then an **Ascending Price auction** will start.

- **Process of ascending price auction:**
 - The price will increase with the Bid Step in each Bid Round.
 - In case there is an Exact Bid in the given Bid Round, the capacity packages will be allocated among the winning Bidders and the Auction will close.
 - In case there is an Oversubscription in the given Bid Round, the Auction will continue with a subsequent Bid Round and the price will increase further with the Price Step.
 - In case there is an Undersubscription in the given Bid Round, the capacity packages will be allocated to the bidders in the given Bid Round. The remaining capacity packages will be allocated on a pro-rata basis. The Auction will be closed.
 - Pro-rata allocation in the case of ascending price auction:
 - Bidders who participate in the second to last Bid Round will participate in the pro-rata allocation. The pro-rata allocation will be based on the Bid Quantity submitted by Bidders in the second to last Bid Round. Bidders who win in the last Bid Round will participate in the Allocation by the difference between their Bid Quantity submitted in the second to last Bid Round and the quantity allocated to them in the last round, if it is greater than or equal to 0.
 - Only Bidders who have not yet been awarded a capacity package corresponding to the Maximum Bid Quantity will participate in the pro-rata allocation. The quantity of capacity packages allocated to the Bidders as a result of the pro-rata allocation shall in no case be higher than the Maximum Bid Quantity.
 - The result of the pro-rata allocation can only be an integer number of capacity packages.
 - The quantities awarded in a pro-rata allocation are rounded down to an integer number.
 - The rounding difference will be distributed according to the speed of submission of bids in the second to last Bid Round (taking into account the time stamp of the bids). The time of submission of the bids submitted in the second to last Bid Round (starting from the earliest bid submitted) will determine the order of eligibility. The rounding difference will be used to allocate an additional 1-1 capacity package to the Bidders participating in the pro-rata allocation as long as the capacity packages remaining as the rounding difference are exhausted. If as a result of the pro-rata allocation the quantity of Capacity Packages allocated to any Bidder exceeds the Maximum Bid Quantity, no additional Capacity Package will be allocated to that Bidder.
 - The clearing price will be the price of the second to last Bid Round.
- The Bid Price may be higher than the then prevailing regulatory price.

- **Process of descending price auction:**
 - The price will decrease with the Bid Step in each Bid Round.
 - If there is no bid submitted in the given Bid Round, the Auction will continue with further Bid Rounds until the Minimum Price is reached.
 - If there is an Undersubscription in the given Bid Round, the capacity packages will be allocated to the bidders who submitted bids in the given Bid Round. The Auction will continue with subsequent Bid Rounds for the remaining capacity packages until the Minimum Price is reached.
 - In case there is an Exact Bid in the given Bid Round, the capacity packages will be allocated among the winning Bidders and the Auction will close.
 - In case there is an Oversubscription in the given Bid Round, the capacity packages will be allocated on a pro-rata basis and the Auction will close.
 - In case the reduced price reaches the Minimum Price and there is a remaining capacity package after the Bid Round is closed, it will not be allocated. The Auction is closed.
 - In case the reduced price reaches the Minimum Price and no capacity package has been allocated during the Auction, the Auction will close with a Bid Deficit.
 - Pro-rata allocation in the case of descending price auction:
 - Bidders who submitted bids in the last Bid Round will participate in the pro-rata allocation. The pro-rata allocation will be based on the Bid Quantity submitted by Bidders in the last Bid Round.
 - Only Bidders who have not yet been awarded a capacity package corresponding to the Maximum Bid Quantity will participate in the pro-rata allocation. The quantity of capacity packages allocated to Bidders as a result of the pro-rata allocation shall in no event exceed the Maximum Bid Quantity.
 - The result of the pro-rata allocation can only be an integer number of capacity packages.
 - The quantities awarded in a pro-rata allocation are rounded down to an integer number.
 - The rounding difference will be distributed according to the speed of submission of bids in the last Bid Round (taking into account the time stamp of the bids). The time of submission of the bids submitted in the last Bid Round (starting from the earliest bid submitted) will determine the order of eligibility. The rounding difference will be used to allocate an additional 1-1 capacity package to the Bidders participating in the pro-rata allocation as long as the capacity packages remaining as the rounding difference are exhausted. If as a result of the pro-rata allocation the quantity of Capacity Packages allocated to any Bidder exceeds the Maximum Bid Quantity, no additional Capacity Package will be allocated to that Bidder.
 - The clearing price will be the price of the last Bid Round.

1.7.3.4 Preliminary notification of Auction results, Announcement of results

After the Auction has been closed, the Auction Operator will send to the winning Bidders an automatic information by e-mail on the results of the Auction conducted on the Capacity Booking Platform. The Bidders can download the information document on the Auction results from the Capacity Booking Platform. The above two notifications are deemed to be informal, technical information.

After the Auction has been closed, the Tendering Party will send a separate Official Notification of the official results of the Auction by e-mail to all Bidders who participated in the Auction.

Possible outcomes of the Auction:

- The Auction is **valid and successful** if at least one Bidder's bid in the Auction fulfils the bidding requirements set out in the Call for Bids.
- The Auction is **valid but unsuccessful** if no Bids are submitted by Bidders during the Auction that fulfil the bidding requirements set out in the Call for Bids.
- The Auction is **invalid**.

1.7.3.5 Invalid Auction

If any Bidder engages in inappropriate conduct in the Auction or provably uses unfair methods to gain or intends to gain an illegitimate advantage to the detriment of the interests of other participants, the Tendering Party will declare the Auction invalid, stating the reason thereof, and the Auction will be held at a later date. The respective Bidder who has given cause for calling the Auction invalid will not be allowed to register and participate in this Auction.

The invalidity may be determined during or after the Auction, even if during the Auction the Capacity Booking Platform has sent a preliminary notification of the capacity allocation to any Bidder participating in the Auction, i.e. there was a winning bid in any Bid Round(s).

1.7.3.6 Suspension of Auction

The Tendering Party reserves the right to suspend any announced Auction during the period between the announcement of the Auction and the date prior to the start of the Auction, without giving any reason thereof, or to withdraw the Call for Bids, while simultaneously informing the Bidders.

If an Auction is suspended:

- following the suspension, the parameters of the Auction described in details in Section 1.7.3.2 will become inaccessible to Bidders on the Capacity Booking Platform;
- following the closure of the suspension, the Auction will restart on the Capacity Booking Platform under the new Auction Code and under the original terms and conditions at the new date and time set by the Tendering Party and communicated to the Bidders of the suspended Auction..

In case of suspension of the Auction or withdrawal of the Call for Bids, the Tendering Party will not pay any compensation, interest or damages.

1.7.3.7 Consideration of technical problems in the Auction procedure

In case a Bidder experiences technical problems during the Auction (e.g. power outage, internet outage, etc.), the Bidder will participate in the Auction with its last valid bid.

In case a technical failure occurs at the Auction Operator during the Auction (e.g. power failure, internet outage, etc.), the given Auction will be considered invalid and will be announced on a new date. In this case, the Bidders will not be entitled to claim any damages, penalties or other claims against the Tendering Party and/or the Auction Operator, and the Tendering Party and/or the Auction Operator will not assume any liability for any failure beyond its control that may hinder or prevent access to the system.

1.8 Contracting

1.8.1 Contracting

The Bidder winning in the Auction will have 8 (eight) working days following the date of the Official Notification to conclude the Natural Gas Storage Agreement in accordance with its obligation to conclude the Agreement.

The entry into force of the Natural Gas Storage Contract is subject to full compliance with the suspensive conditions set out therein.

In the event that the Winning Bidder does not fulfil its obligation to conclude the agreement for the won product, i.e. does not conclude the agreement within the prescribed period or does not fulfil the conditions necessary for the entry into force of the Natural Gas Storage Agreement, the Tendering Party will be entitled to use the Registration Security provided at the Registration as a forfeit money according to Point 1.4.2.

The terms of payment for the Capacity Packages awarded to the successful Bidder will be set out in the Natural Gas Storage Agreement and, where relevant, the Secondary Capacity Sales Agreement for interruptible capacities.

An annual capacity booking fee (storage capacity fee) will be paid to the Tendering Party for the working gas capacity awarded in the Auction and it will be fixed in EUR/MWh in the Natural Gas Storage Contract:

- if no interruptible capacity is offered for booking, the Bid Price per 1 MWh working gas capacity (rounded to 4 decimal places) will be specified in the Natural Gas Storage Contract;
- if the capacity package offered for booking also includes interruptible capacity, 92.5% of the Bid Price per 1 MWh working gas
- capacity (rounded to 4 decimal places) will be specified in the Natural Gas Storage Contract.

The annual capacity booking fee payable to the MSZKSZ for interruptible injection and withdrawal capacities (if the payment of such fee is required for the given announced capacity package) will also be fixed in EUR/MWh in the Secondary Capacity Sales Contract. The rate is 7.5% of the Bid Price per 1 MWh of working gas capacity (rounded up to 4 decimal places).

1.8.2 Performance bond

The granting of the Performance Bond will be the condition of the entry into force of the Natural Gas Storage Agreement with the successful Bidder, and this Bond will be used in the event of non-conforming performance by the Storage System User.

The Performance Bond will be governed by the provisions set out in the Appendix no. 6. on "*Rules on Contractual Guarantees*" of the Tendering Party's Business Code in force from time to time.

2 APPENDICES

A. Appendix: Documentation of Registration

- A.1. Registration form
- A.2. Auction declarations
- A.3. Partner risk declaration

B. Appendix: call for bids in auction

C. Appendix: Model agreements

- C.1. Draft agreement for using and providing seasonal basic services for natural gas storage (with interruptible withdrawal and injection capacities)
- C.2. Draft agreement for using and providing seasonal basic services for natural gas storage (without interruptible withdrawal and injection capacities)
- C.3. Draft secondary capacity trading agreement for interruptible capacities