

R U L E S

FOR USE OF CHIREN UNDERGROUND GAS STORAGE

Adopted by Decision under Minutes of meeting No 503/19.01.2021 of Bulgartransgaz EAD Management Board, effective as of January 19, 2021

the city of Sofia, 2021

Rules for use of Chiren UGS effective as of January 19, 2021

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14. GENERAL PROVISIONS

1. GENERAL PROVISIONS

1.1. These Rules set out the terms and conditions on granting access to Chiren underground gas storage in accordance with Art. 172, b), para 1 of the Energy Act and the Rules on the access to the gas transmission and/or gas distribution networks and access to the natural gas storage facilities (adopted by SEWRC Decision No. П-1 dated 14.03.2013).

1.2. Applying these Rules shall not hinder gas storage users and shall be based on the following principles:

- Equal treatment of gas storage users;
- Transparency and non-discrimination in securing access to the gas storage.

1.3. The available capacity for commercial storage, withdrawal and injection by months shall be announced by Bulgartransgaz EAD after the capacities necessary for injection, storage and withdrawal of natural gas for reserve have been determined.

1.4. Pursuant to the Emergency Action Plan approved by the Minister of Energy of the Republic of Bulgaria, the natural gas companies are obliged each year to nominate the necessary quantities for storage under the Plan no later than 15 February for the following year. The quantities shall be nominated to the competent security of supply authority (Minister of Energy) with a copy to the Operator, and within the same term they shall submit to Bulgartransgaz EAD an application for booking of yearly capacity products to cover injection, withdrawal and storage of the respective natural gas quantities. Upon failure to submit the necessary information within the specified deadline, Bulgartransgaz EAD shall announce as available the capacity required for injection, storage and withdrawal of these natural gas quantities.

1.5. Applications under item 1.4 shall be reviewed by the Operator prior to the capacity products applications received under the general procedure, and applicants shall be allocated capacity within the yearly integrated product.

1.6. Based on the information under item 1.4. and no later than 1 March each year, the Operator shall determine the capacity for injection, storage and withdrawal of quantities under the Plan, as well as, the capacity for injection, storage and withdrawal for the Operator's own needs, including for technological needs for natural gas transmission and storage and natural gas for balancing.

2. MAIN DEFINITIONS

2.1. Definitions:

- **Natural gas** – mixture of hydrocarbons, consisting primarily of methane which at temperature 0°C and atmospheric pressure is in gaseous state;

- **Underground Gas Storage Chiren /Chiren UGS/** – underground and above ground facilities built on the basis of a depleted gas condensate field Chiren, property of Bulgartransgaz EAD, adapted for natural gas storage;
- **Withdrawal** – activities aimed at making certain quantities of natural gas, located in the underground gas reservoir of the gas storage, reach the transmission system;
- **Injection** – activities aimed making certain natural gas quantities from the gas transmission system reach the underground gas reservoir of the gas storage with a view to their storage for a certain time;
- **Natural gas storage** – certain natural gas quantity staying in the underground reservoir for a certain period of time;
- **Underground gas reservoir (the Reservoir)** – the underground part of Chiren UGS where injected natural gas quantities actually stay prior to their subsequent withdrawal (production);
- **Customer** – any physical or legal entity, holder of natural gas storage contract signed with Bulgartransgaz EAD;
- **Potential customer** – any physical or legal entity who had submitted an application for capacity in Chiren UGS;
- **User** – customer and/or potential customer;
- **Storage operating capacity** – maximum volume of natural gas that can be stored in the underground gas reservoir at a certain time;
- **Reserve** – that part of the operating storage capacity necessary for execution of the obligation of the natural gas companies (including the Operator) pursuant to the Emergency Action Plan approved by an Order of the Minister of Energy and the part of the operating capacity reserved for the Operator’s own needs.
- **Storage capacity** – that part of the operating capacity that can be used for natural gas commercial storage for customers and that the Operator offers to storage users;
- **Firm injection/withdrawal capacity** – injection or withdrawal capacity which uninterruptibility is guaranteed by the Operator by virtue of a signed storage contract;
- **Interruptible injection/withdrawal capacity** – injection or withdrawal capacity that can be interrupted (partially or completely) at any time by the Operator, in accordance with the concluded storage contract;
- **Short-term services** – contracted storage capacity with a duration of 6 (six) or less months than one gas year.
- **Long-term services** – contracted storage capacity with a duration of one gas year;

- **Integrated product (bundled services)** – a product that includes the simultaneous provision of a storage capacity, injection capacity and withdrawal capacity, allocated to the customer by months in line with Section 6 hereof.
- **Non-integrated product** – provided apart from the integrated product, withdrawal capacity, storage capacity or injection capacity that can be booked separately.
- **Six-month capacity product** - an integrated capacity product that includes the simultaneous booking of storage capacity, injection capacity and withdrawal capacity of a certain volume, for predefined periods of consecutive calendar months of the gas year, including at least three withdrawal months and three injection months.
For gas storage year 2021/2022 the periods are as follows: storage period from 01.07.2021 until 31.01.2022 inclusive; injection period from 01.07.2021 until 01.10.2021 inclusive; withdrawal period from 01.11.2021 until 31.01.2022 inclusive;
- **Preliminary daily product** - a capacity product that entitles to use of withdrawal/injection capacity for preliminary specified day/s in the month following the application.
- **Available capacity** – that part of the storage capacity not allocated by the Operator and still available to users at a given moment;
- **Capacity booked for the Operator** – that part of the operating capacity not offered to users and intended only for storage of natural gas needed by the Combined Operator for technological needs for transmission and for balancing of the gas transmission system;
- **Contracted capacity** – part of the commercial capacity the Operator has allocated to a respective customer according to concluded storage contract;
- **Aggregate contracted (booked) capacity** – the sum of the contracted capacities, reserved for all customers with whom storage contracts are in place;
- **Combined Operator/Operator** – Bulgartransgaz EAD, an owner of Chiren UGS, holder of licenses for natural gas transmission and storage.
- **Basic period for injection (injection period)** – the time period starting at 07:00 am on the 16th of April of a given calendar year and ending at 07:00 am on the 16th of October of the same calendar year throughout which the Operator has the technical readiness to actually inject natural gas in the gas storage for the needs of the customers.
- **Basic period for withdrawal (withdrawal period)** - the time period starting at 07:00 am on the 1st of November of a given calendar year and ending at 07:00 am

on the 1st of April of the next calendar year throughout which the Operator has the technical readiness to actually withdraw natural gas from the gas storage.

- **Injection capacity** – the maximum natural gas quantity that can be actually injected in the storage for one gas day (24 hours), depending on the formation pressure reached in the Reservoir.
- **Withdrawal capacity** – the maximum natural gas quantity that can be actually withdrawn from the storage for one gas day (24 hours), depending on the formation pressure reached in the Reservoir.
- **Booked injection and withdrawal capacity within the yearly/six-month product** – capacity by gas months, indicated by the applicant in his Application with which the potential customer applies during allocation of the available capacity.
- **Gas day** – a 24-hour period starting at 07.00 am local time on the respective day and ending at 07.00 am local time on the next day.
- **Gas month** - a period of time starting at 07.00 am local time on the first day of a given calendar month and ending at 07.00 am local time on the first day of the next calendar month.
- **Gas year** – a period of time starting at 07.00 am local time on 16th of April and ending at 07.00 am local time on 1st of April on the next calendar year.
- **Storage contract** – a contract signed between Bulgartransgaz EAD and a customer including in its subject-matter services on access and natural gas storage in Chiren UGS.

2.2. The period within 1-15 April and the period within 16-31 October of each calendar year shall be used for stabilization of the reservoir, technical preventive maintenance and preparation of the gas storage for the next basic period of injection/withdrawal.

2.3. The periods under item 2.2 can be changed by Bulgartransgaz EAD due to technological reasons and the change shall be announced in due time on the website of the Operator.

3. TYPES OF CAPACITY PRODUCTS

3.1. Integrated capacity products:

- Integrated yearly product;
- Integrated 6-month product;

3.2. Non-integrated capacity products:

a) Firm storage capacity:

- Monthly product;

b) Firm capacity for injection or withdrawal:

- Monthly product;

- Preliminary daily product;
- Day-ahead;

c) Interruptible capacity for injection or withdrawal (*virtual injection/withdrawal*):

- Monthly product;
- Day-ahead;

d) Interruptible non-integrated withdrawal/injection capacity (in physical withdrawal/injection mode)

- Day-ahead;

3.3. Capacity product Day-ahead and Preliminary daily product for injection or withdrawal shall be allocated to customers under an already concluded Natural Gas Storage Contract.

3.3.1. The Operator shall provide capacity products Day-ahead (firm and interruptible) only in the process of submitting injection/withdrawal nominations, upon the presence of the necessary technological and technical conditions and available capacity, in compliance with the provisions of the Natural Gas Storage Contract.

3.3.2. In the event that the total Day-ahead withdrawal/injection capacity nominations exceed the available Day-ahead withdrawal/injection capacity, the Operator shall follow the principle of proportional reduction depending on the amount of the nominated capacity, taking into account the technical and technological capabilities of Chiren UGS.

3.3.3. The Operator shall provide customers with the opportunity to indicate in advance on the electronic nomination platform (CDP), the possibility to refuse allocation of firm and interruptible capacity in physical withdrawal/injection mode and minimum acceptable values (limits) of allocated Day-ahead capacity, with which the allocated capacities under item 3.3.2 shall be compared. If during the initial allocation according to item 3.3.2 the customers have allocated capacity below the limit chosen by them, no Day-ahead capacity will be allocated to them, and the available capacity shall be further allocated to the other customers with primary allocated capacity under item 3.3.2. Interruptible capacity in physical withdrawal/injection mode Day-ahead shall be allocated under this procedure after the available firm capacity Day-ahead has been exhausted.

4. PROCEDURE FOR SUBMITTING AN APPLICATION FOR CAPACITY IN CHIREN UGS

4.1. No later than 30 calendar days prior to commencement of the respective injection period, Bulgartransgaz EAD shall announce on its website: *the available capacity of the gas storage by gas months for injection, respectively withdrawal, offered to potential customers for the next gas year in MWh/d; number of units of integrated yearly product; deadline for submission of*

applications for integrated yearly capacity product for storage as a bundled service for the next gas year (not less than 7 calendar days as of the date of its announcement); amount of the individual components of the integrated products.

The yearly integrated capacity products for commercial natural gas storage shall be determined following allocation of the yearly integrated capacity products under the Emergency Action Plan, if there is remaining available storage capacity in the months of the gas year, after setting aside at least 10% of the available storage/injection/withdrawal capacity for allocation via short-term capacity products.

The six-month integrated capacity products shall be determined following completion of the initial allocation procedure under items 6.1- 6.5., if available storage/injection/withdrawal capacity remains in the announced period.

The deadline for submitting applications for a six-month integrated capacity product shall be no less than 5 calendar days from the date of its announcement. Applications for capacity shall be submitted in line with the procedure and according to the requirements of Section 4.

4.2. An Application for capacity in Chiren UGS can be filed by any Bulgarian or foreign physical person or legal entity (according to the provisions of Art. 25 of the *Rules on the access to the gas transmission and/or gas distribution networks and natural gas storage facilities*), who:

4.2.1. has signed effective Contract for access and transport to Bulgartransgaz EAD gas transmission network and Contract for natural gas purchase and sale for balancing;

4.2.2. has the technical capability to provide conditions for communication with the Operator of the gas storage through the website or by e-mail;

4.2.3. has the technical capability to provide conditions for 24-hour operating contact with the Operator of the gas storage during the term of validity of the storage contract

4.3. Potential customers shall submit an Application for capacity during the next gas year within the deadline indicated in item 4.1. Separate applications shall be submitted for each type of capacity product. The Application for capacity should be submitted in writing and must include:

- *number of units of integrated capacity product;*

- *product duration (yearly, 6-month, monthly);*

- *injection and withdrawal schedule by gas months* – indicating the preferred injection/withdrawal capacities by gas months up to the amount of the injection and withdrawal capacity in the number of units of the requested integrated product; the customer may participate in the allocation procedure by indicating the injection and withdrawal capacity in each of the months of the period of the integrated product or only in some of them;

- *declaration for the possibilities under Art. 4.2.2 and Art. 4.2.3.*

- *certificate of current status of the applicant or equivalent document according to the national legislation of the country of registration.*

- *guarantee deposit or bank guarantee under item 4.4.*

The potential customers shall submit the Application under item 4.2. within the specified deadline under item 4.1, in person in the Registry office of Bulgartransgaz EAD, through registered mail or courier service to the following address:

Bulgartransgaz EAD
1336 Sofia Lyulin 2 residential district,
66 Pancho Vladigerov Blvd., post box 3

Applications received in the Registry office of Bulgartransgaz EAD at the address indicated above before 5:00 pm on the final date under item 4.1, shall be deemed received on time.

The application shall be submitted in a sealed opaque envelope entitled "**Application for capacity in Chiren UGS – yearly product/six-month product/monthly product**", name of the potential customer, address, phone number, fax, e-mail and contact person.

4.4. Each application for capacity under item 4.3 should be accompanied by a payment order for paid guarantee deposit or bank guarantee amounting to 10% of the value of the total number of requested integrated capacity products (yearly or six-month) or of the value of the requested non-integrated capacity products, according to the currently effective price of a capacity product unit approved by the EWRC.

The deposit should be paid to the following bank account of Bulgartransgaz EAD:

BG52UNCR76301078435701
BIC UNCRBGSF
Unicredit Bulbank AD

The details of the payment order shall read: "*deposit for participation in a procedure for conclusion of a storage contract*". The bank guarantee shall be issued in accordance with the attached standard form and should be valid for at least 2 months after the deadline for submission of the applications for capacity.

A standard form of the Application for capacity is an appendix to these Rules and shall be published on the website of the company.

4.5. For the sake of transparent, non-discriminatory and fair allocation of the available capacity in the gas storage and prevention of unscrupulous behaviour and abuse of the Rules for use of

Chiren UGS, the Operator has the right not to allow capacity allocation and to exclude from participation in the procedure participants for whom he has identified the existence of coordinated actions for submission of speculative applications, including applications of participants - related parties, leading to oversubscription, respectively to distortion of the principle of proportional allocation (*pro-rata*) to the detriment of other participants in the procedure.

5. AVAILABLE CAPACITY ALLOCATION PRINCIPLE

5.1. The capacity for bundled services shall be allocated in line with Section 6.

5.2. The capacity for non-binding services shall be allocated in line with Section 8.

5.3. Applications for capacity shall be accepted according to the following indicative Annual capacity products calendar:

by 05 March – announcement of an yearly integrated capacity product;

by 19 March – announcement of an six-month integrated capacity product;

by 01 April - announcement of non - integrated monthly product for injection, storage and withdrawal for the months until the end of the year, and the deadline for submitting applications shall be no less than 5 calendar days from the date of its announcement.

by 5.00 pm on the 10th of each month after April - deadline for applying for non-integrated monthly product for the remaining months until the end of the gas year;

by 5.00 pm on the 21st of each month - deadline for applying for a preliminary daily product for the next month;

In case the above deadlines expire on a non-working day, applications shall be accepted until 05.00 pm on the first working day following the non-working one.

Each submitted application for storage capacity shall be considered by Bulgartransgaz EAD within 5 working days.

5.4. For each separate type of products under item 5.3. (yearly or six-month; integrated or non-integrated) separate applications shall be submitted, and non-integrated storage, injection and withdrawal products can be applied for with one application.

6. ALLOCATION OF INTEGRATED YEARLY CAPACITY PRODUCT.

6.1. The Operator allocates the available storage capacity for the next gas year in line with the determined and announced integrated yearly product units to the potential customers who had submitted valid applications within the deadline under item 4.1. by an initial procedure in line with the following methodology:

6.2. Initially the announced integrated yearly product units of storage capacity shall be allocated. If the sum of the integrated yearly product units of storage capacity nominated in the procedure

by all participants is more than the announced integrated yearly capacity units, the allocation shall be made whereas units nominated by each potential customer shall be reduced proportionately to the share of their nomination against the sum of all nominations (pro rata allocation of the individually nominated against the total nominated by all participants integrated product units).

In case the total nominated yearly storage products do not exceed these determined to be allocated, it will be considered that all applications can be satisfied in terms of the number of nominated integrated yearly storage products.

The allocated integrated capacity products shall be rounded to a whole number.

6.3. Storage capacity according to the allocated integrated product units.

The total allocated storage capacity for each participant shall be determined by multiplying the number of allocated integrated product units by the size of storage capacity contained in a unit of integrated product.

6.4. Injection/withdrawal capacity according to the allocated integrated product units.

The total injection/withdrawal capacity for the storage gas year shall be determined in line with the following formulae:

$$Q^H = N_{\text{ин}} \cdot q_{\text{ин}}^H \cdot d_{\text{ин}}^H$$

$$Q^A = N_{\text{ин}} \cdot q_{\text{ин}}^A \cdot d_{\text{ин}}^A$$

Where:

Q^H – total allocated injection capacity, MWh

Q^A – total allocated withdrawal capacity, MWh

$N_{\text{ин}}$ – number of allocated integrated products

$q_{\text{ин}}^H$ – injection capacity in one integrated product, in MWh/d

$q_{\text{ин}}^A$ – withdrawal capacity in one integrated product, in MWh/d

$d_{\text{ин}}^H$ – number of days of the product in the injection period;

$d_{\text{ин}}^A$ – number of days of the product in the withdrawal period.

6.5. Allocation of the injection and withdrawal capacity by months.

After determining the injection and withdrawal capacity in line with the procedure under item 6.4., allocation by months shall be made until reaching the amount of the injection and withdrawal capacity for each customer as specified in item 6.4. Q^H / Q^A , where the available capacity for each month of the gas year shall be compared with the total nominated capacity for the month by all users under the following methodology:

6.5.1. The injection capacity shall be allocated consistently from the first to the last

calendar month of injection;

6.5.2. The withdrawal capacity shall be allocated consistently from the last to the first calendar month of withdrawal;

6.5.3. The injection and withdrawal capacities shall be allocated each month based on the nominated injection and withdrawal capacity. Where the nominations for the preferred injection/withdrawal capacity for a given month are more than the available capacity, the injection/withdrawal capacity shall be allocated pro rata to the capacity nominated by every potential customer against the total injection/withdrawal capacity in a given month.

6.5.4. In this case the remaining unsatisfied preferred injection/withdrawal capacity shall be transferred for allocation in a next period in accordance with the procedure provided for in item 6.5.1 or item 6.5.2.

6.5.5. This procedure shall be repeated for each month of the injection or withdrawal period until the full allocation of the injection/withdrawal capacity Q^H / Q^A - set out in line with item 6.4.

6.5.6. In case that after overall completion of the procedure for all months of the gas year, there is still nominated, but not allocated injection/withdrawal capacity, the Operator shall allocate to the respective user the injection/withdrawal capacity for a month in which there is available capacity and is the closest to the period requested for in the application, observing the indicated order of allocation by months, the pro-rata principle and applying a non-discriminatory approach.

6.5.7. If the capacity of the gas year nominated in each month does not exceed the announced available injection and withdrawal capacity, the Operator shall allocate the full nominated capacity in these months.

6.5.8. The allocated monthly injection or withdrawal capacity of each customer shall be allocated on a daily basis within the relevant month, evenly and depending on the number of days in the month.

6.6. The allocated storage capacity, as well as the withdrawal and injection capacity by months per day, shall be communicated to potential customers, inviting them to conclude a Storage contract within a deadline set by the company (at least 3 business days). The draft Storage contract shall be published on the Operator's website.

6.7. The Storage contract shall be concluded according to the capacity allocated to the respective customer under the indicated procedure.

6.8. In case a potential customer to whom storage, injection and withdrawal capacity has been allocated, regardless of whether the storage, injection and withdrawal capacity nominated by them has been partially or fully satisfied, in the months specified by him, refuses to sign or fails to sign the Storage contract as proposed to him within the indicated deadline, as well as upon failure to submit the required documents and evidence for contract conclusion within the deadline set to that effect, the amounts under the guarantee deposit shall not be refunded and shall remain in favour of Bulgartransgaz EAD. In case of submitted bank guarantee, Bulgartransgaz EAD has the right to use the amount under the guarantee.

6.9. In case available capacity remains after applying the above procedures, Bulgartransgaz EAD shall announce the available capacity on its website as integrated six-month capacity product and/or non-integrated monthly storage, injection or withdrawal capacity products depending on the amount and period of the remaining available capacity.

7. ALLOCATION OF INTEGRATED SIX-MONTH CAPACITY PRODUCT.

7.1. The procedure under items 6.1. – 6.8. shall also apply in allocation of the six-month integrated capacity products, by months, for the applicable period, in case available capacity is in place after allocation of the yearly integrated capacity products.

7.2. In case of remaining available capacity after applying the above procedures, Bulgartransgaz EAD shall announce such available capacity on its website as a monthly non-integrated storage, injection or withdrawal capacity product.

8. UNBUNDLED SERVICES. MONTHLY NON-INTEGRATED CAPACITY PRODUCT.

8.1. In case of remaining available capacity after applying the above procedures, Bulgartransgaz EAD shall announce in due time such available capacity on its website as a monthly non-integrated storage, injection or withdrawal capacity product.

8.2. The Operator shall allocate monthly storage, injection and withdrawal capacity according to the valid applications received in within the terms under item 5.3., comparing the available capacity for each month with the total nominated capacity, by capacity products, for the same month, by all users.

8.2.1. If the total nominated storage capacity for the month does not exceed the available one, the Operator shall allocate the capacity according to the submitted applications.

8.2.2. If the total nominated storage capacity for the month exceeds the available one, the Operator shall allocate the available monthly storage capacity on a pro-rata basis.

8.3. The Operator shall apply the above monthly storage capacity allocation procedures similarly to the monthly injection capacity and the monthly withdrawal capacity for each month.

8.4. Customers can indicate with the application minimum acceptable values (limits) of allocated monthly capacity for injection, storage and withdrawal, by months. In case a customer, as a result of pro-rata allocation, would receive allocated capacity below the selected limit, his application shall not be considered in the allocation procedure, and the paid guarantee deposit or bank guarantee shall be fully reimbursed.

8.5. If no limit is indicated under item 8.4. and application of pro-rata allocation, the customer may accept the fully allocated under items 8.2 - 8.3. storage, injection or withdrawal capacity, or accept the allocated capacities up to the amount of the smallest value (for injection, storage or withdrawal) by sending a confirmation by e-mail within the period specified by the Operator, but cannot reject them in full. The released capacities shall be announced as available for allocation in the next procedure.

8.6. If after completion of the allocation procedure of monthly capacity, there is remaining available firm injection/withdrawal capacity for the month following the month of allocation, the Operator shall announce in due time on his website the available withdrawal/injection capacity as Preliminary daily product (depending on technical capabilities of Chiren UGS). Preliminary daily capacity product shall be allocated on the *"First come, first served"* principle, according to the order of the applications received.

8.7. Until introduction of a system for electronic processing of the received applications, upon receipt of two or more applications on the same day, the available capacity shall be allocated pro-rata to the received applications at pre-specified limits of the allocated capacity.

8.8. Users may indicate with the application, minimum acceptable values (limits) of allocated Preliminary daily capacity. In case a user, as a result of pro-rata allocation, would receive allocated capacity below the selected limit, his application shall not be considered in the allocation procedure, and the paid guarantee deposit or bank guarantee shall be fully reimbursed.

8.9. If following completion of the allocation procedure of Preliminary daily product, there is remaining available capacity for withdrawal/injection, the Operator shall announce it in due time on his website as Day-ahead product, which shall be applied for and allocated according to items 3.3.1, 3.3.2 and 3.3.3 of these Rules.

8.10. Non-integrated products can be used as an additional option to allocated storage, injection or withdrawal capacity in the bundled service or as individual products to a purchased non-

integrated storage product. In both cases the injection nominations under the concluded Storage contracts shall be executed up to the amount of the smallest monthly value of the available part of the allocated storage capacity of the customer for all months of the storage period, and the withdrawal nominations shall be executed up to the amount of stored at the time of the withdrawal nomination, natural gas quantities in Chiren UGS of the respective customer.

8.11. The available storage, withdrawal and injection capacity shall be announced by days and updated daily for the current and the next month.

9. CAPACITY TRANSFER

9.1. Chiren UGS customers shall have the right to transfer their contracted capacity.

9.2. The transfer of storage, withdrawal and injection capacity is possible up to the maximum amount of capacity agreed between the customer and Chiren UGS Operator in his Storage contract. Storage capacity shall be transferred for specific gas months.

9.3. Each integrated product may be transferred in full, as a number of integrated product/s, by title transfer of the storage capacity for the remaining term of the product, with the corresponding part of the allocated injection capacity and the allocated withdrawal capacity, or partially by title transfer individually for storage capacity, injection capacity and withdrawal capacity as allocated to the customer within the integrated product.

9.4. Transfer of capacity can be implemented between Chiren UGS customers or between Chiren UGS customer and a third party meeting the requirements under item 4.2.

9.5. Transfer of capacity becomes effective as of the first gas day of the relevant gas month for which transfer is requested. To this purpose, the transferring and receiving party shall submit a joint application to the UGS Operator at least seven days prior to beginning of the respective gas month as of which the transfer becomes effective.

9.6. The Capacity transfer application is legally binding for the applicants and must include:

- a) name, Uniform ID Code, seat and registered office of the transferring and the receiving party and a certificate of current status of the parties;
- b) evidence by the receiving party stating that it meets the requirements under item 4.2;
- c) the capacity which is being transferred consistent with the volumes and deadlines for storage under the transferring party contract, including the injection and withdrawal schedule;
- d) signed by both applicants tripartite agreement under the Standard Form attached to the Storage contract of the transferring party (3 originals);
- e) Natural Gas Purchase and Sale Contract of the amount of natural gas for which the capacity is transferred (in case storage capacity of already injected natural gas is being transferred);

9.7. The Operator shall examine the application within seven days of its receipt. Upon a positive

opinion, a signed tripartite draft agreement shall be sent to the applicants, and the receiving party shall be sent a draft Storage contract. The Contract shall be signed by the receiving party and by the UGS Operator, and the tripartite agreement - by the applicants and the Operator, whereas both documents shall enter into force as of the date of their signing up by the Operator and shall become effective as of the first gas day of the relevant gas month, indicated in the application of the parties to the transfer, presuming the timely implementation of the obligations between them.

9.8. No capacity transfer shall be allowed when the transferring and/or the receiving party has outstanding liabilities for payment under its Storage contract and/or when the receiving party does not meet the requirements under item 4.2 hereof, as well as when the receiving party has not provided the necessary financial security under the natural gas storage contract.

10. VIRTUAL CAPACITY FOR INJECTION AND/OR WITHDRAWAL

10.1. Capacity for virtual injection/withdrawal shall be offered only on interruptible basis.

Upon nomination of short-term services with virtual injection, the quantity of stored natural gas should be nominated for withdrawal (actual) in the same withdrawal period.

10.2. The Operator shall announce on its website the available capacity for virtual withdrawal/injection on a monthly basis. Applications can be submitted by 2.00 pm on the last business day prior to the nominated period.

10.3. Application for virtual capacity shall be submitted with Incoming number at the Operator's Registry office. The potential customer should meet the requirements under item 4.2.

10.4. The available virtual capacity shall be allocated following the "First come, first served" principle. Upon receipt of two or more applications on the same day, the available virtual capacity shall be allocated pro-rata to the received nominations.

10.5. The Operator can perform virtual injection or withdrawal for own needs of the natural gas quantity own by him.

11. REALLOCATION OF CONTRACTED CAPACITY IN CASE OF LIMITATION OR DISRUPTION OF THE NATURAL GAS STORAGE SERVICE

11.1. Bulgartransgaz EAD has the right to limit up to the technologically allowable level of injection and withdrawal, interrupt withdrawal and injection or order maximum withdrawal, respectively to extend/decrease storage period in the following cases:

11.1.1. in the event of an immediate threat to human life and health, and while avoiding such circumstances,

11.1.2. in the event of force majeure,

11.1.3. in case of repair works to remove failures and/or defects on UGS facilities,

11.1.4. when introducing a temporary limitation on gas supply and/or introducing a limitation regime in line with Ordinance No 10 of 9th June, 2004 (SG 63/20.07.2004).

11.1.5. when there is need to ensure capacity for injection/withdrawal of the natural gas quantities stored in Chiren UGS in compliance with item 5.1 of the Emergency Action Plan.

11.2. Where it is impossible to supply the full capacity in the events provided for in item 11.1, the Operator shall limit the capacity for withdrawal/injection proportionally to the approved withdrawal/injection nominations for all customers with contracted capacity for the period of limitation.

11.3. Upon full restoration of the technical or technological capability of injection/withdrawal, the Operator shall ensure the contracted capacity under the approved injection/withdrawal schedule.

11.4. When there is available capacity for withdrawal/injection, the Operator can adjust the schedule for withdrawal and injection for the months, following the period of limitation, in order to ensure the nominated withdrawal/injection capacity in its full volume.

11.5. The Operator shall not be liable if not being able to ensure the contracted capacity due to lack of available capacity for injection and withdrawal in the months following the period of limitation and impossibility to adjust the schedule of withdrawal and injection.

12. RESIDUAL QUANTITIES MANAGEMENT

12.1. Each customer of the gas storage is obliged to maintain the stored natural gas quantities within the booked storage capacity.

12.2. In case the available gas owned by the customer in the storage exceeds the booked storage capacity, the natural gas quantities in the storage owned by the respective customer, exceeding the booked storage capacity (*residual quantities*) shall be automatically handed over for management to the Operator who offers them for sale on a natural gas trading platform.

12.3. The residual natural gas quantities shall be offered for sale as Day-ahead and/or Within-day products, depending on the decision of the Operator until they are completely exhausted. The products shall be offered at a decreasing price within the day, starting from the set average price of the balancing gas for the day preceding the day of sale.

The average price of balancing gas is determined as the arithmetic mean between the buy price of natural gas for balancing and the sale price of natural gas for balancing.

12.4. The value of the withdrawal capacity required to remove the residual quantities from Chiren UGS, the value of the fees due for access and transport to the entry point of the gas transmission system GMS Chiren and all costs, (including all fees charged by the trading platform) related to the sale, shall be deducted from the received funds before being refunded to the customer within 5 business days from their receipt in the Operator's account.

12.5. Bulgartransgaz EAD shall handle the residual natural gas quantities of the customer depending on the technical capabilities of the storage and the gas transmission system.

12.6. The above procedure shall also apply in the cases of residual quantities of stored natural gas, which were not withdrawn by the customer at the end of the gas storage year in Chiren UGS.

13. TERMS AND CONDITIONS FOR EXCHANGE OF INFORMATION

13.1. Bulgartransgaz EAD shall announce on its website the following information:

13.1.1. available capacity;

13.1.2 booked (contracted) capacity;

13.1.3 scheduled maintenance programme for the respective year;

13.1.4. the services provided, together with the technical information needed by the gas storage users to gain effective access;

13.1.5. gas quantity in the gas storage;

13.1.6. the entry and exit flows;

13.2. Each customer should provide conditions for communication with the Operator of the gas storage by website or e-mail, as well as ensure conditions for 24 hours operating contact with the gas storage Operator.

13.3. Requests for clarifications and questions on applying these Rules shall be submitted in writing to Fax № 02-9250063 or in person at the Registry office of Bulgartransgaz EAD, by registered mail or courier to the address indicated in item 4.4 to the attention of the Executive Director.

14. GENERAL PROVISIONS

14.1. These Rules may be amended and supplemented by a decision of Bulgartransgaz EAD Management Board, after conducting appropriate public consultations, consistent with the grounds, objectives and scope of the proposed amendments.

14.3. Any amendment and supplement to these Rules shall be published in a timely manner on Bulgartransgaz EAD website.

14.4. These Rules have been approved by Decision under Protocol № 503/19.01.2021 of a meeting of Bulgartransgaz EAD Management Board enter into force from the moment of their approval and will be applied in the capacity allocation procedures in Chiren UGS, as of the capacity allocation procedures for gas year 2021-2022.

14.5. The Rules for use of Chiren UGS, approved by Decision №120 of 28.03.2012 of the Board of Directors of Bulgartransgaz EAD, amended and supplemented by Decision under Protocol №40/29.04.2014 of a meeting of Bulgartransgaz EAD Management Board, amended and supplemented by Decision under Protocol №126/04.04.2016 of a meeting of Bulgartransgaz EAD Management Board are repealed as of April 1, 2021 and do not apply to the capacity allocation procedures for gas year 2021-2022.