



INVITATION TO APPLY FOR FLEXIBLE STORAGE CAPACITY FOR STORAGE PERIOD 2022 – 2027



INVITATION TO APPLY FOR FLEXIBLE STORAGE CAPACITY

UNDER THE RULES OF OPERATION SETTING OUT THE COMMERCIAL TERMS AND CONDITIONS FOR ACCESS TO AND USE OF A GAS STORAGE FACILITY OF NAFTA a.s.

I. OFFER

NAFTA, as an operator of the Storage System (hereinafter the "Storage System Operator"), invites for application for access to and use of the Firm Flexible Storage Capacity.

Firm Flexible Storage Capacity service enables the Customer to inject and withdraw natural gas to/from the Storage Facility all year round with 2-hours round the clock re-nomination lead time.

The Storage Capacity will be tendered among all interested gas market participants (hereinafter "Applicants").

The Storage System Operator will conclude with successful Applicants **the Gas Storage Agreement** under which the Firm Flexible Storage Capacity (please see Part II. of this Invitation) shall be allocated.

Please see **the following related documents** where the terms and conditions pertaining to this storage service are stipulated.

- a. **Draft Gas Storage Agreement** shall be concluded between the SSO and the successful Applicants;
- b. **Rules of Operation** set out the commercial terms and business conditions for access to and use of the gas storage facility of NAFTA (hereinafter the "Rules of Operation"); and
- c. **Technical Conditions** deal with access and connection to the storage facility of NAFTA (hereinafter the "Technical Conditions").

II. FIRM FLEXIBLE STORAGE CAPACITY

Storage services are provided for the period from 1 April 2022 until 31 March 2027 (consisting of 5 storage seasons).

Firm Flexible Storage Capacity is offered in the amount of up to 7,000,000 MWh in 7 Standard Bundled Units for the Storage Season 2022-23; and up to 10,000,000 MWh in 10 Standard Bundled Units for the Storage Seasons 2023-27.

The Participant should state his requested number of SBUs for the given Storage Season, while it is required to bid for at least three (3) consecutive Storage Seasons.

A. STANDARD BUNDLED UNIT (SBU)

PARAMETERS OF 1 BASIC SBU

| | |
|-------------------------|---------------|
| Working Gas Volume | 1,000,000 MWh |
| Maximum Injection Rate | 9,000 MWh/day |
| Maximum Withdrawal Rate | 9,000 MWh/day |

The Injection and Withdrawal Rates will be available throughout the whole period on the declining curves.

The Injection Rates will be provided as follows:

Between 0% and 50% fullness of storage account: flat injection rate 9 000 MWh/day

Between 50% and 100% fullness of storage account: linearly declining curve where at 50% injection rate is 9 000 MWh/day and at 0% fullness of storage account injection rate is 4 500 MWh/day (and linearly declining between these two points).

The Withdrawal Rates will be provided as follows:

Between 100% and 50% fullness of storage account: flat withdrawal rate 9 000 MWh/day

Between 50% and 0% fullness of storage account: linearly declining curve where at 50% withdrawal rate is 9 000 MWh/day and at 0% fullness of storage account withdrawal rate is 4 500 MWh/day (and linearly declining between these two points).

Churn rate limitations:

Max 125% of WGV can be injected and max 125% of WGV can be withdrawn in any storage season.

Max 230% of WGV can be injected and max 230% of WGV can be withdrawn during any 24 consecutive months.

The Customer may use our paid services (such as Day-Ahead Rates) to boost storage utilization.

B. STORAGE PRICE

Storage price is calculated according to the following formula: $0.625 \times \text{Spread} + X$, where:

Spread (EUR/MWh) is calculated as a difference between the arithmetic average of Bid and Offer quotes for Winter and Q3 forward contracts pertaining to the respective Storage Season, published in the ICIS European Spot Gas Markets report, table "TTF Price Assessment", published after business hours on the day when the Spread Locking Mechanism as defined below has been applied. If difference according to previous sentence is negative, then Spread shall be rendered as zero for a given day.

X = fixed component (your bid)

Call Period – Working Days between 1 January 202X and 30 June 202X where 202X is the year when respective Storage Season starts.

Spread Locking Mechanism – Working Volume calculated as Maximum Working Volume divided by number of Working Days in Call Period shall be locked each Working Day during Call Period.

The **variable fees** for injection and withdrawal are included in the storage price.

C. DELIVERY POINT

| | INJECTION OF NATURAL GAS INTO STORAGE FACILITY | WITHDRAWALS OF NATURAL GAS FROM STORAGE FACILITY |
|-----------------------|---|---|
| Delivery Point | the Interconnection Point with VTP Slovakia | the Interconnection Point with VTP Slovakia |

The Customer is entitled to use for injection and withdrawal of natural gas to/from the Storage Facility the Interconnection Point – VTP Slovakia. This shall mean the interconnection with the Virtual Trading Point as defined in the Operational Order of eustream, a.s. as a transmission system operator (“TSO”).

The SSO is obliged to offtake/deliver the natural gas at Interconnection Point – VTP Slovakia and carry out the nomination processes with the TSO related to connection to the Storage Facility and shall bear all charges imposed by the TSO regarding this process. The natural gas injected to the Storage Facility through the Interconnection Point – VTP Slovakia shall be withdrawn only through the Interconnection Point – VTP Slovakia.

Usage of non-contracted Delivery Point during the Storage Term is possible but subject to daily availability and a fee is levied pursuant to our Price List.

III. TENDER INFORMATION

A. GENERAL

- The details of the tender will be published on NAFTA’s website.
- The Application Period will be published within working hours (9am-5pm) of any working day in Slovakia after the publication of this Invitation.
- The Application Period will last at least three (3) hours during which Applicants may submit their bid(s) using the Application Form.
- The Application Period ends on Wednesday, December 22, 2021 at 12:00 CET.
- An Applicant may submit maximum two binding, irrevocable and duly signed Application Forms by e-mail.
- All Applicants will be informed by e-mail about the result of their Application by Thursday, December 23, 2021 at 16:00 CET.

B. REGISTRATION

All applicants are asked to register for this Tender by sending an email to storage@nafta.sk.

NAFTA sales team will confirm the acceptance of registration.

C. APPLICATION

In the Application Form delivered within the Application Period, the Applicant shall specify the following in addition to the information required by the Rules of Operation:

- The number of the Standard Bundled Units requested by the Applicant for each respective Storage Season;
- The Applicant’s bid for the formula component X stated in EUR/MWh rounded to two (2) decimal points.

D. AFTER THE APPLICATION PERIOD

I. THE EVALUATION OF APPLICATIONS

The Storage System Operator shall prioritize the Applications in accordance with the Rules of Operation with regard to the proposed price. If there is no difference between two or more Applications, the pro-rata mechanism shall apply. All other essentials contained in the Applications shall remain unchanged and valid.

The Applicants shall be informed on **the outcome of their Application(s) by Thursday, December 23, 2021 at 16:00 CET** in accordance with the non-discriminatory internal rules, which are set out by the Storage System Operator for all Applicants before the Application Period (hereinafter the “Internal Rules”).

II. THE SUCCESSFUL APPLICANT(S)

Pursuant to Article 5.1.10 of the Rules of Operation, the Applicant to whom the Storage System Operator has allocated Firm Flexible Storage Capacity shall enter into the Gas Storage Agreement with the Storage System Operator at the latest within 10 days of the day of receipt of the notification of Firm Flexible Storage Capacity allocation to the Applicant.

IV. TEMPORARY AND CLOSING PROVISIONS

A. THE STORAGE SYSTEM OPERATOR'S RESERVED RIGHTS

- a) The Storage System Operator reserves the right to alter the overall allocated volume or to not allocate any volume at all based on total volume requested by Applicants and parameters of their individual bids.
- b) The Storage System Operator has the right to reject an Application in particular in the event that it fails to satisfy all the requirements set out in the Rules of Operation, this Invitation, and other applicable legal regulations or the unit price proposed in the Application for the offered storage capacity are lower than the minimum price set out in the Internal Rules.
- c) The Storage System Operator has the right to request additional information or documentation from the Applicant and to check whether the information about the Applicant is accurate, using third-party sources in the public domain.
- d) The Storage System Operator shall have the right to cancel or amend the terms and conditions of this Invitation or to announce a new invitation at any time.

B. THE WORDS AND EXPRESSIONS

Words and expressions not otherwise defined herein shall bear the meaning defined in the Rules of Operation and in the Technical conditions.

C. THE LANGUAGE

This Invitation is published in English version.

V. THE CONTACT DETAILS:

NAFTA a.s.

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VI. ANNEXES

Annex No. 1 – Gas Storage Agreement