



INVITATION TO APPLY FOR OPTION ON INVERSE 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, an operator of the Storage System Facility (hereinafter the "Storage System Operator") invites the market participants for application for a **Call Option on Inverse Storage Capacity**. The Option may be tendered in one or several tranches.

Call Option on Inverse Storage Capacity is understood to be the Customer's opportunity, throughout the term of the option, to exercise during the Option Period his right in respect of the SSO to enter into a Gas Storage Agreement – the Inverse Storage for provision of the Inverse Storage Capacity.

Inverse Storage Capacity is a Storage Capacity service provided to the Customer with a full Storage Account at the beginning of the first Gas Day of the storage period, where the Customer is obligated to end the last Gas Day again with a full Storage Account. The title to gas passes onto the Customer at the beginning of the first Gas Day.

The Storage System Operator will conclude with successful Applicants **the Contract on Future Gas Storage Agreement - the Inverse Storage** under which a call option on the Inverse Storage Capacity (please see Part III. of this Invitation) shall be allocated.

Please **see the following related documents** where the terms and conditions pertaining to this option product are stipulated:

- a) **the draft Contract on Future Gas Storage Agreement – the Inverse Storage** (template in Annex No.1 here-to) – this document represents the governing option agreement and shall be concluded between the SSO and the successful Applicants;
- b) **the Gas Storage Agreement – the Inverse Storage** shall be attached to the option agreement, represents the underlying storage agreement and becomes effective only upon Customer's execution of the option;
- c) **the Purchase Agreement** shall be attached to the Gas Storage Agreement – the Inverse Storage, this agreement governs the back-purchase of natural gas at the end of the storage service;
- d) **the Form of Bank Guarantee** (applicable only if requested by the SSO);
- e) **the Rules of Operation** setting out the commercial terms and business conditions for access to and use of a gas storage facility of NAFTA a.s. (hereinafter the "Rules of Operation"); and
- f) **the Technical Conditions** for access and connection to the storage facility of NAFTA a.s. (hereinafter the "Technical Conditions").

II. OPTION'S MATURITY AND PREMIUM

The Storage System Operator intends to tender the Option on Inverse Storage Capacity with the call period from the next day after the day of allocation **until 14 December 2018** (14.00hrs CET). After the call period the unexercised part of the Option on Inverse Storage Capacity becomes void.

The Customer will pay for this option **the Premium** equaling to his bid submitted in the Application Form.

III. UNDERLYING SERVICE: INVERSE STORAGE CAPACITY

Should the Customer exercise the option, then the underlying Inverse Storage Capacity shall be allocated. This will consist of the following:

- a) Allocation of the agreed **Firm Flexible Storage Capacity**; and
- b) **The title transfer of natural gas to the Customer by the SSO** (from the SSO's perspective this shall be performed as a sale at the beginning of the provision of the storage service for the nominal fee of five thousand EUR); and
- c) **The title transfer of natural gas to the SSO from the Customer** (from the SSO's perspective this shall be performed as a back purchase after the end of the provision of the storage service for the same nominal fee of five thousand EUR).

As the underlying service, the Storage System Operator intends to offer a Firm Flexible Storage Capacity with already pre-injected natural gas (**Inverse Storage**) with the following basic characteristics:

Working Gas Volume	1,080,000 MWh
Storage period	17 December 2018 – 31 August 2019
Storage Price	2.20 EUR/MWh

The Storage System Operator provides to the Customer the natural gas of origin upon the Customer's choice. After the end of storage service provision the Customer shall return the natural gas of the same origin, or pay the cross border charges pursuant to the Gas Ordinance issued by E-Control.

After the Storage Period the natural gas will be back-purchased by SSO from the Customer. The Storage System Operator is entitled to postpone the back-purchase for operational reasons for up to additional six months after the end of the storage period. During this period the Customer shall keep the storage account full at all times and there will be no additional fee (unless otherwise agreed on ad-hoc basis).

The Storage System Operator is entitled to request from the Applicant **the bank guarantee or the parent company guarantee or other adequate form of guarantee** based on SSO's own risk assessment. The withdrawal of natural gas may not begin earlier than on the day following the day when the original of the agreed guarantee according to previous sentence has been delivered to the Storage System Operator (*for more information please contact us during the registration according to par. IV. Letter B of this Invitation*).

A. BASIC STANDARD BUNDLED UNIT (SBU)

The parameters of one (1) SBU are determined in the way that the basic Firm Flexible Storage Capacity includes 90-days effective Injectability and Deliverability.

	One Basic SBU
Working Gas Volume	108,000 MWh
Injection Rate Firm & Flat	50 MW
Withdrawal Rate Firm & Flat	50 MW

The Injection and Withdrawal Rate will be available throughout whole storage period at the initial flat level (no curve applies). There is no variable fee for injections and withdrawals, multi-cycling is unlimited. The Customer may use our paid services (such as Within-Day or Day-Ahead Rates) to boost storage optimization.

B. DELIVERY POINTS

The Applicants shall apply for one Delivery Point for injection and one Delivery Point for withdrawal. These points must be selected at the time of the Application. Usage of other Delivery Point or permanent change of Delivery Point(s) at later stage is encouraged but subjects to availability and the fee is levied pursuant to our Price List (see website).

The Storage System Operator provides within the scope of the Gas Storage Agreement – the Inverse Storage access to following Delivery Points:

- **The Interconnection Point with Transmission System** enabling injection and withdrawal from and to the transit network of eustream (this Delivery Point is at our flange with eustream, please note that entry/exit fees for “Domestic Point” as applied by eustream are not included in the storage price).
- **The Interconnection Point with Distribution System** enabling withdrawals to the low pressure Slovak National Grid of *SPP-distribúcia*.
- **Interconnection Point with the VTP Austria** (access to VTP Austria fully included in the storage price).

IV. TENDER INFORMATION

A. GENERAL

- The size of each tranche and 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 using the Application Form;
- An Applicant may submit maximum one (1) binding, irrevocable and duly signed Application Form by e-mail;
- All Applicants will be informed by e-mail about the result of their particular Application within thirty (30) minutes after the closing of the Application Period.

B. REGISTRATION

Applicants may register for this Invitation by sending all requested documents according to the Article 5.1.4 of the Rules of Operation and details about the contact person. The Storage System Operator will confirm the acceptance of registration by email.

The Storage System Operator will notify all registered Applicants immediately after each tranche and the Application Period has been published.

Applicants registered for any of the Invitations published by the Storage System Operator or Customers of the Storage System Operator within the last two calendar years (2016 and 2017) may register for this Invitation by a simple emailed request without necessity to provide requested documents.

Should there be changes in any previously delivered registration documents, such Applicant shall submit the valid documentation to the Storage System Operator.

We **invite** all interested parties to ask about bank guarantee/parent company guarantee requirements with the Storage System Operator.

Non-registered Applicants are also welcome to submit the Application during the Application Period together with the requested documents according to the Article 5.1.4 of the Rules of Operation.

C. APPLICATION PERIOD

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 complying with minimum booking requirement of one (1) SBU;
- The Option Premium stated in EUR/MWh rounded to two (2) decimal points;
- One Delivery Point for injections and one Delivery Point for withdrawals.

The Applicant shall comply with the terms and conditions of the provision of the Inverse Storage Capacity set out in *the Rules of Operation, the Technical Conditions, the Contract on Future Gas Storage Agreement - the Inverse Storage (Annex No. 1)* and other generally applicable legal regulations.

The successful Applicants with whom the Storage System Operator concludes *the Contract on Future Gas Storage Agreement - the Inverse Storage* are entitled to enhance their Storage Product by utilizing additional Storage Services in accordance with *the Rules of Operations, Technical Conditions* and the *Price List* published on the Storage System Operator's website.

The fulfilled and duly signed Application shall be sent by e-mail into: **storage@nafta.sk**.

D. AFTER THE APPLICATION PERIOD

I. The Evaluation of Applications

The Storage System Operator will evaluate all Applications as soon as possible after the closure of the Application Period.

The Storage System Operator shall prioritise the Applications in accordance with the following provisions.

1. The Storage System Operator will evaluate the Applications in the order provided under Article 1.1.2 of the Rules of Operation as follows:
 - system balancing, ensuring security of gas supply and gas supplies to protected customers;
 - others.
2. Following the prioritisation, the Applications will be listed in the order of the level of the proposed Premium.
3. The Storage System Operator shall set all bids to comparable levels taking into account the cost accrued for the Storage System Operator regarding the requested Delivery Points.
4. If the above provisions do not differentiate 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) within 30 minutes after the closing of the Application Period in accordance with the Rules of Operation, this Invitation and non-discriminatory internal rules setting the minimum price for Option Premium, which are set out by the Storage System Operator for all Applicants before the Application Period (hereinafter the "Internal Rules"). The successful Applicant will be also informed if the bank guarantee or parent company guarantee is requested by the Storage System Operator.

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 Inverse Storage Facility shall enter into the Gas Storage Agreement - the Inverse Storage with the Storage System Operator latest within 10 days of the day of receipt of the notification of Inverse Storage Facility allocation to the Applicant. Nonetheless, the provision of the services has started even prior to finalization of the formal procedures on condition that the Bank or Parent Company Guarantee were submitted.

V. TEMPORARY AND CLOSING PROVISIONS

A. THE STORAGE SYSTEM OPERATOR'S RESERVED RIGHTS

- a) The Storage System Operator has the right to reduce the requested number of the SBUs for the Applicant in a non-discriminatory manner in the case that the Storage System Operator is not, after the evaluation of all Applications, able to allocate the requested number of the SBUs due to the fact that such requested number of SBUs would exceed the remaining part of the available Inverse Storage Capacity.
- 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 proposed Option Premium in the Application for the offered Option on Inverse Storage Capacity is lower than the minimum Option Premium 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.

VI. THE CONTACT DETAILS:

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VII. ANNEXES

Annex No. 1 – Contract on Future Gas Storage Agreement – the Inverse Storage (including the Purchase Agreement)

Annex No. 2 – Template of the Bank guarantee

