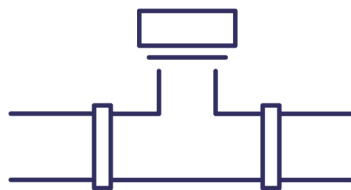




NATURAL GAS TRANSMISSION CONTRACT

APPENDIX A: SCALE OF CHARGES



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2 SUBJECT

The purpose of this Appendix is to present the terms that apply, the tariffs and price schedules for use of the TEREGA transport grid in accordance with the regulatory provisions in effect.

3 PRICE SCHEDULE

3.1 Constitution of basic price

Basic prices are established in accordance with the last CRE deliberation resulting in decisions on changes to prices for using natural gas transport grids (ATRT):

Pricing grid available below:

<https://www.portail.terega.fr/star-app/edito/les-mecanismes-de-commercialisation-contrat-et-tarifs-de-terega>

3.1.1 STORAGE PRICE TERM

In accordance with the CRE deliberation of 22 February 2018 resulting in draft decisions to introduce a storage price term in the tariff for using GRTgaz and TEREGA transport grids:

Any shipper who is allocated firm delivery capacity for at least one Transport Distribution Interface Point (PITD) will have a storage price term applied to its portfolio on the 1st day of each month according to the winter modulation of its customers connected to the public gas distribution system. This modulation is calculated based on the data transmitted by the public gas distribution system operators. This term aims to recover part of the revenue of the natural gas underground storage operators.

The calculation basis for receipt of the compensation to be received from each shipper is defined as the sum of the calculation bases of each of its customers connected to the gas distribution system.

On the 1st day of each month, for each customer, the winter modulation level is determined thus:

$$\text{Customer modulation (MWh/j)} = (0; -/365-)$$

Where:

- the Annual Reference Consumption (ARC) is the estimate of the annual consumption of a Metering and Estimation Point (PCE) in a climatically average year

- the Normalised Daily Capacity (CJN) is defined according to the type of customer:

“Non-subscription” customer: $CJN =$.

Where:

o A is a coefficient expressing the ratio between so-called “normalised” capacities, calculated by TSOs for “non-subscription” Delivery Points supplied downstream of a given PITD, for each DNO in each balancing zone and, within the same scopes, the peak daily consumption of these Delivery Points calculated by the DNO profiling algorithm;

o coefficient Z_i : conversion coefficient taking into account the weather station and the customer consumption profile. The method of allocation of the profiles is available on the GTG9 site.

Subscription customer: the CJN is equal to its subscribed daily transmission capacity (CJA) on the 1st day of the month.

- Int: the capacities that would be contracted as interruptible by a customer, subject to the setting up of an interruptibility mechanism.

As an exception, the customer Modulation is fixed at 0 MWh/d for customers:

- declared dischargeable: customers who have declared themselves after the survey conducted by the system operators and thus undertaking to reduce their consumption to the level indicated during this survey. These customers should be able, in exceptional situations, to reduce their gas consumption to a maximum of 10% of their average daily consumption during the winter without any risk for the environment or for their tools

- counter-modulated: customers with a P013 profile (Winter Share lower than or equal to 39%) or P014 (Winter Share between 39% and 50%). The profiles are allocated by the DNO according to the methodology published on the GTG10 site.

The public gas distribution system operators (DNO) transmit to the TSO the data necessary for calculating the winter modulation level, as defined above.

In some cases, especially for certain DNO that do not have any information about the consumption profile of their historical customer base, some data (ARC, profiles) may not be available. The TSO may substitute the ARC for an equivalent function for estimation of the overall ARC of the PITD.

Finally, in the event that a DNO does not transmit the data required for calculation of the base for the customers within its scope in a timely manner, the TSO will apply, for the customers in question, a method based on the subscribed capacity. This calculation will be corrected afterwards, once the DNO has sent the data.

3.2 Price of imbalance payments

3.2.1 PURCHASE, SALE, AVERAGE PRICE, MARGINAL PRICE, REBATE, SURCHARGE

In accordance with the regulatory provisions in force (European Network Code of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks and the latest CRE deliberations resulting in approval of changes to the rules of balancing on networks, the Quantity of Energy purchased/sold, on a given Day, defined in the Operating Conditions (Appendix 3A) is:

- a) When TERÉGA did not intervene in the market for delivery on day D:
 - i. purchased by the Transport Network Operator from the Shipper, at the Average Price of the gas from which a 2.5% rebate is deducted
 - ii. sold by the Transport Network Operator to the Shipper at the Average Price of the gas to which a 2.5% surcharge is added.

For each day D, the Average Price of the gas is the weighted average prices of the Within-Day transactions of all operators in the Powernext Gas Spot PEG for delivery on day D, as calculated by Powernext.

If Day D falls on a Weekend and there are no Within-Day transactions for delivery on Day D to the PEG, the Average Price is equal to the weighted average of the transactions carried out in the PEG by all operators on Powernext for the Weekend expiration comprising Day D, as calculated by Powernext.

If Day D is a Bank holiday according to the Powernext calendar and there are no Within-Day transactions for delivery on Day D to the PEG, the Average Price is equal to the weighted average of the "Bank Holiday" product transactions carried out in the PEG for the Day D expiration.

- b) When TERÉGA and/or GRTgaz did not intervene in the market for delivery on day D:
 - i. purchased by the Transport Network Operator from the Shipper at the Marginal Sale Price
 - ii. sold by the Transport Network Operator to the Shipper at the Marginal Purchase Price

The Marginal Sale Price is the lower of the two prices below:

- o the lowest price of all TERÉGA and/or GRTgaz sales of gas on the Powernext exchange in balancing for the gas day in question
- Or
- o the Average Price of the gas for the gas day in question, from which a rebate of 2.5% is deducted.

The Marginal Purchase Price is the higher of the two prices below:

- the highest price of all TERÉGA and/or GRTgaz sales of gas in balancing for the gas day in question

OR

- the Average Price of the gas for the gas day in question, to which a surcharge of 2.5% is added.

The Transport Network Operator undertakes to take into account the Quantities of Energy purchased/sold according to the methods set out in the Operating Conditions (Appendix 3A).

3.2.2 NEUTRAL REFERENCE PRICE (PNR)

The NRP applies to Shippers who have subscribed to the Transmission Balancing Service (SET). Therefore, for each day eligible for the service, i.e. every day on which the overall imbalance of the network does not require the intervention of the TSO on the market, the shipper benefits from the stock in pipelines service, which balances its portfolio. It is therefore not exposed to the imbalance price.

The monthly sum of the imbalances for the days when the service is applied is settled at the PNR. This PNR corresponds, for each shipper, to the weighted average of the average prices for each day eligible for the SET by the imbalance volumes compensated by the service.

3.3 Fines for exceeding capacities

3.3.1 CAPACITY EXCEEDED ALERT SERVICE

Teréga offers its customers (transmission and connection) a capacity exceeded alert service. This mechanism, which allows end consumer customers to receive a timely alert of exceeding their subscribed capacities, involves informing them of the level of subscription associated with their consumption point. Unless opposed by return email (backoffice-atr@terega.fr) or by letter, communication of this information is considered to be acquired for all delivery points.

3.3.2 EXCEEDING OF DAILY CAPACITY AT AN EXIT POINT AND AT A DELIVERY POINT

Each day, if daily capacity at the exit from the main network, for transmission over the regional network or for delivery is exceeded, a fine will be incurred.

However, if the capacity is exceeded by less than or equal to 3% of the subscribed daily capacity, then no fine will be incurred.

Beyond 3%, the fines are calculated based on the daily subscription to daily firm capacity, as follows:

- for the part between 3% and 10%, the fine is 20 times the price of the daily subscription to daily firm capacity;
- for the part above 10%, the fine is 40 times the price of the daily subscription to daily firm capacity;

3.3.3 METHOD FOR CALCULATING OVERRUNS OF DAILY CAPACITY

a) Exceeding daily capacity for regional transmission and delivery for end consumers connected to the transmission network:

For any given day, the amount by which the daily capacity has been exceeded is the positive difference between the quantity of gas delivered and the subscribed daily delivery capacity.

b) Exceeding daily capacity for regional transmission and delivery for Transport Distribution Interface Points:

For any given day, the amount by which the daily capacity has been exceeded is the positive difference between the following two values:

- the difference between the daily quantity of gas delivered and the corresponding delivery capacity, if positive, otherwise zero;
- the difference between the daily quantities delivered to the "non-subscription" delivery points and the sum of normalised capacities for "non-subscription" delivery points, if this difference is positive, otherwise zero.

c) Exceeding the daily exit capacity from the main network:

Daily capacity subscriptions on the regional network automatically generate equivalent subscriptions at the exit point (PS) of the main network (reference to Article 4.3 Appendix B1 or in future text reference).

The daily quantities allocated to the PS in M+q for M represent the sum of the daily quantities allocated to the "subscription" Delivery Points PL or PIC and to the PITD (a PITD comprises the "subscription" Delivery Points PDL and/or "non-subscription" PDL).

either Q1: difference between the daily quantity allocated and the daily exit capacity from the corresponding main network

or Q2: the difference between the daily quantities allocated to the "non-subscription" delivery points exit zone and the sum of normalised daily capacities for "non-subscription" delivery points from the exit zone

if Q1 is positive, if not zero

and if Q2 is positive, if not zero

Therefore, for each shipper and for a given day of a month M, the exceeded quantity used to calculate the penalty billable in M+2 is equal to the difference Q1-Q2 if positive, otherwise zero.

If the Operator interrupts supply affecting the part of interruptible capacity subscribed to for the "subscription" Delivery Points, the above calculations are made having reduced the interruptible capacity by the interrupted portion requested by the Operator.

3.3.4 EXCEEDING OF HOURLY CAPACITY AT THE DELIVERY POINT

Every day, if the hourly capacities for transmission over the regional network and for delivery (for the supply of consumers) are exceeded, a fine will be incurred.

For any given day, the amount by which the hourly transmission capacity on the regional grid has been exceeded is the positive difference between:

- the Hourly Quantity Allocated at the PIC at the 4 hour peak (maximum value of four consecutive hourly averages of the quantities delivered to the delivery point)
 - and the hourly capacity subscribed at the delivery point in question.
-
- a) If the Hourly Capacity Overrun attached to the Delivery Point (DCHPL) is less than or equal to ten per cent (10%) of the subscribed hourly capacity at the delivery point, no penalty is due.
 - b) If the Hourly Capacity Overrun attached to the Delivery Point (DCHPL) is above 10%, the fines are calculated based on the daily subscription to hourly capacity, as follows:
 - for the part between 10% and 20%, the fine is 45 times the price of the daily subscription to hourly capacity;
 - for the part above 20 %, the fine is 90 times the price of the daily subscription to hourly capacity;

The hourly capacity recorded at the Delivery Point is equal to the sum of the Hourly Delivery Capacities subscribed on an annual and monthly basis at the same Delivery Point.

3.4 Annual redistribution of fines for exceeding capacities

TERÉGA undertake to reverse no later than June of year "N+1" the amounts received as penalties billed for exceeding capacities in year "N".

The distribution is carried out between the Shippers in proportion to the quantities of gas delivered to the end consumers connected to the TERÉGA transport grid.

3.5 Redistribution under financial neutrality of balancing

The Result of the Balancing for a month M is equal to the difference between, on the one hand:

- the amount of TERÉGA's natural gas sales made on the Gas Exchange delivered between the 1st day of month M and the last day of month M
- the amount of TERÉGA's natural gas sales made to shippers under transport contracts for the Days between the 1st day of month M and the last day of month M
- the sale, by TERÉGA, of the difference between the quantities that it has purchased and the quantities that it has sold during month M, on the Gas Exchange and under transport contracts, if this difference is positive.

And

- the amount of TERÉGA's natural gas purchases made on the Gas Exchange delivered between the 1st day of month M and the last day of month M
- the amount of TERÉGA's natural gas purchases made from shippers under transport contracts for the Days between the 1st day of month M and the last day of month M
- the purchase, by TERÉGA, of the difference between the quantities that it has sold and the quantities that it has purchased during month M, on the Gas Exchange and under transport contracts, if this difference is positive.

The Result of the Balancing for month M is distributed among the shippers who have a transport contract with TERÉGA in effect during month M in proportion to the Daily Quantities Allocated at the Delivery Points for the Days between the 1st day of month M and the last day of month M.

If the sum of the Results of the Balancing for the calendar month is more than zero (0), TERÉGA pays the shipper its share of the monthly sum. Otherwise, if the sum of the Results of the Balancing for the calendar month is less than zero (0), the Shipper pays TERÉGA its share of the monthly sum.

3.6 Redistribution of surpluses of income from auctions

In accordance with the CRE deliberations in force TERÉGA redistributes

The redistributions are made via a credit note separate from the monthly invoice.

From 1 November 2018, all surpluses from auctions received during this period will be redistributed in a lump sum, in proportion to the quantities of gas delivered to end consumers connected to the transport grid and the distribution network in the scope of the TRF.

The individual redistribution amounts for the period from 1 November 2018 to 30 September 2019 will be calculated by each GRT and redistributed at the latest on the November 2019 invoice.

Teréga publishes on its website the unit value of the surplus income from auctions distributed in this way.

3.7 Price of Access Service to PEG OTC Market

There is a notional Title Transfer Point (PEG) within the balancing scope of the PEG zone, giving shippers the option of exchanging quantities of gas.

The Price of Access Service to PEG OTC Market comprises a fixed annual amount of six thousand (6,000) euros and an amount in proportion to the quantities exchanged, equal to €0.01/MWh to be paid by each counterparty.

3.8 Use It and Buy It (UBI)

In the Pirineos VIP (PITTE and PITTL), the quantities allocated under the UBI are marketed in interruptible form, each day, by TERÉGA, at a price equal to 1/240th of the firm annual subscription price.

The conditions of marketing and allocation of the UBI are defined in Appendix 1A.

3.9 Transport Balancing Service (SET)

Access to SET by product:

- All shippers having capacities at the PICs and PITDS may subscribed to the SET for a month M directly in TETRA before the 20th of M-1
- The SET is a monthly product tacitly renewed each month. It can be cancelled before the 20th of M-1 for M
- The TETRA screen will state on D+1 if the day D is eligible or not for the PNR.

Subscription price:

The basic subscription price (PSB) to the SET service is:

- 0.12 euros/MWh/D/month) for capacities at the non-profiled PICs and PITDs;
- 0.06 euros/MWh/D/month) for capacities at the profiled PITDs.