

Year ___ / ___ Storage Cycle ___
capacity product Auction Regulation

Auction identification number — Conexus Baltic Grid __

1. Purpose of the Auction, general information

- 1.1. The purpose of the Auction is to ensure a clear, transparent and non-discriminatory allocation of Inčukalns underground gas storage capacity (hereinafter - storage) to users of the natural gas storage system (hereinafter - system user) when carrying out storage capacity booking.
- 1.2. Joint Stock Company “Conexus Baltic Grid” (hereinafter - AS “Conexus Baltic Grid”), unified registration number: 40203041605, address: Stigu Street 14, Riga, LV – 1021, taking into account the Decision No 1/14 of the Public Utilities Commission of 1 October 2020 “Regulations Regarding the Use of the Inčukalns Underground Gas Storage Facility“, "(hereinafter - “Storage Regulation”), as defined in Annex 2, points ___ and ___, the system user _ _ _ _ capacity product for the year_ /___ storage cycle shall be allocated by applying the auction procedure (“Auction”).
- 1.3. The Auction item is a specific storage capacity usage right in the year ___/___ storage cycle within _ _ _ _ _ capacity product, using which the system user can store natural gas at the amount of storage capacity allocated as a result of the Auction, place natural gas in storage and remove natural gas from storage (hereinafter – Capacity product).
- 1.4. Type of Auction method: “pay- as-clear”.
- 1.5. Within the framework of this Auction the maximum amount of storage capacity available for Capacity product is _ _ MWh.
- 1.6. Any user of the natural gas transmission system and system user (who has signed transmission system services agreement and balancing agreement with one of the natural gas transmission system operators of Common Estonia and Latvia balancing zone and the natural gas storage service agreement with AS “Conexus Baltic Grid”) may participate in the auction (hereinafter - Applicant).
- 1.7. AS “Conexus Baltic Grid” shall, at the request of the Applicant, provide an explanation of the requirements contained in this Regulation. The Applicant shall submit the request for clarification electronically to the contact persons of AS “Conexus Baltic Grid” specified in Sub-paragraph 2.24 of this Regulation not later than three working days prior to the date of the Auction referred to in Sub-paragraph 2.1 of this Regulation. AS “Conexus Baltic Grid” shall reply to the request for clarification electronically not later than one working day prior to the date of the Auction.
- 1.8. The Applicant when contacting AS “Conexus Baltic Grid” in the cases provided for in this Regulation, submit the information and documents on an optional basis in Latvian or English.
- 1.9. AS “Conexus Baltic Grid” after the closing of the auction is entitled to request and the Auction Participant has an obligation to submit a collateral or information regarding the credit rating of the Auction Participant, taking into account the requirements of the Storage Regulation.

2. Auction process, submission of applications and offers

- 2.1. AS “Conexus Baltic Grid” holds an Auction on *Day / Month / Year*.
- 2.2. Not later than two working days prior to the date specified in Sub-paragraph 2.1 of this Regulation, the Applicant shall submit an application for participation to AS Conexus Baltic Grid (hereinafter - Application) to the e-mail address auction@conexus.lv and shall indicate in the application the information about persons, their telephone numbers and the e-mail addresses authorised to submit the Offer sheet in accordance with Annex

- to this Regulation (hereinafter - Offer). The Application shall be signed by the applicant's authorised person, procurator or holder of Power of Attorney, and the application shall be signed with a secure electronic signature containing the time stamp.
- 2.3. Not later than one working day prior to the date specified in Sub-paragraph 2.1 of this Regulation, AS “Conexus Baltic Grid” shall electronically inform the Applicants of the right to participate in the Auction and the rights to submit Offer.
 - 2.4. The Offer may be submitted by an Auction Participant who has submitted an Application in accordance with Sub-paragraph 2.2 of this Regulation.
 - 2.5. The Auction Participant shall submit an Offer to AS “Conexus Baltic Grid” by sending it to the auction@conexus.lv e-mail address from *Day / Month / Year 12:00 to Day / Month / Year 14:00* (Latvian time).
 - 2.6. The Auction Participant shall submit one Offer with one e-mail. If several Offers are submitted with one e-mail, all Offers submitted by the Auction Participant are rejected and not considered by the AS “Conexus Baltic Grid”.
 - 2.7. Offer shall be submitted by the person authorised by the Auction Participant in accordance with the procedures specified in Sub-paragraph 2.2 of this Regulation and the Offer shall be presented in an electronic format (.xlsx, .pdf or .ods), in compliance with the regulation regarding the drawing up of electronic documents, signed with a secure electronic signature containing the time stamp and is protected by Microsoft Office or Libre Office Encryption using a password.
 - 2.8. The Application and the Offer may be signed with electronic signature if a separate agreement has been reached between the AS “Conexus Baltic Grid” and the Applicant on the receipt and acceptance of documents without a secure electronic signature. When signing an Application and an Offer electronically, the Applicant shall comply with the requirements for the drawing up and encryption of documents specified in Sub-paragraph 2.2 of this Regulation and Section 2.7 of the Regulation.
 - 2.9. AS “Conexus Baltic Grid” immediately but not later than *Day / Month / Year 14:05* (Latvian time), shall electronically inform the Auction Participant regarding receipt of the Offer. A statement regarding receipt of an Offer shall not be regarded as a statement that the Offer submitted by an Auction Participant has been made or submitted in conformity with the requirements of this Regulation.
 - 2.10. Auction Participant from *Day / Month / Year 14:00 to Day / Month / Year 15:00* (Latvian time) sends the password of the AS “Conexus Baltic Grid” Offer file to the e-mail address auction@conexus.lv. AS “Conexus Baltic Grid” immediately but not later than *Day / Month / Year 15:05* (Latvian time), shall electronically inform the Auction Participant regarding receipt of the password submitted electronically. If the password of the Offer file is not submitted, it is not possible to open the Offer file or the Offer file password is submitted outside the time limit specified in this section, the Offer shall not be considered.
 - 2.11. Offers submitted to AS “Conexus Baltic Grid” shall be opened after the expiry of the deadline for the delivery of the Offer file password specified in Sub-paragraph 2.10 of this Regulation. AS “Conexus Baltic Grid” only open Offers received within the time limit specified in Sub-paragraph 2.5 of this Regulation. All Offers received after the deadline referred to in Sub-paragraph 2.5 of this Regulation, and Offers which from *Day / Month / Year 12:00 to Day / Month / Year 14:00* have been recalled, are not reviewed.
 - 2.12. Auction Participant may recall the submitted Offer by the end of the time period for the submission of the Offer, which is specified in Sub-paragraph 2.5 of this Regulation. If

Auction Participant recalls the Offer after the deadline referred to in Sub-paragraph 2.5 of the Regulation, the Offer shall be evaluated in accordance with paragraph 4 of this Regulation and the Auction Participant shall be bound by the results of the Auction and the amount of the commitments announced by AS “Conexus Baltic Grid” in accordance with paragraph 5 of this Regulation.

- 2.13. The content of the Offer and information regarding the process of submitting and evaluating the Offer shall be limited availability information, which shall be regarded as such in accordance with Section 112 (18) of the Energy Law, Section 2 of the Law on Protection of Commercial Secrets and Section 5, Paragraph two, Clause 3 of the Law on Disclosure of Information.
- 2.14. AS “Conexus Baltic Grid” may, after the opening of the Offers, request additional information from the Auction Participant regarding the Offer submitted. The Auction Participant shall send the reply to the request for additional information to AS “Conexus Baltic Grid” electronically within the time limit specified in the request for additional information, which may not be less than 1 (one) hour.
- 2.15. Auction Participant may include, within the scope of the Offer, several price bid offers for an Auction Participant's freely selected amount of storage capacity (hereinafter - Bid).
- 2.16. Auction Participant Bids for the volume of the requested Capacity product is not less than 1 MWh and greater than the maximum amount of storage capacity of the Capacity product specified in Sub-paragraph 1.5 of this Regulation, rounded to an integer.
- 2.17. The Auction Participant shall specify in the Offer whether the requested amount of the Capacity product is considered to be fixed or variable, in order to avoid the allocation of a minor amount of storage capacity, if the circumstances specified in Sub-paragraph 4.5.2 of this Regulation arise.
- 2.18. Within the time limit specified in Sub-paragraph 2.5 of this Regulation, an Auction Participant may submit a new Offer. The last Offer submitted by the Auction Participant shall be used when assessing the Offer in accordance with paragraph 4 of this Regulation.
- 2.19. AS “Conexus Baltic Grid” rejects the Offer if it does not comply with the requirements laid down in this Regulation.
- 2.20. AS “Conexus Baltic Grid” may terminate the Auction at any time if it has objective justification.
- 2.21. The Auction Participant shall bear all costs incurred by it in connection with the preparation and submission of the Offer. AS “Conexus Baltic Grid” does not compensate or reimburse the Auction Participants for the losses associated with the Auction.
- 2.22. When submitting several Bids within the framework of the Offer, the Participant shall assume the responsibility that such structured Offer may be rejected in part in accordance with Sub-paragraph 4.3 of this Regulation.
- 2.23. AS “Conexus Baltic Grid” has the right to reject the Offer of an Auction Participant which has not renewed the performance security from the beginning of the year_ _ _ /__ storage cycle withdrawal season until the date of the Auction and to which the storage system operator has sent the warning provided for in paragraph 75 of the Storage Regulation.
- 2.24. AS “Conexus Baltic Grid” has authorised the Head of Division, *Name, Last name*, to provide information on the Auction Procedure and the requirements included in this

3. Bid price

- 3.1. Minimum Bid price for Capacity product is EUR 0/MWh.
- 3.2. The Auction Participant shall present the Bid price per MWh *in euro* (EUR) with an accuracy of up to two decimal places without value added tax (VAT).

4. Evaluation of Offers, setting the premium

- 4.1. AS “Conexus Baltic Grid” shall evaluate only Offer submitted in accordance with the requirements of paragraph 2 of this Regulation.
- 4.2. AS “Conexus Baltic Grid” evaluates the Bid Price, without Value Added Tax (VAT), specified in the Auction Participants Offers.
- 4.3. AS “Conexus Baltic Grid” sorts out the Bids corresponding to the requirements of this Regulation in order of economic advantage following the Bid Price (EUR/MWh) submitted in the Offer, starting with the highest offered Bid price proposed, until the total amount of Capacity product set in sub-paragraph 1.5 of this Regulation is reached.
- 4.4. If the total volume of the Capacity product required by the Offers of the Auction Participants is less than the amount specified in Sub-paragraph 1.5 of this Regulation, AS “Conexus Baltic Grid” shall be granted to the Auction Participant the total amount of the Capacity product requested in the Offer.
- 4.5. If the total volume of the Capacity product required by the Offers of the Auction Participants exceeds the amount specified in Sub-paragraph 1.5 of this Regulation, AS “Conexus Baltic Grid” allocates Capacity product in the following order and sequence:
 - 4.5.1. For an Auction Participant whose Bid price in the Offer is not the lowest (is not the closing Bid price, reaching amount set in sub-paragraph 1.5 of this Regulation) in accordance with the procedure laid down in Sub-paragraph 4.3 of the Regulation, Capacity product shall be allocated to the requested amount;
 - 4.5.2. The amount of Capacity product equal to the difference between the amount specified in Sub-paragraph 1.5 of this Regulation and the amount of Capacity product allocated in accordance with the procedures specified in Sub-paragraph 4.5.1 of this Regulation Capacity product volume shall be allocated proportionally to the share of Capacity product requested by the Participant of the auction out of the total Capacity product of the Bids, in which the offered bid price is the closing price. Within the framework of the promise, which is stated as fixed and cannot be allocated to the full size of the specified capacity products, no Capacity product shall be granted. This Bid shall be excluded from the determination of the proportion and the determination of the amount of the Capacity product to be allocated to the Participants in Auction shall be repeated.
 - 4.5.3. The auction capacity shall be allocated to the Auction Participants up to a full MWh what is rounded down to full integer. Capacity product volume what cannot be allocated to full MWh, is not allocated to Auction Participant.
- 4.6. The premium applicable to the volume of the Capacity product awarded to the Participants of AS Conexus Baltic Grid Auction shall be determined in accordance with the following procedures:

- 4.6.1. if the total amount of the Capacity product requested in the Offers submitted in the Auction does not exceed the amount specified in Sub-paragraph 1.5 of this Regulation, the premium applicable to the volume of the Capacity product to the Participants shall be equal to the minimum Bid price specified in Sub-paragraph 3.1 of this Regulation.
- 4.6.2. if the total amount of the Capacity product requested in the submitted Offers exceeds the amount specified in Sub-paragraph 1.5 of this Regulation, the premium applicable to the volume of the Capacity product to the Auction Participants shall be equal to the price indicated in the closing Bid before the amount of storage capacity set in sub-paragraph 1.5 has been reached or exceeded in accordance with Section 4.5 of the Regulation.

5. Notification of the results of the Auction, procedures for dispute, extent of the obligations and settlement procedures

- 5.1. Until 11:00 following day after the Auction AS “Conexus Baltic Grid” simultaneously publishes on Common Estonia-Latvia balancing zone IT platform, informing all Participants of the auction of the results on the website of AS “Conexus Baltic Grid”. On website of the AS “Conexus Baltic Grid” shall publish information on the total amount of storage capacity allocated by the Auction Participants, the total amount of storage capacity allocated within the capacity product as a result of the auction and the premium applicable to it (EUR/MWh). As “Conexus Baltic Grid” shall send information regarding the results of the auction to the relevant Auction Participant on the IT platform Common Estonia-Latvia balancing zone and electronically only in the part attributable to the Offer submitted by the relevant Auction Participant.
- 5.2. The winner of the auction within three working days from the date of notification of the results of the auction specified in paragraph 5.1 of these Regulations within framework of review of Auction results has rights to dispute Auction results in the part that do not comply with Offer submitted by Auction Winner (hereinafter – Complaint). Auction Winner sends to AS "Conexus Baltic Grid" email address auction@conexus.lv justified Complaint stating nonconformity between allocation of Capacity product and the Offer. AS "Conexus Baltic Grid" reviews the Complaint and within two working days informs respective Auction Winner about taken decision. Complaint shall not affect obligation of Auction Winner that is stated in sub-paragraph 5.4 of this Regulation unless AS "Conexus Baltic Grid" in the decision of Compliant review states differently.
- 5.3. AS “Conexus Baltic Grid” shall inform the Auction Participant of the allocation of the Capacity product of the amount of the Capacity product (MWh) allocated and the premium EUR/MWh (excluding VAT) applicable to it in the notification specified in section 5.1 of this Regulation.
- 5.4. Following receipt of the statement of allocation of the Capacity product, Auction Participant shall be obliged to settle with AS “Conexus Baltic Grid” for the Capacity product allocated as a result of the auction according to the terms of Storage Regulation, the storage service contract and in accordance with the procedures specified in this Regulation in accordance with the Capacity product Tariff _ _ EUR/MWh and the premium set by the Auction. The premium (EUR/MWh) for the amount of the Capacity product allocated shall be paid by the Auction Participant to AS “Conexus Baltic Grid” in addition to the tariff for the Capacity product for the year __ /__ storage cycle - _ _ EUR/MWh.

- 5.5. The Auction Participant's fee to AS "Conexus Baltic Grid" for the allocated storage capacity by the Auction is determined by multiplying the premium (EUR (excluding (VAT))) by the amount of the Capacity product (MWh) allocated by the Auction.
- 5.6. The fee for the premium set for the Auction Participant shall be included in the invoice issued by AS "Conexus Baltic Grid" for the storage service booked by the Auction Participant for part of the total premium fee in proportion to the remaining months.
- 5.7. Payment for the premium set as a result of the auction shall be made by the Auction Participant in accordance with the procedures for payment and settlement specified in the storage service agreement.
- 5.8. The mutual obligations and liability of the parties for the amount of Capacity product awarded to the Auction Participant as a result of the auction and the set premium shall be determined in the storage service agreement.
- 5.9. As a result of the auction, the premium set for the amount of Capacity product allocated to the Auction Participant shall be included in the calculation of the amount of the performance security determined in accordance with Paragraph 76 of the Storage Regulation.

Auction Offer Sheet (OFFER)

___ Capacity product auction (id. No. Conexus Baltic Grid __)

Date to be viewed on time stamp

The auction participant shall:

EIC code:
 Legal address:
 Phone number:
 Email address:

We are hereby submitting our offer for the auction of year ___/___ storage cycle ___ Capacity product (“Auction”) under the following conditions:

Bid No.	___ Capacity product Volume ** (MWh)	___ Capacity product Volume *		Price (EUR/MWh) ***
		Fixed	Variable	

Note:

** for each bid, it shall be indicated whether the volume of the Capacity product indicated therein is fixed or variable, marked with ✓ the corresponding column.*

If the Auction Participant has chosen to submit several bids, the Auction Participant shall complete several bid boxes.

*** The volume of the ___ Capacity product shall be indicated rounded to an integer.*

**** The bid price shall be indicated to two decimals.*

By signing this offer, we confirm that we have prepared the offer independently.

By signing this offer, we shall confirm that we comply with the requirements of the Auction Participants set out in the Auction Regulation and agree with the procedures for the performance of the auction, the valuation of offers and the allocation of storage capacity.

By signing this offer, we confirm that in regards to us as Auction participant, to members of our Board of directors, to members of our Management board, to our authorised persons or procurators who are authorised to represent us, there are no international or national sanctions, there are no sanctions imposed by a Member State of the European Union or of the North Atlantic Treaty Organisation affecting significant financial and capital market interests which could have an impact on the fulfilment of obligations under the Auction and the Natural Gas Storage Service Agreement

Basis of representation of the person signing the offer: _____
 Position of signer (signature *) Name

* document signed with secure electronic signature