HOW TO USE THE SERVICES OF THE LNG TERMINAL IN ŚWINOUJŚCIE AND THE TRANSMISSION SYSTEM?
According to Article 32.1.4 a of the Energy Law Act\(^1\), each entity engaged in business activity concerning fuel trade and supply is required to obtain a gas trading licence, subject to the exceptions provided for in the Act. Specifically, the exceptions concern trade in gas and the trade in imported liquefied natural gas taking place at the point of delivery to the terminal within the meaning of Article 1.2.1 of the Act of 24 April 2009 on investments in the regasification terminal for liquefied natural gas in Świnoujście (Dz. U. 2014, item 1501, 2015 items 1045 and 1777 and 2016 item 266), when the annual value of gas trade does not exceed the equivalent of 100,000 EUR, and in case of the trade in liquid gas, when the annual value of trade does not exceed the equivalent of 10,000 EUR.

According to the provisions of the Energy Law Act, the application for a fuel trading licence should be submitted to the President of the Energy Regulatory Office (President of ERO).

The licence is granted by the President of ERO.

Licences for foreign trade in natural gas will be granted by the President of ERO taking into consideration the need for the diversification of gas supply sources and energy security. Licences for foreign trade in liquid fuels are granted subject to the provision of a security on property for the value of PLN 10,000,000.00, according to the provisions of Article 38 a of the Energy Law Act.

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The Act does not require a licence when gas is purchased for own use, which means that a Party that purchases gas for its own use, i.e. the so-called final customer is not subject to the obligation to have a licence for gas trade.

A licence application should be sent in writing to the President of the Energy Regulatory Office to the following address: Al. Jerozolimskie 181, 02-222 Warsaw.

Further enquiries concerning the conditions for granting a licence may be addressed to:


More information concerning the licence procedure and the related charges can be found here.

The LNG regasification agreement may be executed to the extent that the regasification capacity of the LNG Terminal is available, according to the terms described in the Terminal Code.

The LNG Terminal Operator provides the following types of Regasification Services:

- long-term – for a period longer than one year and not exceeding 20 years,
- short-term – for a period of at least 1 gas day or any number of consecutive gas days in one year.

In addition to the Regasification Services the LNG Terminal Operator provides unbundled services which include Unbundled Extended Process Storage and/or Unbundled Contracted Capacity.

Apart from the Regasification Services, the LNG Terminal Operator provides an Additional Service which consists in the reloading of LNG to trucks.

The deliveries of LNG to the LNG Terminal in Świnoujście may only be made by LNG vessels which obtain the necessary authorisation. The documents required for the authorisation of an LNG vessel in the LNG Terminal in Świnoujście are published here.

The terms of the regasification service and the access to the LNG Terminal are specified in the Terminal Code, the Service Terms and Conditions for Short-Term Agreements and in the Tariff.
Other commercial information concerning the services provided by the LNG Terminal is available on the website of Polskie LNG S.A.:

**LNG Terminal Tariff**

The rates of charges for the provision of the regasification service in the LNG Terminal in Świnoujście are set out in the "Tariff for LNG regasification services No. 1" (the LNG Terminal Tariff) approved by the President of ERG.

According to the LNG Terminal Tariff, Polskie LNG S.A. applies the following types of charges:

- **charge for the regasification service:**
  - fixed charge (for the contracted capacity),
  - variable charge (for the quantity of gas produced as a result of the regasification of LNG and delivered to the terminal user at the exit point to the Transmission System),
  - charge for additional service (for reloading to trucks),
  - charges for unbundled services:
    - charge for unbundled extended process storage,
    - charge unbundled contracted capacity.

In case of charges for the provision of short-term regasification services, the rate of the fixed charge under the currently applicable LNG Terminal Tariff is 50% lower comparing to the charges for the provision of long-term regasification services.

The estimated cost of regasification service may be calculated using the calculator available here.

For more information, please contact:

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- **Sławomir Sieradzki**
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**Operational Department Polskie LNG S.A.**

- **Rafał Wittmann**
  - Director
  - rafał.wittmann@polskielng.pl
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For questions concerning the LNG Terminal’s development

For questions concerning the LNG Terminal’s services
Gas transmission services

The provision of gas transmission services through the gas system operated by GAZ-SYSTEM S.A. takes place after the execution of a Framework Transmission Contract and the related capacity/transmission ability allocation.

GAZ-SYSTEM S.A. has been designated as the operator of the of the Transmission System and the operator of the Polish section of the Transit Gas Pipeline System Yamal – Europe (TGPS). The terms of access to:

- The National Transmission System are set out in the Transmission Network Code (TNC).
- The Transit Gas Pipeline System are set out in the Transmission Network Code for the Polish section of the Transit Gas Pipeline System Yamal – Europe (TGPS Network Code)

approved by the President of ERO.

Application for the execution of Framework Transmission Contracts are submitted through the Information Exchange System (IES) following registration in the IES and obtaining a login and password for the IES.

Together with the application for the execution a Framework Transmission Contract, the company is required to provide scanned copies of the necessary documents (the list of required documents is defined in section 6.2.2. of the TNC and in section 7.2.2. of the TGPS Network Code). The above-mentioned documents should also be delivered in hard copies.

A company without a registered office in the territory of Poland, together with the application for the execution of a Framework Transmission Contract, presents a sworn translation into Polish of any documents which are not executed in Polish.

The applications for the execution of a Framework Transmission Contract are considered by GAZ-SYSTEM S.A. according to the principles and time frames defined in the TNC and the TGPS Network Code.

Following the execution of a Framework Transmission Contract, the company obtains the status of a System User in the National Transmission System and/or a Shipper (ZuP) in the Transit Gas Pipeline System.

Upon a request of the System User or the Shipper, the Framework Transit Contract may also be executed in the English language, provided that in case of any inconsistencies between the Polish and English language version, the Polish language version of the document shall prevail.
The System User/Shipper, once the capacity allocation (PP) and/or transmission ability allocation (PZ) is made for their benefit, is required to provide a financial security for the value and in the form specified in the Framework Transmission Contract.

Unless a capacity allocation (PP) or a transmission ability allocation (PZ) is made, the System User/Shipper shall not be eligible to any capacity (contracted capacity) or transmission ability at any entry points or exit points to/from the Transmission System or the TGPS under the Framework Transmission Contract.

On the basis of the executed Framework Transmission Contract, the System User/Shipper, or the Applicant may apply for the execution of a capacity allocation (PP) and transmission ability allocation (PZ). The application for the capacity/transmission ability allocation is submitted via the IES.

The “Capacity and Transmission Ability Allocation”, which is available for the System User/Shipper in the IES, is an integral element of the Framework Transmission Contract. The Annex “Capacity and Transmission Ability Allocation” defines the capacity allocation (PP) and/or the transmission ability allocation (PZ), including: the amount of capacity (contracted capacity) allocated to the System User/Shipper, type of allocated capacity (contracted capacity), depending on the type of service, i.e. firm or interruptible service, and the product (time for which the capacity (contracted capacity) is allocated). The execution of the “Capacity and Transmission Ability Allocation” takes place by the means of electronic communication as GAZ-SYSTEM S.A. makes the respective digital document available to the System User/Shipper in the IES. The printout of the “Capacity and Transmission Ability Allocation” made through the IES constitutes the confirmation of its execution.

The available capacity of the physical entry point to the National Transmission System at the interconnection with the LNG Terminal may be allocated exclusively to a System User that has executed an agreement for the provision of regasification services with Polskie LNG S.A. (the operator of the LNG Terminal in Świnoujście), pursuant to which gas is to be delivered to the LNG Terminal physical entry point. GAZ-SYSTEM S.A. receives information from Polskie LNG S.A. on the allocation of regasification capacity to such System User.

The capacity of the LNG Terminal physical entry point is allocated for the same term as the contracted capacity acquired by the System User at the LNG Terminal:

- **firm capacity** – for a volume corresponding to the sum of average regasification capacities indicated in the regasification orders executed by the System User.
- **interruptible capacity** – for a volume corresponding to the difference between the sum of contracted capacities and the sum of average regasification capacities indicated in the regasification orders executed by the System User.

The allocation of capacity at points of interconnection, i.e. points of entry/exit to/from gas systems of neighbouring countries takes place through capacity auctions carried out on a capacity platform (e.g. GAZ-SYSTEM Auctions).

Capacity is made available in auctions for bundled capacity, provided that the operators of the interoperating systems agree on the volumes, term, etc. In the absence of such agreement, GAZ-SYSTEM S.A. will offer the capacity at the points of interconnection on the Polish side through an auction of unbundled capacity.

To be eligible to participate in an auction, the interested party must execute a Framework Transmission Contract with GAZ-SYSTEM S.A. and obtain a login and password for the GAZ-SYSTEM Auctions platform.

The auctions are held at the times specified in the Auction Calendar on the terms set out in the Auction Platform Rules.

The provision of the gas transmission service takes place according to the terms of the Framework Transmission Contract, TNC and TGPS Network Code.

Commercial information concerning the terms of access to the Transmission System and the Transit Gas Pipeline System is available on the website of GAZ-SYSTEM S.A.
Inquiries concerning the access to the Transmission System and the Transit Gas Pipeline System should be addressed to the Gas Market Division of GAZ-SYSTEM S.A.

For questions concerning the execution of transmission contracts, execution of PP/P2 and financial securities:

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For questions concerning the use of the Information Exchange System and the platform GAZ-SYSTEM Auctions:

- **Hubert Kabulski**
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  - +48 22 220 14 86
Tariff for gas transmission services provided in the Transmission System

► The tariff for gas transmission services (the Tariff) was designed by GAZ-SYSTEM S.A. according to the Entry-Exit tariff model and method of settlements in respect of gas transmission in line with EU standards. The Tariff is approved by the President of ERO.

► According to the Tariff, GAZ-SYSTEM S.A. applies the following types of transmission charges:
  ▪ fixed charge depending on the contracted capacity, applied at:
    ▪ physical points of entry to the Transmission System and from Underground Gas Storage (UGS) facilities,
    ▪ physical points of exit from the Transmission System and to UGS,
  ▪ variable charge depending on the quantity of gas transported, applied at physical points of exit from the transmission system.

At virtual points of entry/exit to/from the Transmission System, no charges in respect of the provision of transmission services are applied. However, charges related to transmission system balancing may be applied at those points.

► The estimated costs of gas transmission through the Transmission System may be calculated using the calculator of transmission service charges available on the following website:
  ▪ transmission under long-term service,
  ▪ transmission under short-term service.

Tariff for natural gas transmission services in the Transit Gas Pipeline System

► The tariff for the high-methane gas transmission services (the TGPS Tariff) was designed by the TGPS owner, i.e., the company operating under the name System Gazociągów Transytowych EuRoPol GAZ S.A., having its registered office in Warsaw, at 12 Topiel St. The TGPS Tariff is approved by the President of ERO.

► According to the TGPS Tariff, GAZ-SYSTEM S.A. applies the following types of transmission charges:
  ▪ charge for entry to the TGPS and
  ▪ charge for exit from the TGPS.

Both the charges depend on the contracted capacity. No volume charges are applied in the TGPS system, nor are any entry/exit charges at virtual entry/exit points to/from the TGPS (charges related to the balancing at the TGPS may however apply at the virtual points).

► The estimated costs of gas transmission through the TGPS may be calculated using the calculator of transmission service charges available on the following website:
  ▪ physical transmission under long-term service,
  ▪ physical transmission under short-term service.
Storage agreement

According to the provisions of the Stockpiling Act, any company engaged in business activity in respect of foreign trade in natural gas and imports of natural gas is required to maintain mandatory stocks of natural gas.

The minimum level of mandatory stocks to be maintained corresponds to 30 days’ average daily import volume.

The mandatory stocks of natural gas shall be maintained in the territory of Poland, or on the territory of a Member State of the European Union, or a Member State of the European Free Trade Agreement (EFTA) – a party to the agreement on the European Economic Area, in storage facilities connected to gas systems, provided that the technical parameters of such storage facility ensure the capability required for the delivery of the entire volume of mandatory stocks to the Transmission System within up to 40 days. In case when the mandatory stocks are maintained outside of the territory of Poland, the economic operator required to maintain mandatory stocks must have agreements for gas transmission services and agreements for gas storage services which ensure the capability required for the delivery of the entire volume of the mandatory stocks maintained outside of the territory of Poland to the Transmission System within up to 40 days.

The verification of the technical capabilities for the delivery of the natural gas stocks is made by the Transmission System Operator (GAZ-SYSTEM S.A.).

Storage agreement

Virtual reverse-flow transmission under long-term service.

Virtual reverse-flow transmission under short-term service.

Information concerning the use of the natural gas storage service in Poland can be found on the website of the Storage System Operator.

The Act of 16 February 2007 on stocks of crude oil, petroleum products and natural gas, the principles of proceeding in circumstances of a threat to the fuel security of the State and disruption on the petroleum market (Dz. U. 2014, item 1695, as amended).
Selected models LNG imports through the LNG Terminal in Świnoujście

Case 1
A foreign company that imports LNG to Poland by itself and trades natural gas in Poland, also by itself
A foreign company that intends to deliver, by itself, LNG from abroad to the LNG Terminal, and to trade natural gas on the Polish market is required to:
► obtain the required by Polish law licenses for gas trading,
► maintain mandatory stocks according to the provisions of the Stockpiling Act,
► submit an application for the provision of regasification service to Polskie LNG S.A.,
► execute a Regasification Agreement with Polskie LNG S.A.,
► execute a Framework Transmission Contract with GAZ-SYSTEM S.A.,
► obtain a capacity/transmission ability allocation at the entry point from the LNG Terminal to the Transmission System, and a capacity/transmission allocation for the exit point from the Transmission System,
► obtain authorisation for the LNG vessels to call at the LNG Terminal in Świnoujście.

Case 2
A domestic company that imports LNG and trades, by itself, natural gas in Poland
A domestic company that engages in a business activity in Poland involving wholesale or retail trade in natural gas signs an LNG sales and purchase agreement with a company that sells LNG.
The foreign company that sells the LNG delivers the LNG to the LNG Terminal in Świnoujście under the sales and purchase agreement.
The domestic company that collects gas from the LNG Terminal in Poland is required to:
► obtain the required by Polish law licenses for gas trading,
► maintain mandatory stocks according to the provisions of the Stockpiling Act,
► submit an application for the provision of regasification service to Polskie LNG S.A.,
► execute a Regasification Agreement with Polskie LNG S.A.,
► execute a Framework Transmission Contract with GAZ-SYSTEM S.A.,
► obtain a capacity/transmission ability allocation at the entry point from the LNG Terminal to the Transmission System, and a capacity/transmission allocation for the exit point from the Transmission System,
► obtain authorisation for the LNG vessels to call at the LNG Terminal in Świnoujście.
Case 3
A foreign company that delivers LNG to the LNG terminal but does not engage in trading gaseous fuels in Poland, and transports natural gas from to an off-take point located outside of the territory of Poland, under a transmission contract:

1. Enter into a Framework Transmission Contract dedicated to the Transmission System with GAZ-SYSTEM S.A. (and, if gas is to be also transported through the TGPS, a Framework Transmission Contract dedicated to the TGPS);

2. Maintain mandatory stocks according to the provisions of the Stockpiling Act (Article 24.1a of the Stockpiling Act: with respect to liquefied natural gas delivered from abroad to the delivery point i.e. to the terminal referred to in Article 1.2.1 of the act of 24 April 2009 on investments in the regasification terminal for liquefied natural gas in Świnoujście (Dz. U. 2014, item 1501, 2015 items 1045 and 1777, and 2016 item 266), the obligation to maintain mandatory stocks of natural gas applies exclusively to those operators that use regasification or reloading services in respect of liquefied natural gas under an agreement with the terminal operator, and whose natural gas after regasification is delivered to the transmission network or reloaded to other means of transport;

3. Obtain a capacity/transmission ability allocation for the exit point from the LNG terminal and the entry to the Transmission System, as well as the capacity/transmission ability allocation at the points of exit to the gas systems of neighbouring countries (in interconnections as exit point (PwY) Hermanowice at the border with Ukraine, reverse-flow exit point (PwY) Ciężyn, exit point (PwY) GCP GAZ-SYSTEM/ONTRAS and exit point (PwY) TGPS Mallnow (in case of gas transmission through the TGPS, it is necessary to obtain capacity allocation during a capacity auction for the exit point (PwY): reverse-flow interconnection Point/entry point (PwE) TGPS interconnection Point), the capacity allocation for these points is made in actions carried out on the platform GAZ-SYSTEM Auctions are held according to the auction calendar;

4. Obtain authorisation for the LNG vessels to call at the LNG Terminal in Świnoujście.
Current and planned capacities for natural gas import and export through the transmission network of GAZ-SYSTEM S.A.

### Import capacity

<table>
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<th>Point of import</th>
<th>bcm/year</th>
<th>TWh/year</th>
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<td></td>
<td>2016</td>
<td>2025</td>
</tr>
<tr>
<td>Point of Interconnection (IP)</td>
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<tr>
<td>Czech Republic (Cieszyn)</td>
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<tr>
<td>Germany (GCP GAZ-SYSTEM/Gaztrans)</td>
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<tr>
<td>LNG Terminal</td>
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<td>Ukraine (Drozdzowice)</td>
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<td>7.0</td>
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<tr>
<td>Belarus (Vysokaye)</td>
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<tr>
<td>Lithuania</td>
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<tr>
<td>Czech Republic (Hat)</td>
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<tr>
<td>Slovakia</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>Baltic Pipe</td>
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<td></td>
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<tr>
<td>FSRU*</td>
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</table>

*Floating Storage Regasification Unit

### Export capacity

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<tr>
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<th>TWh/year</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2025</td>
</tr>
<tr>
<td>Germany (GCP GAZ-SYSTEM/Gaztrans)</td>
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<td>Baltic Pipe</td>
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</tr>
<tr>
<td><em>Interruptible capacity</em></td>
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</table>

*Existing capacity | Planned capacity
Information provided in this publication is for information purposes only and does not represent an offer within the meaning of Article 66 et seq. of the Polish Civil Code.

All the definitions from the TNC, TGPS Network Code, Terminal Code, Tariff and TGPS Tariff and LNG Terminal Tariff retain the same meaning in this document.