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TRANSMISSION NETWORK CODE (TNC)

Part II Balancing and Management of System Congestion

Warsaw, June 2006

Version 0010.

Transmission Network Code part II

Balancing and management of system congestion

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1. DEFINITIONS AND UNITS

1.1. Definitions

<i>Allocation</i>	<i>The assignment of a quantity of gaseous fuel to individual shippers, which is introduced for transmission at the entry point or off-taken from the exit point, if the gaseous fuel is introduced or off-taken at the given point within the framework of more than one transportation contract.</i>
<i>Physical balancing</i>	<i>The activities of a TSO which has common entry and exit points with our system in order to balance the quantity of gaseous fuel introduced into and off-taken from the transmission system through ongoing control of operation of the transmission system.</i>
<i>Commercial balancing</i>	<i>The activities of a TSO involving the definition and settlement of unbalanced values arising from the difference between the quantities of gaseous fuel introduced into and off-taken from the transmission system by the shipper.</i>
<i>System balancing</i>	<i>The business activities conducted by a TSO within the framework of the transmission services provided involving the balancing of requirements for gaseous fuel with the suppliers of these fuels, including physical balancing and commercial balancing.</i>
<i>Gas Reference Price (GRP)</i>	<i>The weighted average purchase price of gaseous fuel by Gas Transmission Operator Gaz-System on the TSO website and defined in accordance with the methodology specified in the TNC.</i>
<i>Gross calorific value (G_{CV})</i>	<i>The amount of energy that would be given off as heat as a result of the complete or total combustion of 1m³ of gaseous fuel in air under normal conditions if the reaction takes place under a constant absolute pressure of 101.325 kPa, all products of combustion, except water, are in a gaseous state, the steam created in the combustion process condenses and all products of combustion (both products in gaseous state and water in liquid state) are brought to a temperature of 25°C.</i>
<i>Pressure</i>	<i>The pressure of gaseous fuel measured under static conditions as overpressure, which is the difference between the absolute static pressure of the gaseous fuel and atmospheric pressure.</i>
<i>Working days</i>	<i>The days from Monday to Friday, except statutory holidays.</i>

<i>Gas day</i>	<i>The period from 22:00 hours on the previous day to 22:00 hours on the current day.</i>
<i>Direct gas pipeline</i>	<i>A gas pipeline that has been built to supply gas directly to the supplier's installation, bypassing the gas system.</i>
<i>Interconnector</i>	<i>A gas transmission pipeline crossing the borders of European Union member states or member states of the European Free Trade Agreement (EFTA) - the parties to the agreement on the European Economic Zone, exclusively for the purpose of interconnecting the national transmission systems of these states.</i>
<i>Commercial Transmission Report (CTR)</i>	<i>A document prepared by TSO containing a set of information on the provision of transmission services by the TSO to the shipper in the settlement period (gas month).</i>
<i>Wobbe index</i>	<i>The ratio of the gross caloric value of gaseous fuel to the square root of its relative density under the same reference conditions.</i>
<i>Gas month</i>	<i>The period from 22:00 hours on the last day of the month immediately preceding the current month to 22:00 hours of the last day of the current month.</i>
<i>Contracted capacity</i>	<i>The maximum hourly quantity of gas under normal conditions, as specified in the transportation contract, which can be admitted for transmission at the entry point or off-taken from the transmission system at the exit point.</i>
<i>Imbalance</i>	<i>The difference between the quantity of gas that the shipper has introduced at the entry points for transmission and off-taken from the transmission system at the exit points, calculated on the basis of the results of measurements and the methods of allocation within the framework of the performance of a given transportation contract.</i>
<i>Nomination</i>	<i>The shipper's declaration passed to the TSO regarding the quantity of gaseous fuel that will be introduced at the entry points of the transmission system by the shipper at a specified time and off-taken by the shipper from the transmission system at the exit points.</i>
<i>Final customer</i>	<i>The customer purchasing gaseous fuel for his own use.</i>
<i>Contractual congestion</i>	<i>Restrictions on the possibility of transmitting gaseous fuel arising from capacity reservation by shippers at a greater level than is actually used.</i>

<i>Technical congestion</i>	<i>Restrictions on the ability to transmit gaseous fuel arising from congestion in the technical devices, installations or networks.</i>
<i>Billing Point Operator (BPO)</i>	<i>An entity performing metering and settlement tasks at the entry points to or exit points from the transmission system.</i>
<i>Distribution System Operator (DSO)</i>	<i>An energy company that distributes gas, which is responsible for network traffic in the gas distribution system, the duties of which are specified in the Energy Law.</i>
<i>Storage System Operator (SSO)</i>	<i>An energy enterprise that stores gas, which is responsible for the maintenance of the storage installation, the duties of which are specified by the Energy Law.</i>
<i>Transmission System Operator (TSO)</i>	<i>Gas Transmission Operator Gaz-System Ltd. - an energy enterprise that transmits gas, which is responsible for network operation in the gas transmission system, the duties of which are specified by the Energy Law.</i>
<i>Interconnecting System Operator (ISO)</i>	<i>The DSO, SSO or the operator of an interconnecting system to the TSO's transmission system other than the TSO.</i>
<i>Gaseous fuel</i>	<i>High-methane natural gas or nitrified natural gas transported through the transmission system.</i>
<i>Underground Gas Store (UGS)</i>	<i>An installation used to store gaseous fuels.</i>
<i>Line storage capacity</i>	<i>The quantity of gaseous fuel that is under pressure in the gas pipelines.</i>
<i>Technical capacity</i>	<i>The maximum constant capacity of the transmission system within the framework of which the TSO can provide gas transmission services.</i>
<i>Reserved capacity</i>	<i>The part of the technical capacity of the transmission system that is reserved as a result of transportation contracts and connection agreements signed by the TSO and applications for the provision of transmission services accepted by the TSO.</i>
<i>Transmission</i>	<i>The transport of gaseous fuel through the transmission grid between entry points and exit points.</i>
<i>Entry point</i>	<i>The place of introduction of gaseous fuel into the</i>

	<i>transmission system.</i>
<i>Exit point</i>	<i>The place of off-take of gaseous fuel from the transmission system.</i>
<i>Re-nomination</i>	<i>A change to the approved nomination.</i>
<i>Gas year</i>	<i>The period from 22:00 hours on 31 December of the previous year to 22:00 hours of 31 December of the current year,</i>
<i>Distribution network / distribution system</i>	<i>A high, medium and low pressure gas network excluding upstream and direct gas pipelines, for the operation of which the DSO is responsible.</i>
<i>Transmission grid / transmission system</i>	<i>A high, medium and low pressure gas network excluding upstream and direct gas pipelines, for the operation of which the TSO is responsible.</i>
<i>Force majeure</i>	<i>An extraordinary external event that is independent of the will of a party, which prevents the permanent or temporary performance of an agreement, the event or the consequences of which the party was unable to predict with due care at the time of signature of an agreement, or avoid or overcome.</i>
<i>Interoperating system</i>	<i>A distribution, storage or transmission system other than the TSO's transmission system that interoperates with the TSO's transmission system.</i>
<i>Emergency situation</i>	<i>A situation resulting in the loss of technical operability of the transmission grid or the networks, installations or devices connected to it or a direct threat to lives, health, property, the environment, or a sudden need to counter or avoid the emergence of such threats or to eliminate the consequences caused by their emergence and resulting in a restriction in the supply, transmission or off-take of gaseous fuel.</i>
<i>Tariff</i>	<i>A set of prices and charges, as well as the conditions for applying them, which is introduced as obligatory in the settlements with the shippers.</i>
<i>Gas week</i>	<i>The period from 22:00 hours on Sunday of the week prior to the current week and 22:00 hours on Sunday of the current week.</i>
<i>Transportation contract / agreement</i>	<i>An agreement for the provision of gas transmission services concluded by and between the shipper and the</i>

	<i>TSO.</i>
<i>Transmission system user</i>	<i>An entity that delivers gaseous fuel to the transmission system or is supplied by this system.</i>
<i>Energy Law</i>	<i>The Energy Law of 10/04/1997 - consolidated text (Journal of Laws of 2003, No. 153, item 1504, as amended).</i>
<i>Gross calorific value</i>	<i>The amount of heat that would be given off as a result of the complete combustion of a specified quantity of gas, if the reaction takes place under a constant pressure of 101.325 kPa, all products of this combustion are in a gaseous state and have been taken to the same temperature as the substrates had.</i>
<i>Normal conditions</i>	<i>The reference conditions for billing purposes, absolute pressure of 101.325 kPa and temperature of 273.15 K.</i>
<i>System congestion management</i>	<i>Business activities conducted by the TSO within the framework of the transmission services provided in order to ensure the safe operation of the transmission system and to provide the required technical parameters of gaseous fuels in the event of the appearance of technical congestion in this system's capacity.</i>
<i>Shipper</i>	<i>A natural or legal person, as well as an entity not having legal personality, but having legal capacity, which uses transmission services under a transportation contract concluded with the TSO.</i>

1.2. Units used

m ³	cubic metre (defined in the TNC under normal conditions),
°C	degree Celsius,
h	hour,
K	Kelvin,
km	kilometre,
MJ	megajoule,
mg	milligramme,
µg	microgramme,
MPa	megapascal,
kPa	kilopascal.

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2. SUBMISSION OF TRANSPORTATION CONTRACTS FOR IMPLEMENTATION

2.1. Procedures for submitting agreements for implementation.

- 2.1.1. The shipper submits the quantities of gaseous fuel for transmission in nominations in order to implement a transportation contract. The nominations may be amended under the re-nomination procedure. The re-nomination, which is approved in accordance with the provisions of the TNC receives the status of an approved nomination.
- 2.1.2. The quantities of gaseous fuel are specified in the nominations and re-nominations in m³.
- 2.1.3. Nominations are submitted in annual and weekly cycles.
- 2.1.4. The total quantity of gaseous fuel specified in the nominations and re-nominations for the entry points should equal the total quantity of gaseous fuel specified in these nominations the for exit points.
- 2.1.5. Nominations and re-nominations submitted by the shipper should take into consideration the restrictions and stoppages that have been introduced in accordance with the provisions of TNC.
- 2.1.6. The minimum quantities of gaseous fuel that are to be supplied to the transmission system will be specified in the transportation contract and shall be included in the nominations and re-nominations submitted by the shipper for specific entry points, because of the system congestion. With the TSO's consent, the minimum values of the nominations may change during the period in which agreed work is being conducted or in the event of an emergency situation resulting in the reduction in the ability to supply gaseous fuel in accordance with the nomination.
- 2.1.7. Should the TSO be informed by the Interoperating System Operator or the Billing Point Operator that it is not possible to transmit the quantities of gaseous fuel specified in the nominations or re-nominations, the TSO shall immediately inform the shipper of this. The shipper is obliged to adjust the nomination at the given point and correspondingly at the other entry points or exit points and to supply the re-nomination to the TSO within 2 hours of the receipt of this information.
- 2.1.8. The shipper is liable for providing the information on the quantities of gaseous fuel contained in the ISO's nominations and re-nominations to his suppliers and customers.
- 2.1.9. Nominations and re-nominations, as well as the information on their approval, are submitted in accordance with the procedures and on the terms and conditions specified in point 5.
- 2.1.10. The TSO may pass information on nominations and re-nominations to the ISOs and BPOs.
 - 2.1.10.1. The parties to the transportation contract may specify the groups of exit points for which the combined values of inconsistencies in the performance of the nominations approved for these points will be agreed.
 - 2.1.10.1.1. Exit points belonging to a given group must satisfy the following criteria:

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- 2.1.10.1.2. exit points are connected hydraulically at the distribution network side or the side of the final customer's installations,
- 2.1.10.2. in the summer period, it is possible for the remaining exit points belonging to the given group to take over a quantity of gaseous fuel received at a freely selected exit point in that group.
- 2.1.11. Groups of points may be created on the basis of other criteria with the consent of the parties.

2.2. Annual nominations

- 2.2.1. The transportation contracts specify the annual nominations for the entry points and the exit points, stating the quantity of gaseous fuel passed for transmission and off-taken from the transmission system in the given year, with a breakdown by month. The annual nomination submitted for short-term transportation contracts specifies the quantity of gaseous fuel for the months in which the transmission service is to be provided.
- 2.2.2. The monthly quantities of gaseous fuel specified in the annual nominations and re-nominations cannot exceed the maximum quantities specified as the product of the number of days in the given month and twenty-four times the applicable contracted capacity for the given point, as agreed in accordance with the provisions of part I of the TNC.
- 2.2.3. The shipper shall supply the annual nomination for the next gas year, with a breakdown by month, to the TSO by 30 September of every gas year.
- 2.2.4. The proposition of the shipper's annual nomination is reviewed in connection with a possible application to change the contracted capacity. The TSO shall inform the shipper that the annual nomination has been accepted or rejected by 31 October. The failure to provide the information specified in the previous sentence constitutes an approval of the annual nomination.
- 2.2.5. The nomination may be rejected because of:
 - 2.2.5.1. inconsistencies with the provisions of point 2.1,
 - 2.2.5.2. exceeding the maximum quantities specified in accordance with the provisions of point 2.2.2,
 - 2.2.5.3. differences between the nominations for the entry points or exit points at the connection of the transmission system with interoperating systems, which are found while undergoing the procedure of checking compliance of the nomination in the interoperating systems in accordance with point 2.4,
 - 2.2.5.4. notification by the Interoperating System Operator or the Billing Point Operator at the entry points or exit points of congestion, which prevents the performance of the service in accordance with the nominations submitted by the shipper,
 - 2.2.5.5. the failure to satisfy the conditions of the minimum values of the nominations, as referred to in point 2.1.6.

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- 2.2.6. In the event that a nomination is rejected, the TSO shall state the reason for the rejection of the nomination.
- 2.2.7. In the event of a rejection of the nomination, the shipper shall submit an adjusted annual nomination to the TSO within 10 working days from the date of notification of the rejection of the nomination.
- 2.2.8. The TSO shall notify the shipper of whether the adjusted nomination has been accepted or rejected within 20 working days of the date of its receipt.
- 2.2.9. In the event that the shipper fails to submit an annual nomination within the deadline specified in point 2.2.3, the TSO shall accept the nomination to be the annual amount specified monthly by the shipper in the last annual nomination approved by the TSO.

2.3. Weekly nominations.

- 2.3.1. The shipper is obliged to submit weekly nominations to the TSO. The weekly nominations specify the quantity of gaseous fuel introduced for transmission or off-take from the transmission system for every gas day of every gas week for every entry point or exit point specified in the transportation contract.
- 2.3.2. The daily quantities of gaseous fuel specified in the weekly nominations and re-nominations cannot exceed the maximum quantities specified as twenty-four times the applicable contracted capacity for the given point.
- 2.3.3. The shipper submits the weekly nomination to the TSO every Thursday by 10:00 hours.
- 2.3.4. The TSO informs the shipper that the weekly nomination has been approved or rejected by Friday at 10:00 hours.
- 2.3.5. The nomination may be rejected because of:
 - 2.3.5.1. inconsistencies with the provisions of point 2.1,
 - 2.3.5.2. exceeding the maximum quantities specified in accordance with the provisions of point 2.3.2,
 - 2.3.5.3. differences between the nominations for the entry points or exit points at the connection of the transmission system with interoperating systems, which are found while undergoing the procedure of checking compliance of the nomination at the interoperating systems in accordance with point 2.4,
 - 2.3.5.4. notification by the Interoperating System Operator or the Billing Point Operator at the entry points or exit points of congestion, which prevent the performance of the service in accordance with the nominations submitted by the shipper,
 - 2.3.5.5. the failure to satisfy the conditions of minimum values of nominations, as referred to in point 2.1.6.
- 2.3.6. In the event that a nomination is rejected, the TSO shall provide the reason for the rejection of the nomination.

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- 2.3.7. In the event of a rejection of the nomination within the deadline specified in point 2.3.4, the shipper sends the TSO an adjusted weekly nomination by Friday at 14:00 hours.
- 2.3.8. The TSO shall inform the shipper of whether the weekly nomination has been approved or rejected by Friday at 16:00 hours.
- 2.3.9. In the event that the parties fail to agree a weekly nomination in the manner specified above, the TSO shall accept the nomination specifying the quantity of gaseous fuel arising from the nomination submitted by the shipper, while taking account of the restrictions and stoppages referred to in point 2.1.5, point 2.3.5 and point 2.4.4 as that, which is approved. The TSO shall inform the shipper of the approved weekly nominations on Friday by 18:00 hours.
- 2.3.10. In the event that the shipper fails to provide the nomination for the following gas week to the TSO within the deadline specified in point 2.3.3., the TSO shall accept the last approved weekly nomination as that, which is submitted by the shipper.
- 2.3.11. The difference between the daily quantities of gaseous fuel introduced for transmission and those off-taken from the transmission system by the shipper and the daily quantities of gaseous fuel specified in the corresponding approved weekly nominations is specified for every gas day. In the case of the groups of points referred to in point 2.1.11., the difference is specified between the sum of the nominations and the achievement for all points belonging to the given group.
- 2.3.12. With the reservation of point 3.2.4, in the event that the difference referred to in point 2.3.11 at a given point or group of points is more than 10% of the annual quantity of gas fuel specified in the weekly nomination, the TSO shall charge the shipper a fee in accordance with the provisions of point 4.5.
- 2.3.13. In the case of nominations and re-nominations regarding entry points and exit points located on the point of interconnect of the TSO transmission system and another operator's system in which the gas day starts at a different time to that of the TSO's system (i.e. at a different time to 22:00 hours), nominations and re-nominations submitted by the shipper should additionally specify the quantity of gaseous fuel for the individual hours of every gas day in order to enable conformity of the nomination to be checked with the interoperating systems.
- 2.4. Examination of conformity of nominations with interoperating systems**
- 2.4.1. Nominations submitted for entry points and exit points located on the interconnections between the transmission system and interoperating systems should be consistent with the corresponding nominations in the interoperating systems.
- 2.4.2. If the procedure for checking conformity of the nominations with the interoperating systems discloses a difference in nominations, the TSO shall inform the shipper of the inconsistencies of the nominations within the deadlines specified respectively in points 2.2.4 and 2.3.4.
- 2.4.3. In the event that an inconsistency appears in the weekly nominations referred to in point 2.4.2 and an adjusted nomination is not sent by the shipper by Friday at

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14:00 hours, the principle of the “least flow” shall be applied, which means a reduction in the flows in both systems to the smaller level of the comparable nominations.

- 2.4.4. In the situation referred to in point 2.4.3, the TSO shall accept the nomination that specifies the quantity of gaseous fuel defined in accordance with the provisions of point 2.4.3. as the approved nomination. The TSO shall inform the shipper of the approved weekly nominations on Friday by 18:00 hours.
- 2.4.5. In the case of a re-nomination of the daily quantities, the TSO shall inform the shipper of the possible inconsistency of the re-nominations with the interoperating systems by 14:00 hours on the day before the day to which the re-nomination applies. The shipper may change the re-nomination by 15:00 hours. In the event of a lack of consistency of the re-nomination with the interoperating systems, the principle of the “smallest flow” shall be applied, when the TSO shall accept the re-nomination specifying the quantity of gaseous fuel defined in accordance with the provisions of point 2.4.3 as being approved. The TSO shall inform the shipper of the approved re-nominations on Friday by 18:00 hours.

2.5. Re-nominations

- 2.5.1. Annual re-nomination of monthly quantities of gaseous fuel
 - 2.5.1.1. The shipper may make a re-nomination of the quantities declared in the annual nomination approved by the TSO.
 - 2.5.1.2. The re-nomination may apply to a period of one month or several months.
 - 2.5.1.3. The shipper shall supply the re-nomination to the TSO no later than 35 working days before the start of the period to which the re-nomination applies.
 - 2.5.1.4. The TSO shall inform the shipper of whether the re-nomination has been accepted or rejected within 20 working days of the receipt of the re-nomination from the shipper. In the event that a nomination is rejected, the TSO shall provide the reason for the rejection of its nomination. A nomination may be rejected for one of the reasons mentioned in point 2.2.5. In the event of a rejection of a re-nomination by the TSO, the last annual nomination approved by the TSO shall remain binding on the parties.
- 2.5.2. Weekly re-nomination of the daily quantities of gaseous fuel.
 - 2.5.2.1. The shipper may make a re-nomination of the daily quantities of gaseous fuel submitted in the weekly nominations by 12:00 hours on the day before the day to which the re-nomination applies. In the event that several re-nominations are submitted in a given day, the last re-nomination submitted is reviewed.
 - 2.5.2.2. The TSO shall inform the shipper of whether the re-nomination has been accepted or rejected on the same day by 16:00 hours.
 - 2.5.2.3. The re-nomination may be rejected for the reasons specified in point 2.3.5.

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- 2.5.2.4. In the event that a re-nomination is rejected, the TSO shall provide the reason for the rejection of the re-nomination.
- 2.5.2.5. In the event of a rejection of a re-nomination by the TSO, the last weekly nomination approved by the TSO shall remain binding on the parties, with the reservation of point 2.4.5.
- 2.5.2.6. In the event of the appearance of an emergency situation in the TSO's system or a documented emergency situation in the shipper's or his customer's network or installations, the shipper may submit a re-nomination for the current or next gas day by the end of the gas day in which the emergency situation took place.

3. BALANCING THE TRANSMISSION SYSTEM

3.1. General conditions of balancing.

- 3.1.1. The TSO provides balancing services in the group E high-methane gas system.
- 3.1.2. Because of the lack of regulatory instruments related to the excessively small line storage capacity and the lack of UGS, the nitrified gas systems of the Lw and Ls subgroups, nitrified gas must be introduced by the shipper for transmission in the transmission system and must be off-taken in the same quantities on every gas day. Physical balancing is conducted by the TSO in order to assure the safe implementation of the transportation contracts.
- 3.1.3. Commercial balancing is performed in order to settle the shipper's imbalances within the framework of individual transportation contracts on the basis of the quantities of gaseous fuel assigned to them in accordance with the allocation methods described in point 3.2.

3.2. Allocation

- 3.2.1. In the event that gaseous fuel is introduced for transmission or off-take by only one shipper respectively at the given entry point or exit point, the whole quantity of gaseous fuel or the maximum hourly quantity of gaseous fuel specified on the basis of the results of measurements at the given point shall be assigned to that shipper.
- 3.2.2. In the event that gaseous fuel is introduced for transmission or off-taken by only one shipper, who has concluded at least two transportation contracts with the TSO respectively at the given entry point or exit point, the quantity of gaseous fuel and the maximum hourly quantity of gaseous fuel specified on the basis of the results of the measurements at the given point shall be assigned proportionally to the approved nominations for the individual transportation contracts concluded with the shipper, unless the shipper specifies another method of allocation, which shall apply at the given point after acceptance by the TSO.
- 3.2.3. The TSO may enter into an understanding with respect to every entry point into the transmission system with at least one shipper, who is the user of such a point, under which it expresses its consent to the assignment of the difference

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- between the quantity of gaseous fuel specified in the approved nominations and the quantity introduced for transmission at this point.
- 3.2.4. In the event of entering into an understanding, as referred to in point 3.2.3, the differences between the actual achievement and the nomination at the given entry point shall be taken into consideration when specifying the charge for the inconsistency of the nomination with the actual achievement and when settling imbalances on the terms and conditions specified in the understanding entered into with the shipper.
 - 3.2.5. The shipper who is the user of the given point may enter into an understanding that specifies the methods of allocation regarding that point in accordance with the provisions of point 3.2.8, which shall apply after TSO's acceptance.
 - 3.2.6. In the event of a change in any of the users of a point, including an entity being a party to the understanding referred to in point 3.2.5 stopping to use the given point, the understanding shall remain valid - with respect to the TSO - between the parties to the understanding that are still users of the point, unless the provisions of the understanding, despite the change in its parties, are consistent with the provisions of point 3.2.8. In the event that a new entity enters into the understanding, the amended wording of the understanding shall apply - with respect to the TSO - after its acceptance by the TSO.
 - 3.2.7. In the case of exit points from which gaseous fuel is transported into the networks of interoperating system operators, the allocation methods shall be determined by the interoperating system operator in consultation with the shippers that are the users of the given exit point.
 - 3.2.8. The understanding referred to in point 3.2.5 and point 3.2.7 should enable the quantity of gaseous fuel off-taken from the transmission system to be fully divided and the maximum hourly quantities of gaseous fuel to be specified for individual shippers at this point. The understanding should specify the methods of allocation in the event of the failure to meet the quality parameters of the gaseous fuel that are specified in the TNC or the pressure parameters of the supply, as specified in the transportation contracts concluded with the shippers, who are the users of the given point.
 - 3.2.9. Should the understanding referred to in point 3.2.3, point 3.2.5 or point 3.2.7 not be entered into, the quantity of gaseous fuel introduced for transmission or off-taken at the individual entry points or exit points shall be assigned to the individual shippers in proportion to the approved nominations.
 - 3.2.10. In the event that the understanding referred to in point 3.2.5 or point 3.2.7 is not entered into by and between all the shippers who are the users of the given point, the quantity of gaseous fuel introduced for transmission or off-taken at the individual entry points or exit points shall be assigned jointly to all the shippers, who are parties to the understanding and the shippers who are not parties to the understanding proportionally to the sum of the approved nominations for the shippers who are parties to the understanding and the approved nominations for shippers who are not parties to the understanding. The quantity of gaseous fuel introduced for transmission or off-taken from the individual entry or exit points for the shippers who are parties to the understanding referred to in point 3.2.5 shall be assigned in accordance with the terms and conditions of the understanding.

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- 3.2.11. In the situation in which the understanding referred to in point 3.2.3 or point 3.2.5 is entered into, the maximum hourly quantities of gaseous fuel in the given gas month shall be specified for the individual shippers on the basis of the total maximum hourly quantity of gaseous fuel introduced for transmission or off-taken from the transmission system at the given point in proportion to the approved nominations that apply on the date on which the largest total hourly quantity of gaseous fuel was introduced for transmission or off-taken from the transmission system at the given point.
- 3.2.12. With the reservation of point 3.2.13, the allocation on the terms and conditions specified above is performed by the TSO.
- 3.2.13. With respect to the points for which the Billing Point Operator is an entity other than the TSO or the gaseous fuel is introduced into an ISO network at a given exit point, the allocation is performed respectively by the BPO or ISO. The shipper shall obligate the BPO or ISO to perform the allocation in accordance with the provisions of this point within the deadlines specified in point 3.2.14.
- 3.2.14. In the cases described in point 3.2.13, the BPO and ISO shall submit information to the TSO every day by 09:00 on the quantities assigned to the individual shippers for the previous gas day, while monthly settlement reports containing the daily data assigned to the individual shall be provided to the TSO by the 3rd working day of the month following the month to which the report applies.

3.3. Physical balancing

- 3.3.1. In the situation in which there is an imbalance in the quantity of gaseous fuel introduced for transmission and off-taken from the transmission system, the TSO shall take steps to stabilise system operation using the following regulatory instruments:
- 3.3.1.1. the storage capacity of the transmission system,
 - 3.3.1.2. the storage capacity reserved for balancing purposes.
- 3.3.2. The storage system operator or the owner of the UGSs attached to the transmission system is obliged to provide the TSO access to a part of the capacity of the active UGS and the UGS filling and off-take capacity required for fulfilling the TSO's tasks.
- 3.3.3. The TSO shall inform the entities referred to in point 3.3.2 by 15 November of the given year about the TSO's reservation of active UGSs, off-take capacity and filling capacity for the following year) from 1 April to 31 March of the following year).
- 3.3.4. The active capacity of the UGS that is reserved for the TSO cannot be made available to other entities without the TSO's consent.
- 3.3.5. The gaseous fuel introduced into the UGS and off-taken from the UGS should reflect the quality parameters specified in part I of the TNC.
- 3.3.6. The detailed terms and conditions regarding the TSO's use of the reserved active capacity, as well as filling and off-take capacity shall be specified in the operator

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agreement or understanding, which is concluded with the entity referred to in point 3.3.2.

- 3.3.7. Within the framework of physical balancing, the TSO shall deliver the quantity of gaseous fuel to or from the shipper that has been introduced by the shipper for transmission at the entry points and off-taken by the shipper at the exit points from the transmission system.
- 3.3.8. In the event that the regulatory instruments described in point 3.3.1 are inadequate, the TSO may introduce restrictions on entry points or exit points in accordance with the provisions of point 4.

3.4. Commercial balancing

3.4.1. Terms and conditions of commercial balancing.

- 3.4.1.1. The TSO shall specify the daily imbalance amount (DIA) for the given gas day as the difference between the quantity of gaseous fuel that the shipper has introduced to the entry point and off-taken from the transmission system at the exit points during the given gas day.
- 3.4.1.2. Two levels of limits of imbalances are defined: the daily imbalance limit (DIL) and the top daily imbalance limit (TDIL).
- 3.4.1.3. The following imbalance levels are defined for shippers, the total of whose contractual capacities at the entry points is less than or equal to 15,000 m³/h:
 - 3.4.1.3.1. Daily imbalance limit, DIL - amounting to 15% of the quantity of gaseous fuel introduced by the shipper for transmission at the entry points in a given gas day.
 - 3.4.1.3.2. Top daily imbalance limit, TDIL - amounting to 45% of the quantity of gaseous fuel introduced by the shipper for transmission at the entry points in a given gas day.
- 3.4.1.4. The following levels of the imbalance limits are defined for shippers, the total of whose contractual capacities at the entry points is greater than 15,000 m³/h:
 - 3.4.1.4.1. Daily imbalance limit, DIL - amounting to 5 % of the quantity of gaseous fuel introduced by the shipper for transmission at the entry points in a given gas day.
 - 3.4.1.4.2. Top daily imbalance limit, TDIL - amounting to 15% of the quantity of gaseous fuel introduced by the shipper for transmission at the entry points in a given gas day.
- 3.4.1.5. In the event that the absolute daily imbalance amount, DIA, of a given shipper is:
 - 3.4.1.5.1. less than or equal to DIA, the balancing is performed by the TSO without additional charges,

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- 3.4.1.5.2. greater than DIA, but less than or equal to TDIL, the shipper is obliged to pay a standard charge for the balancing in excess of the limits in accordance with point 3.5.1.,
- 3.4.1.5.3. greater than TDIL, the shipper is obliged to pay an increased charge for balancing in excess of the limits in accordance with point 3.5.2.
- 3.4.1.6. The shipper is obliged to maintain a balance of the quantity of gaseous fuel introduced into and off-taken from the transmission system within the framework of the given transportation contract such that the cumulative amount of imbalance (CIA), being the sum of DIAs on successive gas days of a given gas month, does not exceed the maximum cumulative imbalance amount (MCIA).
- 3.4.1.7. The value (MCIA) for shippers, the sum of whose contractual capacities at the exit points is less than or equal to 15,000 m³/h, is set at 40% of the nominal monthly quantity of gaseous fuel for the given gas month specified in the approved annual nomination at the entry points divided by the number of days in the given gas month.
- 3.4.1.8. The value (MCIA) for shippers, the sum of whose contractual capacities at the exit points is greater than 15,000 m³/h, is set at 20% of the nominal monthly quantity of gaseous fuel for the given gas month specified in the approved annual nomination at the entry points divided by the number of days in the given gas month.
- 3.4.1.9. Exceeding MCIA during the gas month results in a charge being imposed in accordance with the provisions of point 3.5.3.
- 3.4.1.10. At the end of each gas month, the parties shall make settlement of the quantity of gaseous fuel required for balancing in the given gas month which is transferred by the TSO to the shipper or off-taken by the TSO from the shipper, being the difference between the amount of gaseous fuel introduced by the shipper for transmission at the entry points and off-taken by the shipper at the exit points from the transmission system in accordance with the provisions of point 3.6 of part I of the TNC.
- 3.4.1.11. In the event that the quantity of gaseous fuel introduced at the entry points during the gas day under analysis is zero and the quantity off-taken at the exit points is not zero, then DIA is accepted as 100% of the quantity transferred at the exit points.
- 3.4.2. Operational balancing.
 - 3.4.2.1. Within the framework of operational balancing, the TSO specifies the daily value of the imbalance amount (DIA) on the previous day for every shipper.
 - 3.4.2.2. Operational balancing is conducted by the TSO in daily intervals on the basis of the results of measurements, estimated amounts and agreed allocation methods.
 - 3.4.2.3. Should it be found that a shipper has exceeded the imbalance limit in excess of the MCIA value, which could cause a threat to the security of performance of other transportation contracts, TSO may introduce restrictions on the quantity of gaseous fuel introduced for transmission at the entry points and

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off-taken from the transmission system at the exit points in accordance with the provisions of point 4.6.

3.4.2.4. The TSO shall keep the shippers informed for the purpose of specifying the status of the shipper's imbalance. The level of information provided shall reflect the level of information that the TSO has available.

3.4.3. Billing balancing.

3.4.3.1. Billing balancing is conducted by the TSO after the end of the gas month on the basis of the results of measurements that are approved in the form of billing reports.

3.4.3.2. The TSO shall perform the billing balancing procedure for every shipper, which involves the calculation of the value of DIA for every day in the given month.

3.4.3.3. In the event of a correction to the monthly settlement or if the gaseous fuel used for technological purposes is introduced beyond the point of measurement of the quantity of gaseous fuel off-taken by the shipper, the above quantities of gaseous fuel shall be specified as a separate item in the CTR and included in the calculation of the cumulative imbalance amount (CIA).

3.4.3.4. The amounts specified on the basis of the billing balancing shall be included in the Commercial Transmission Report (CTR) prepared by the TSO.

3.4.3.5. The Gas Reference Price (GRP) constitutes the weighted average price at which the TSO purchased the gaseous fuel in the previous gas month. The TSO establishes and publishes the GRP on its website by the twentieth (20th) day of every month. The GRP established in this way applies during the following gas month. If gaseous fuel was not purchased in a given month, the previous GRP shall apply.

3.5. Charges for balancing in excess of the limits.

3.5.1. In the situation in which the absolute daily imbalance amount (DIA) is greater than the daily imbalance limit (DIL), but does not exceed the top daily imbalance limit (TDIL), the TSO shall collect a standard charge for balancing in excess of the limits (SCB) calculated according to the equation:

$$SCB = SCB_S * (MOD(DIA) - DIL)$$

where:

SCB_S - rate of the standard charge for balancing in excess of the limits, amounting to PLN 0.1681 per m³,

MOD - absolute value,

DIA - daily imbalance amount (m³),

DIL - daily imbalance limit (m³).

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3.5.2. In the situation where the absolute value of the daily imbalance amount (DIA) exceeds the top daily imbalance limit (TDIL), the TSO shall collect an increased charge for balancing in excess of the limits (ICB), calculated according to the equation:

$$ICB = ICB_S * (MOD(DIA) - DIL)$$

where:

ICB_S - rate of the increased charge for balancing in excess of the limits, amounting to PLN 0.3362 per m³,

MOD - absolute value,

DIA - daily imbalance amount (m³),

DIL - daily imbalance limit (m³).

3.5.3. In the event that the absolute cumulative imbalance amount (CIA) exceeds the value of the maximum cumulative imbalance amount (MCIA), the shipper is obliged to pay the TSO an additional charge (ADC) for exceeding MCIA, which is specified in the following manner:

$$ADC = (MOD(MAXCIA) - MCIA) * 0.1 * GRP$$

where:

MOD - absolute value,

MAXCIA - the highest excess over the maximum cumulative imbalance amount (MCIA) for every period in which MCIA was exceeded (m³),

MCIA - maximum cumulative imbalance amount (m³),

GRP - gaseous fuel reference price.

3.5.4. In the event that the absolute cumulative value of the imbalance amount (CIA) at the end of the gas month is not zero, the shipper is obliged to pay TSO an additional charge (BPO), which is specified in the following manner:

$$BPO = 0.2 * GRP * MOD(CIA)$$

where:

GRP - gaseous fuel reference price.

MOD - absolute value,

CIA - cumulative imbalance amount (m³),

3.6. Settlement for introducing or off-taking gaseous fuel within the framework of balancing.

3.6.1. After the end of each gas month, if the value (CIA) is not zero, and:

3.6.1.1. CIA < 0, the shipper is obliged to pay the TSO a charge for the transmission of gaseous fuel (ACH), which is specified in the following manner:

$$ACH = MOD(CIA) * GRP$$

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where:

MOD - absolute value,

CIA - cumulative imbalance amount,

GRP - gaseous fuel reference price.

3.6.1.2. CIA > 0, TSO is obliged to pay the shipper a charge for the gaseous fuel received (ACH), which is specified in the following manner:

$$ACH = CIA * GRP$$

where:

CIA - cumulative imbalance amount,

GRP - gaseous fuel reference price.

3.6.2. After making the settlement referred to in point 3.6.1, the value (CIA) is set at 0 m³.

4. MANAGEMENT OF SYSTEM CONGESTION.

4.1. Reasons for the emergence of system congestion.

4.1.1. System congestion may appear in the transmission system in connection with:

- 4.1.1.1. limited capacity of the network or technological system structures,
- 4.1.1.2. the TSO's limited ability to store gaseous fuel in the transmission system and in the interoperating UGSs,
- 4.1.1.3. the need to maintain minimum pressure at entry points in the transmission system,
- 4.1.1.4. the need to maintain stable quality parameters of the gaseous fuel in the transmission system,
- 4.1.1.5. work performed on the TSO's transmission system or interoperating systems,
- 4.1.1.6. the appearance of emergency situations,
- 4.1.1.7. the actions of the shipper, his suppliers or customers, which are inconsistent with the provisions of the TNC or the transportation contract.

4.2. The TSO's activities helping to eliminate the possibilities that system congestion could emerge.

- 4.2.1. At the stage of reviewing requests to provide transmission services, the TSO analyses the opportunities for fulfilling new agreements such that they do not result in a reduction in the level of security of deliveries or quality of gaseous fuel supplied to the existing shippers.
- 4.2.2. Should it be possible to fulfil transmission services, the TSO shall make free capacity available, while giving consideration to the order of receipt of complete applications for transmission services which passed the process of formal and legal examination.

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- 4.2.3. Should it not be possible to fulfil the transmission service on a firm basis, the TSO shall offer interruptible transmission services, if this is possible.
- 4.2.4. Should it not be possible to fulfil the transmission service, the TSO may prepare information on the necessary extent to which the transmission system should be expanded on contract to the interested entity in order to enable the fulfilment of the requested service. The TSO collects the charge agreed in the agreement for the preparation of the information, which reflects the costs of its preparation.
- 4.2.5. The TSO works with the operators of interoperating systems on the terms and conditions specified in the operator agreements in order to prevent the emergence of system congestion.
- 4.2.6. Furthermore, the TSO takes the following steps to prevent the emergence of system congestion:
- 4.2.6.1. it plans and expands the transmission system,
 - 4.2.6.2. it concludes agreements on the provision of gaseous fuel transmission services, which include understandings on the method of proceeding in the event that the reserved capacity is not used,
 - 4.2.6.3. it maintains the transmission system and controls its operation so as to reduce the probability of the emergence of system congestion,
 - 4.2.6.4. it monitors the technical and quality parameters of the gaseous fuel that is transmitted,
 - 4.2.6.5. it plans work in the system so as not to cause any congestion and if congestion is necessary as a result of the work performed, it makes efforts for the consequences of the congestion caused by the planned work to be as small as possible,
 - 4.2.6.6. it prepares procedures for action in the event of an emergency situation appearing in the transmission system,
 - 4.2.6.7. it introduces additional charges, as referred to in point 3.5, point 4.5 and point 4.7.
- 4.3. Management of system congestion in the event of the appearance of contractual congestion.**
- 4.3.1. The TSO conducts ongoing assessments of the utilisation of the reserved capacity, while taking into account the transmission services currently provided within the framework of the concluded transportation contracts, the accepted applications for the provision of transmission services and the signed agreements on the connection to the transmission grid. These analyses have the objective of preventing the possibility of blocking capacity in the transmission system and the emergence of contractual congestion.
- 4.3.2. In the event of the emergence of contractual congestion, which prevents the conclusion of a transportation contract, the TSO shall make efforts to reduce this and to enable the conclusion of an agreement, at least on interrupted principles.

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- 4.3.3. If, during the review of a new application for a transmission service, it transpires that there is no technical capacity, but, within the framework of the currently performed agreements, there is reserved, but unused capacity, the TSO shall demand that the shipper, who is not utilising the reserved capacity, provides information in writing within 15 days on the reasons and the expected period of not utilising the capacity in the case of:
- 4.3.3.1. utilisation of the contracted capacity at a level of less than 70 % for a period of at least the last gas month, or
 - 4.3.3.2. transmission of a quantity of gaseous fuel of less than 70 % of the monthly quantity specified in the approved annual nomination for the given gas month for a period of at least the last gas month.
- 4.3.4. The TSO has the right to provide other shippers with interrupted access to a part or all of the unused capacity if the shipper presents the explanations referred to in point 4.3.3. and specifies the expected period in which:
- 4.3.4.1. he will not utilise the specified value of the ordered contracted capacity,
 - 4.3.4.2. the monthly quantities of gaseous fuel transmitted will be less than the quantity specified in the approved annual nomination in the given gas month.
- 4.3.5. If the shipper fails to present the explanations in accordance with point 4.3.3 or of the explanations do not provide credible grounds for acknowledging that the lack of utilisation of the capacity by the shipper are justified, the TSO shall demand that the shipper sells or provides access to the unutilised capacity within a deadline of no more than 30 days from the delivery of the demand. During the analysis of the explanations presented, the TSO shall take into consideration the archive data on capacity utilisation by the given shipper, as well as taking into account the seasonality of his off-take of gaseous fuel.
- 4.3.6. In the event of the intention to sell the unutilised capacity (contractual capacities), the following shall be presented to the TSO:
- 4.3.6.1. a declaration from the shipper and the purchasing entity that the capacity is being sold, which contains information on the entry and exit points in which the capacity is to be sold, as well as the values of the contractual capacities at these points,
 - 4.3.6.2. an application from the purchasing entity for the provision of transmission services,
 - 4.3.6.3. an annex to the transportation contract signed by the shipper specifying the entry and exit points, together with the new contractual capacities at these points, in accordance with the provisions of the declaration to sell the capacity.
- 4.3.7. The TSO shall assess the application for the provision of transmission services in accordance with the procedures specified in the TNC. In the event of the acceptance of the application, the TSO shall sign a transportation contract with the purchasing entity, as well as an annex to the transportation contract signed with the shipper.

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- 4.3.8. In the event that unutilised capacity (contracted capacity) is utilised, the shipper shall present a declaration to the TSO that it is making the capacity available, which shall contain the following information:
- 4.3.8.1. the name of the entity to which the capacity has been made available,
 - 4.3.8.2. the entry and exit points, as well as the levels of contractual capacities made available by the shipper at these points.
- 4.3.9. The provision of access to capacity does not result in an amendment to the provisions of the transportation contract concluded by and between the shipper and the TSO.
- 4.3.10. The shipper may sell or provide access to unutilised capacity on his own initiative, in accordance with the provisions from point 4.3.6 to point 4.3.9.
- 4.3.11. If the shipper does not sell or provide access to the unutilised capacity within the deadline specified in point 4.3.5, the TSO shall have the right to provide interrupted access to a part or all of the unutilised capacity to other shippers.
- 4.3.12. If free technical capacity, which may be provided firmly, appears in the transmission system as a result of changes in the terms and conditions of the transportation contract or its termination, in the first instance, the TSO shall notify the shippers who have signed a transportation contract on interrupted transmission that it is possible to sign a new transportation contract for firm transmission.
- 4.3.13. The TSO does not collect additional charges from the shippers for activities related to the prevention or reduction of the impact of contractual congestion.
- 4.4. Management of system congestion in the event of non-conformity of off-takes or gaseous fuel supplies with the shipper's approved nomination (delivery or off-take schedule).**
- 4.4.1. In accordance with the provisions of the TNC and the transportation contract, the shipper is obliged to send the TSO current, balanced nominations, in which the sum of the quantities of gaseous fuel specified for the entry points should be equal to the sum of the quantity of gaseous fuel specified for the exit points.
 - 4.4.2. The TSO plans the operation of the transmission system on the basis of the nominations and re-nominations received from the shippers.
 - 4.4.3. In the event that the quantity of gaseous fuel introduced for transmission and the quantity off-taken from the transmission system are inconsistent with the approved nominations, the TSO shall take additional steps to adjust the system's operation to the new conditions.
 - 4.4.4. If the non-conformance of the achievement with the nomination exceeds the scope of the admissible tolerance, as specified in point 2.3.13, the TSO shall charge additional charges in accordance with point 4.5.

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4.5. Method of calculating the charges for the failure to meet the approved nominations.

4.5.1. The charge for failing to meet the daily quantities of gaseous fuel specified in the approved weekly nomination at the entry point (CUE) is calculated as follows:

4.5.1.1. either the non-observance of the nomination at the entry point (EPN) is calculated with the use of the following equation:

$$EPN = [\text{MOD}(\text{NZ} - \text{IG})/\text{NZ}] * 100\%$$

where:

MOD - absolute value,

NZ - daily quantity of gaseous fuel specified in the approved weekly nomination (m³),

IG - daily quantity of gaseous fuel supplied by the shipper (m³).

4.5.1.2. if EPN > 10%, the TSO charges and collects the fee for the non-observance of the nomination at the entry point (CUE), which is calculated according to the following equation:

$$CUE = (\text{EPN} - 10\%) * \text{NZ} * \text{SNW}$$

where:

EPN - relative non-observance of the nomination at the entry point,

NZ - daily quantity of gaseous fuel specified in the approved weekly nomination (m³),

RNE - rate of the charge for non-observance of the nomination at the entry point, amounting to PLN 0.0200 per m³

4.5.1.3. In the event that the value of the daily quantity at the given entry point is nominated as zero (NZ = 0), the TSO charges and collects a fee for the non-observance of the nomination at the entry point (CUE), which is calculated according to the following equation:

$$CUE = \text{IG} * \text{RNE}$$

where:

IG - quantity of gaseous fuel supplied by the shipper (m³).

RNE - rate of the charge for non-observance of the nomination at the entry point, amounting to PLN 0.0200 per m³

4.5.2. The charge for failing to observe the daily quantities of gaseous fuel specified in the approved weekly nomination at the exit point (CUEW) is calculated as follows:

4.5.2.1. either the non-observance of the nomination at the exit point (EPNW) is calculated with the use of the following equation:

$$EPNW = [\text{MOD}(\text{NZ} - \text{IG})/\text{NZ}] * 100\%$$

where:

MOD - absolute value,

NZ - daily quantity of gaseous fuel specified in the approved weekly nomination (m³),

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IG - daily quantity of gaseous fuel off-taken by the shipper (m³).

4.5.2.2. if EPNW > 10%, the TSO charges and collects the fee for the non-observance of the nomination at the exit point, which is calculated according to the following equation:

$$\text{CUEW} = (\text{EPNW} - 10\%) * \text{NZ} * \text{RNEW}$$

where:

EPNW - relative non-observance of the nomination at the exit point,

NZ - daily quantity of gaseous fuel specified in the approved weekly nomination (m³),

RNEW - charge for non-observance of the nomination at the exit point, amounting to PLN 0.0200 per m³

4.5.2.3. In the event that the value of the daily quantity at the given exit point is nominated as zero (NZ = 0), the TSO charges and collects a fee for the non-observance of the nomination at the exit point (CUEW), which is calculated according to the following equation:

$$\text{CUEW} = \text{IG} * \text{RNEW}$$

where:

IG - daily quantity of gaseous fuel off-taken by the shipper (m³).

RNE - rate of the charge for non-observance of the nomination at the entry point, amounting to PLN 0.0200 per m³

4.5.3. The TSO does not collect a charge for the non-observance of the approved nominations at the entry or exit points if the shipper demonstrates that the non-observance of the approved nomination took place through the TSO's fault.

4.6. Management of system congestion in the event of the imbalance of the levels of deliveries and off-takes of gaseous fuel.

4.6.1. In situations of the shipper's imbalance resulting in the inability to maintain integrity of the transmission system after using the methods of regulation described in point 3.3.1, the TSO may introduce restrictions on the shippers who have caused the situation of the shortfall or the excess of gaseous fuel in the transmission system:

4.6.1.1. on the acceptance of gaseous fuel for transmission at the entry points in a situation of excess gaseous fuel in the transmission system or

4.6.1.2. in the off-take of gaseous fuel from the transmission system at the exit points in the situation of a shortfall of gaseous fuel in the transmission system.

4.6.2. When introducing the restrictions specified in point 4.6.1, the TSO shall inform the shipper of the timing of the start of the restrictions, their expected duration and the maximum hourly and daily ability to introduce gaseous fuel to or off-take gaseous fuel from the transmission system at the given point.

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- 4.6.3. The restrictions introduced in accordance with point 4.6 are implemented by the shipper in accordance with the information provided by the TSO by reducing deliveries or off-takes of gaseous fuel to / from the transmission system.
- 4.6.4. The costs of the restrictions in the quantities of gaseous fuel, as well as the restart of transmission of the contractual quantities of gaseous fuel are borne by the shipper.
- 4.6.5. The TSO is entitled to a fixed charge for the transmission service at a level that depends on the contracted capacity specified in accordance with the applicable tariff throughout the period of the restriction.
- 4.7. Management of congestion in the event of the failure to maintain the quality parameters of the gaseous fuel and the minimum pressure.**
- 4.7.1. In situations in which the appropriate quality parameters of the gaseous fuel are not observed at the entry points, the TSO may introduce restrictions on the receipt of gaseous fuel for transmission at the entry points and off-take at the exit points with respect to the shipper on whose part circumstances have arisen resulting in such a situation.
- 4.7.2. When introducing the restrictions, TSO shall inform the shipper of the timing of the start of the restrictions, their expected duration and the maximum hourly and daily ability to introduce gaseous fuel to or off-take gaseous fuel from the transmission system at the specified points.
- 4.7.3. The restrictions introduced in accordance with point 4.7.1 are implemented by the shipper in accordance with the information provided by the TSO by reducing deliveries or off-takes of gaseous fuel to or from the transmission system. In the event of the shipper failing to observe the restriction that is introduced, the TSO may withhold from accepting gaseous fuel into the transmission system.
- 4.7.4. The following gross caloric values are specified for the gaseous fuel, G_{CV} , transmitted through the transmission system:
- 4.7.4.1. for the group E high methane natural gas system:
from $G_{CVmin} = 38.0$ to $G_{CVmax} = 40.0$ MJ/m³,
- 4.7.4.2. for the Lw subgroup nitrified natural gas system:
from $G_{CVmin} = 30.0$ to $G_{CVmax} = 33.5$ MJ/m³,
- 4.7.4.3. G_{CV} for the Ls subgroup nitrified natural gas system:
from $G_{CVmin} = 26.0$ to $G_{CVmax} = 30.0$ MJ/m³,
- 4.7.5. If the shipper introduces gaseous fuel with a gross caloric value within the limits specified in point 4.7.4 at the entry point and off-takes it from the exit point, the parties to the transportation contract do not make any additional settlements for this.
- 4.7.6. If the shipper introduces gaseous fuel of a higher gross caloric value than G_{CVmax} into the transmission system at the entry point, the parties to the transportation contract do not make any additional settlements for this. In such a case, the TSO

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is obliged to ensure that the gross caloric value of the gaseous fuel at the exit point is no lower than G_{CVmax} .

4.7.7. In the event of the introduction of gaseous fuel of a gross caloric value of less than $G_{CVmingr}$ into the transmission system at the entry point, which, for the individual systems, amounts to:

$G_{CVmingr} = 34.0 \text{ MJ/m}^3$ for the group E high methane gas system,

$G_{CVmingr} = 30.0 \text{ MJ/m}^3$ for the Lw subgroup nitrified gas system,

$G_{CVmingr} = 26.0 \text{ MJ/m}^3$ for the Ls subgroup nitrified gas system,

a charge is collected from the shipper, which is calculated according to the following equation:

$$O_{NCWgr} = I_{GI} * 2 * GRP * (1 - H_{ZW}/G_{CVmin})$$

where:

O_{NCWgr} charge for the non-observance of the gross caloric value at the entry point [PLN],

I_{GI} quantity of gaseous fuel that fails to meet the gross caloric value of the gaseous fuel introduced for transmission at the entry point [m^3],

GRP Gas Reference Price [PLN],

H_{ZW} actual gross caloric value of the gaseous fuel introduced for transmission at the entry point [MJ/m^3],

G_{CVmin} minimum gross caloric value referred to in point 4.7.4 [MJ/m^3].

4.7.8. In the event that group E gaseous fuel of a gross caloric value of more than $G_{CVmingr}$ amounting to 34 MJ/m^3 , but less than $G_{CVmingr}$ amounting to 38.0 MJ/m^3 , is introduced for transmission, a charge is collected from the shipper according to the following equation:

$$O_{NCW} = I_{GI} * GRP * (1 - H_{ZW}/G_{CVmin})$$

where:

O_{NCW} charge for the non-observance of the gross caloric value at the entry point [PLN],

I_{GI} quantity of gaseous fuel that fails to meet the gross caloric value of the gaseous fuel introduced for transmission at the entry point [m^3],

GRP Gas Reference Price [PLN],

H_{ZW} actual gross caloric value of the gaseous fuel introduced for transmission at the entry point [MJ/m^3],

G_{CVmin} minimum gross caloric value referred to in point 4.7.4 [MJ/m^3].

4.7.9. In the event that the TSO expresses its consent in writing to accept group E gaseous fuel for transmission of a gross caloric value, as specified in point 4.7.8, the charge for introducing such gaseous fuel into the transmission system amounts to 50% of the charge referred to in point 4.7.8. The TSO's consent to the acceptance of gaseous fuel of a reduced gross caloric value that lies within

the range specified in point 4.7.8 at the entry point may only be provided on the shipper's written request, which is submitted at least 48 hours before the planned delivery of such gaseous fuel to the entry point.

4.7.10. The gross caloric value for billing purposes (H_{ZW}) is calculated as the arithmetic mean of the values arising from the measurements taken by the TSO of the gross caloric value during the billing period at specified points in the transmission system, with the reservation of point 4.7.11. The transportation contract specifies the place, method and conditions for measuring gross caloric value on the basis of which the settlements shall be conducted.

4.7.11. In the event that a facility that is agreed with the TSO and is checked by the TSO, which enables the definition of the gross caloric value of the gaseous fuel at the entry point or at the exit point, is installed, the gross caloric value will be specified on the basis of the readings from this facility.

4.7.12. Additional charges shall be imposed if the gaseous fuel introduced for transmission into the transmission system at the entry point or transported for off-take at the exit point fails to satisfy the quality parameters specified in the table below.

Value describing the quality of gaseous fuel	Unit of measure	Highest admissible value of X_{SJNmax}
Hydrogen sulphide content*	mg/m ³	7.0
Mercury fume content*	µg/m ³	30.0
Total sulphur content*	mg/m ³	40.0
Water dew point temperature for 5.5 MPa from 1 April to 30 September	°C	+3.7
Water dew point temperature for 5.5 MPa from 1 October to 31 March	°C	-5.0

* Apart from the water dew point temperatures, the amounts contained in the table are specified for normal conditions.

4.7.13. If the shipper introduces gas fuel for transmission at the entry point, which does not satisfy at least one of the quality parameters specified in point 4.7.12, the TSO is entitled to a charge from the shipper for each of the quality parameters in point 4.7.12 that is exceeded, which is calculated according to the following equation:

$$O_{NSJW} = I_{GI} * 2 * GRP * (X_{SJW} - X_{SJNmax}) / MOD(X_{SJNmax})$$

where:

O_{NSJW} charge for not meeting the quality parameter [PLN],

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- I_{GI} quantity of gaseous fuel that fails to meet the value of the quality parameter of the gas fuel introduced for transmission at the entry point [m^3],
- GRP Gas Reference Price [PLN],
- MOD Absolute value,
- $X_{S,JNmax}$ the highest admissible value of the given quality parameter presented in point 4.7.12.,
- $X_{S,JW}$ actual value of the given quality parameter of gaseous fuel introduced for transmission at the entry point.

4.7.14. The TSO is entitled to a charge from the shipper, which is calculated in accordance with the equation presented in point 4.7.13 for each of the quality parameters referred to in point 4.7.12. This charge will be calculated for each of the quality parameters that have not been met individually. If the TSO's actually documented costs exceed the charge calculated in accordance with point 4.7.13, the TSO shall be entitled to an additional charge covering the documented costs that the TSO incurred in connection with the elimination of the consequences of the introduction of such gaseous fuel into the transmission system, as well as covering the costs of compensation for the failure to meet the quality parameters at the entry point which the TSO paid to other users of the transmission system.

4.7.15. In the event that gaseous fuel of a gross caloric value of less than $G_{CVmingr}$, as specified in point 4.7.7 is introduced for off-take at the exit point from the transmission system, the TSO shall grant the shipper a discount calculated according to the following equation:

$$B_{NCWgr} = I_{GI} * 2 * GRP * (1 - H_{ZW}/G_{CVmin})$$

where:

B_{NCWgr} discount for the failure to meet the gross caloric value at the exit point from the transmission system [PLN],

I_{GI} actual quantity of gaseous fuel that fails to meet the gross caloric value that is transported for off-take at the exit point from the transmission system [m^3],

GRP Gas Reference Price [PLN],

H_{ZW} actual gross caloric value of the gaseous fuel transported for off-take at the exit point from the transmission system [MJ/m^3],

G_{CVmin} minimum gross caloric value referred to in point 4.7.4 [MJ/m^3].

4.7.16. If the TSO introduces group E gas fuel of a gross caloric value of greater than $G_{CVmingr}$, amounting to $34.0 MJ/m^3$, but less than G_{CVmin} MJ/m^3 of $38.0 MJ/m^3$, to the exit point from the transmission system without the shipper's consent, the TSO shall grant the shipper a discount calculated according to the following equation:

$$B_{NCW} = I_{GI} * GRP * (1 - H_{ZW}/G_{CVmin})$$

where:

B_{NCW} discount for the failure to meet the gross caloric value at the exit point from the transmission system [PLN],

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I_{GI} actual quantity of gaseous fuel that fails to meet the gross caloric value that is transported for off-take at the exit point from the transmission system [m^3],

GRP Gas Reference Price [PLN],

H_{ZW} actual gross caloric value of the gaseous fuel transported for off-take at the exit point from the transmission system [MJ/m^3],

G_{CVmin} minimum gross caloric value referred to in point 4.7.4 [MJ/m^3].

4.7.17. If the TSO transports gas fuel of a gross caloric value, H_{ZW} , of greater than G_{CVmax} , as referred to in point 4.7.4 for off-take at the exit point, the transportation contract is considered properly performed and the parties shall not make additional settlements for this.

4.7.18. If the shipper expresses his written consent to the acceptance of gaseous fuel of a reduced gross caloric value, the shipper is entitled to a 50% discount for the quantity of gaseous fuel accepted, as referred to respectively in point 4.7.15 and 4.7.16.

4.7.19. If the TSO introduces gas fuel for off-take at the exit point, which does not satisfy at least one of the quality parameters specified in point 4.7.12, the TSO shall award the shipper a discount for each of the quality parameters in point 4.7.12 that is exceeded, which is calculated according to the following equation:

$$B_{NSJW} = I_{GI} * 2 * GRP * (X_{SJW} - X_{SJNmax}) / MOD(X_{SJNmax})$$

where:

B_{NSJW} discount for the exceeding the given quality parameter at the exit point from the transmission system [PLN],

I_{GI} quantity of gaseous fuel that fails to meet the given quality parameter that is transported for off-take at the exit point from the transmission system [m^3],

GRP Gas Reference Price [PLN],

MOD Absolute value,

X_{SJNmax} the highest admissible value of the given quality parameter presented in point 4.7.12.,

X_{SJW} actual value of the given quality parameter of gaseous fuel transported for off-take at the exit point from the transmission system.

4.7.20. The TSO shall grant the shipper a discount, which is calculated in accordance with the equation presented in point 4.7.19 for each of the quality parameters referred to in point 4.7.12. This discount will be calculated for each of the quality parameters that have not been met individually.

4.7.21. In the event of any reservations regarding the quality of gaseous fuels transported, the shipper or the TSO may demand that this quality is analysed at an independent research laboratory that has accreditation of a certifying unit obtained in accordance with separate regulations. In the event that it is found that the quality of the gaseous fuel complies with the parameters specified in point 4.7.4 or 4.7.12, the costs of this analysis shall be covered by the entity

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demanding that the analysis is performed, otherwise the costs of the analysis are covered by the other party.

- 4.7.22. In the event of a reduction in the contracted capacity at the entry point into the transmission system caused by a drop in pressure at this point, the TSO is entitled to a charge from the shipper at the level of the documented costs related to the elimination of the consequences of introducing gaseous fuel of an inadequate pressure, including the amounts of compensation or discounts that the TSO paid to other users of the transmission system for failing to maintain the pressure at the exit points.
- 4.7.23. In the event of a reduction in contracted capacity at the exit points from the transmission system because of an extemporaneous drop in pressure at the exit point from the transmission system, the shipper is entitled to the discount specified in the tariff from the TSO.
- 4.7.24. Each of the parties is obliged to notify the other party forthwith of the possibility of such a situation arising in the event that they find that it is possible that gaseous fuel of an inadequate quality has been introduced.

5. INFORMATION INTERCHANGE RELATED TO THE SUBMISSION OF AGREEMENTS FOR FULFILMENT, BALANCING AND SYSTEM CONGESTION MANAGEMENT.

5.1. General provisions

- 5.1.1. The Information Interchange System (IIS) is used to exchange information related to the provision of transmission services between the TSO and the shipper, the ISO or the BPO.
- 5.1.2. Electronic information interchange related to the performance of the concluded transportation contracts shall ultimately be based on the electronic document interchange standard (EDI), in the version prepared for the gas industry, named EDIG@S (as described in the document entitled Edig@s Message Implementation Guidelines, which is available through the website www.edigas.org).
- 5.1.3. Until the electronic information interchange system, which is based on the electronic document interchange standard, EDIG@S, is implemented, the main form of information interchange constitutes documents in written form.
- 5.1.4. The exception is documents exchanged on a current basis regarding nominations, re-nominations and allocations, which are transferred in electronic form in the format described in point 5.2.
- 5.1.5. Furthermore, until the system referred to in point 5.1.3 is implemented, the approved nominations and re-nominations shall be delivered in writing or by fax.

5.2. Format of files transferred in connection with information interchange on nominations, re-nominations and allocations.

- 5.2.1. Information on nominations, re-nominations and allocations shall be sent in the form of ASCII files.
- 5.2.2. The formats of the ASCII files referred to in point 5.2.1 have been described in detail on the TSO website. Information on the change in the requirements regarding the files transferred shall be provided in writing six months in advance, as well as being posted in the website with the same advance notice.

5.3. Method of information interchange.

- 5.3.1. The interchange of the files referred to in point 5.2.1 shall take place by e-mail or through the Internet.
- 5.3.2. The TSO, the DSO, the BPO, the SSO, the owner of the UGS and the shipper shall ensure protection and integrity of the files transferred using the mechanism of the qualified electronic signature.

5.4. Liability for the content of data transferred.

- 5.4.1. Liability for the form and content of the information on the documents rests with the party sending the document.

5.5. Information interchange chart in the annual nomination process.

- 5.5.1. The annual nomination process is described in point 2.2, while the document interchange chart is illustrated in figure 1.

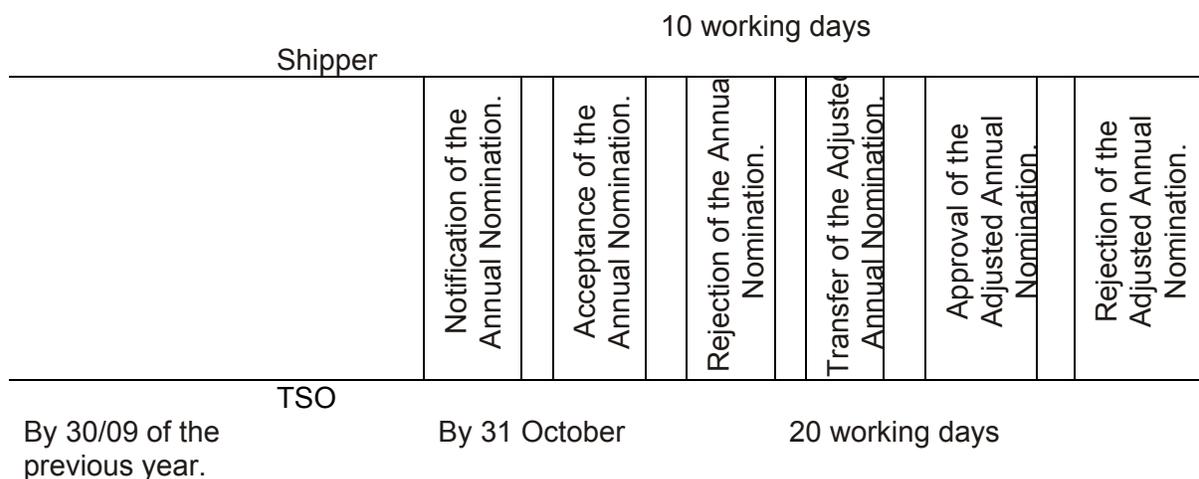


Figure 1 - annual nominations.

- 5.5.2. The shipper shall supply the annual nomination to the TSO by 30 September of the previous year for the next gas year in which the transmission service is to be provided.
- 5.5.3. The monthly quantities contained in the transportation contract shall be accepted for agreements concluded for a period of shorter than a year or performed during the period between the conclusion of the agreement and the start of the next gas year, as monthly quantities in the annual nomination.
- 5.5.4. The TSO shall inform the shipper that the annual nomination has been accepted or rejected by 31 October.
- 5.5.5. In the event of a rejection of the nomination, the shipper shall submit an adjusted annual nomination to the TSO within 10 working days of the date of receipt of the information on the rejection.
- 5.5.6. The TSO shall notify the shipper of whether the adjusted nomination has been accepted or rejected within 20 working days of the date of its receipt.

5.6. Information interchange chart in the annual re-nomination process.

- 5.6.1. The annual re-nomination process (change in the monthly quantities) is described in point 2.5.1, while the chart of document interchange is illustrated in figure 2.
- 5.6.2. The shipper shall supply the re-nomination to the TSO no later than 35 working days before the start of the period to which the re-nomination applies.
- 5.6.3. The TSO shall inform the shipper of whether the re-nomination has been accepted or rejected within 20 working days of the receipt of the re-nomination from the shipper.

Shipper					
	Notification of the Annual Re-nomination.		Approval of the Annual Re-nomination.		Rejection of the Annual Re-nomination.

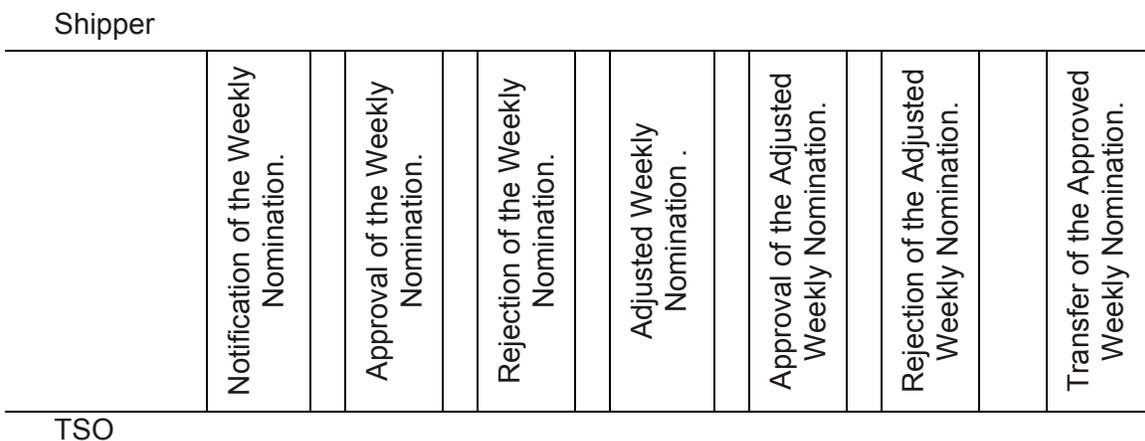
TSO	
up to 35 working days before the period to which the re-nomination applies.	Within 20 working days.

Figure 2 - annual re-nominations.

5.7. Information interchange chart in the weekly nomination process.

- 5.7.1. The weekly nomination process is described in point 2.3, while the document interchange chart is illustrated in figure 3.
- 5.7.2. The shipper submits the weekly nomination to the TSO every Thursday by 10:00 hours.
- 5.7.3. The TSO shall inform the shipper of whether the weekly nomination has been approved or rejected by Friday at 10:00 hours.
- 5.7.4. In the event of a rejection of the nomination, the shipper shall deliver an adjusted weekly nomination to the TSO by Friday at 14:00 hours.
- 5.7.5. The TSO shall inform the shipper of whether the weekly nomination has been approved or rejected by Friday at 16:00 hours.
- 5.7.6. The TSO shall provide the approved weekly nomination to the shipper in accordance with the procedure specified in point 2.3.9, on Friday, by 18:00 hours.

By Friday at
14:00 hours.



By Thursday
at 10:00
hours.

By Friday at 10:00 hours.

By Friday at 16:00 hours.

By Friday
at 18:00
hours.

Figure 3 - weekly nominations.

5.8. Information interchange chart in the process of re-nomination of daily quantities.

- 5.8.1. The process of re-nomination of daily quantities is described in point 2.5.2, while the chart of document interchange is illustrated in figure 4.
- 5.8.2. The shipper may make daily re-nominations of the quantity of gas fuel submitted in the weekly nomination by 12:00 hours on the day before the day to which the re-nomination applies.
- 5.8.3. The TSO shall inform the shipper of whether the re-nomination has been accepted or rejected on the same day by 16:00 hours.

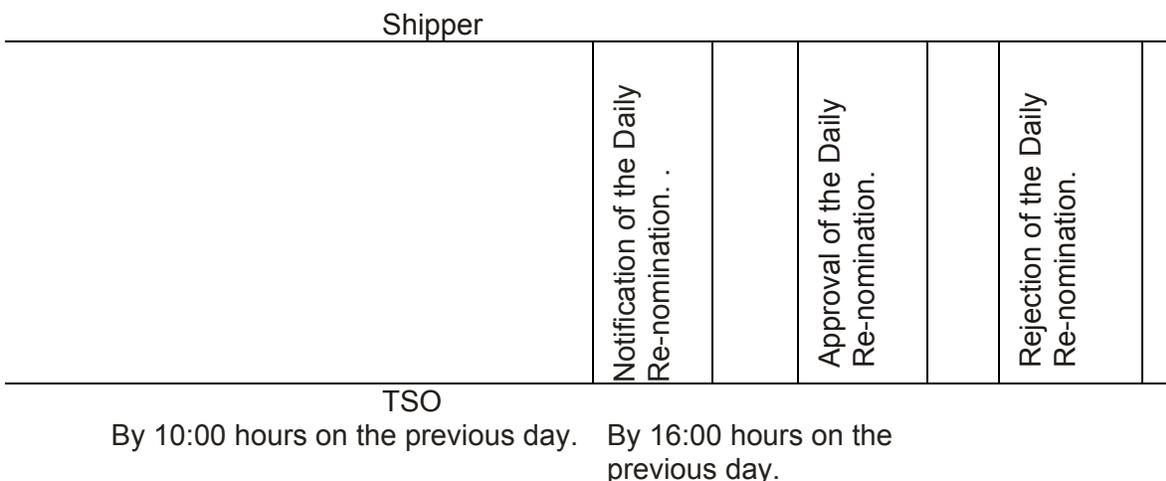


Figure 4 - daily re-nominations.

5.9. Information interchange in the process of billing balancing.

- 5.9.1. The billing balancing process is described in point 3.4.3, while the information interchange is illustrated in Figure 5.
- 5.9.2. Billing balancing is conducted by the TSO after the end of the gas month on the basis of the results of approved measurements in the form of agreed and signed billing reports.
- 5.9.3. Billing reports from the entry and exit points are prepared by the twenty-first (21st) day of the gas month for the previous month, which contain: excesses over the contracted capacity, the quantities not off-taken and not delivered, the daily quantities, the maximum hourly quantities on the individual days and the excesses over the contractual parameters of the gaseous fuel.
- 5.9.4. The Commercial Transmission Report for the previous month is prepared and submitted by the twenty-eighth (28th) day of the gas month.

Shipper

	Preparation of Billing reports with daily data and excesses.		Preparation of a Commercial Transmission Report.		Submission of the Commercial Transmission Report.	
TSO	By the 21 st day of the following month.	By the 28 th day of the following month.		By the 28 th day of the following month.		

Figure 5 - billing balancing.

5.10. Information interchange related to the prevention of the emergence of contractual congestion.

- 5.10.1. The prevention of the emergence of contractual congestion is described in point 4.3 and illustrated in Figure 6.
- 5.10.2. In the event that the TSO determines that the shipper is not utilising the capacity, in accordance with the provisions of point 4.3, it demands that written information is submitted in order to explain the reasons.
- 5.10.3. The shipper shall present the explanations referred to above within 15 days of the date of receipt of the demand.
- 5.10.4. Should the shipper fail to present the explanations within 15 days or if the TSO acknowledges that the lack of utilisation of the capacity by the shipper is unjustified, the TSO shall demand that the shipper sells or makes its unutilised capacity available within a deadline of no longer than 30 days from the date of delivery of the demand.

Shipper	15 days	30 days	25 days
	Analysis of the utilisation of the capacity reserved by the shipper.		
	Demand to provide written information on the reasons for the failure to utilise the capacity.		
	Written information on the reasons for failing to utilise the capacity.		
	Lack of written information on the reasons for failing to utilise the capacity.		
	Acknowledgement of the lack of utilisation of the capacity as unjustified.		
	Demand to sell or make unutilised capacity available.		
	Termination of the Transportation contract, together with a proposal to change the contracted capacity.		
	Acceptance of changes in the form of a signed Annex or lack of response.		
	Rejection of the proposals in the form of a declaration.		
	Termination of the transportation contract.		
	Sale or provision of access to unutilised capacity.		
	Lack of sale or provision of access to unutilised capacity.		
TSO			30 days

Figure 6 - contractual congestion

- 5.10.5. Should the shipper fail to sell the unutilised capacity or make it available within the specified deadline, the TSO is entitled to terminate the transportation contract with respect to the part that applies to the reserved contracted capacity while simultaneously offering another level of contracted capacity.
- 5.10.6. In the event that the shipper accepts the new level of contracted capacity offered by the TSO within 25 days from the date of delivery of the termination by the delivering a signed annex to the TSO, the transportation contract remains in force with the amendments introduced by way of the annex. The changes in the transportation contract become effective on the date specified in the annex.
- 5.10.7. In the event of the shipper's failure to send the signed annex within the specified deadline, the transportation contract is amended to the extent specified in the annex.
- 5.10.8. The shipper's non-acceptance of the proposed annex through the submission of a written declaration constitutes a termination of the transportation contract with a notice period of one month.
- 5.11. Information provided by the TSO.**
- 5.11.1. The TSO shall publish the full wording of the TNC on its website, which contains standard terms and conditions specifying the shipper's rights and duties.
- 5.11.2. The TSO shall publish the information specified in the Regulation of the European Parliament and of the Council of 28 September 2005 on conditions for access to the natural gas transmission networks, in particular, the data that is agreed with the competent authorities on entry and exit points.
- 5.11.3. The TSO shall publish the transmission system chart, together with a list of entry and exit points in its website.

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5.11.4. The TSO shall respectively notify the shipper and the ISO of all events that could have an impact on the provision of gaseous fuel transmission services, as well as the operation of interoperating systems, including changes in the timing of work and the timing of previously unplanned work.

5.12. Information provided by the DSO.

5.12.1. DSOs supply the following to the TSO:

- 5.12.1.1. information on the compliance of the nominations and re-nominations at the points of interconnect of the systems in accordance with the provisions of point 2,
- 5.12.1.2. information on the quantities of gas fuel assigned to the individual transportation contracts with the shippers from the exit point of the TSO transmission system from which the gaseous fuel is transported to the DSO system, in accordance with the solutions accepted in the understandings on the methods of allocation, under the procedure and within the deadlines specified in point 3.2.14.,
- 5.12.1.3. preliminary plans of reductions in the supply and off-take of gaseous fuels for customers connected to the DSO system by 30 June of every year in order for the TSO to agree them,
- 5.12.1.4. a notification of the connection of a new gaseous fuel customer to the DSO system with a contracted capacity of more than 417 m³/h or an increase in contracted capacity in excess of this level by an existing customer within seven (7) days of the date of signature of the agreement or annex, containing the following data: the customer's name, his address and post code, his REGON statistical number, the type of production conducted, the contracted capacity, the date of commencement of receipt of the gaseous fuel, the minimum hourly and daily quantity of gaseous fuel required to supply the technological facilities and assure safety of people (10th degree supply) and the period of validity of the agreement,
- 5.12.1.5. a notification that a gaseous fuel customer has been cut off from the gas system for reasons other than a reduction in the contracted hourly capacity to a level of less than 417 m³/h within seven (7) days of the stoppage of supply,
- 5.12.1.6. a written update of the plans of restrictions by the 20th day of the month preceding the next quarter, including updated tables with daily and hourly quantities for the individual customers and the level of supply, taking into account the changes referred to in point 5.12.1.4 and in point 5.12.1.5,
- 5.12.1.7. the total daily quantities of gaseous fuel used in the previous month by customers subject to the plans of restrictions prepared by the DSO, broken down by types of gas, by the 10th day of each month,
- 5.12.1.8. during the period of applicability of the restrictions introduced by the Council of Ministers under the procedure of article 11 of the Energy Law, the DSO shall submit the daily quantities of gaseous fuel for the previous gas day for the individual customers included in the plan of restrictions prepared by the DSO for every day by 10:00 hours,

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- 5.12.1.9. a notification on the appearance of interference in the DSO system, which could affect the conditions for receiving gaseous fuel from the TSO system, containing information on the reason for the emergence of the interferences, their expected duration, the reduction in capacity at the points of interconnect with the TSO system, the values of the parameters that do not satisfy the contractual conditions and a confirmation of the amended nominations arising from the interferences taking place.
- 5.12.2. Furthermore, the DSO shall provide all information to the customers included in the plan of restrictions prepared by the DSO on the accepted procedure for the introduction of the restrictions by the DSO, in particular the method of providing information on the introduction of the restrictions to the respective dispatcher authorities that are authorised to pass on orders and the levels of admissible off-take of gaseous fuels in the individual degrees of supply.

5.13. Information provided by the SSO.

- 5.13.1. SSOs supply the following to the TSO:
- 5.13.1.1. information on the compliance of the nominations and re-nominations at the exit / entry points related to the UGS in accordance with the provisions of point 2,
- 5.13.1.2. the characteristics of filling and off-taking from the UGS and their updates,
- 5.13.1.3. telemetry data on pressure, quantity and quality of the gas being pumped into and off-taken from the UGS,
- 5.13.1.4. data on the quantity of gas off-taken from and pumped into the UGS on the previous gas day and the balance of the active capacity of the storage facility for the previous day by 08:00 of every day,
- 5.13.1.5. a notification on the appearance of interference in the operation of the UGS, which could affect the conditions under which the UGS interoperates with the transmission system, containing information on the reason for the emergence of the interferences, their expected duration, the reduction in capacity at the points of interconnect with the TSO system, the values of the parameters that do not satisfy the contractual conditions and a confirmation of the amended nominations arising from the interferences taking place.
- 5.13.1.6. information on work planned in the UGS, which could affect the conditions under which the UGS interoperates with the transmission system, in order to agree the possible timing and duration of the work with TSO.
- 5.13.2. Furthermore, in the event that the SSO makes an allocation at the exit / entry points connected with the UGS, it shall supply information to TSO on the quantities of gaseous fuel assigned to the individual transportation contracts with the shippers in accordance with the solutions accepted in the understanding on the methods of allocation in the procedure and the deadlines described in point 3.2.14.

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5.14. Information provided by the shippers.

5.14.1. The shippers supply the following to the TSO:

- 5.14.1.1. nominations and re-nominations of the quantity of gaseous fuel in accordance with the provisions of point 2,
- 5.14.1.2. information on the interferences on the side of the shipper's customers and suppliers, as well as in the interoperating system, which could affect the operating conditions of the TSO transmission system, including the reason for the emergence of the interferences, their expected duration, the reduction in capacity at the points of interconnect with the TSO system, the values of the parameters that do not satisfy the contractual conditions and a confirmation of the amended nominations arising from the interferences taking place,
- 5.14.1.3. information on the shipper's customers directly connected to the TSO transmission system who are subject to the restrictions in the supply and off-take of the gaseous fuels by 30 June of every year. This information should contain the customer's name and address, the identification of the exit point to which the given customer is connected, the contracted capacity, the minimum hourly and daily receipt of gaseous fuel required for supplying the technological devices and assuring safety of people reflecting the tenth (10th) degree of supply, as well as the proposal of these amounts for degrees 2 to 9 of supply that is initially agreed with the customer.
- 5.14.1.4. a written update of the information referred to in point 5.14.1.3 by the 20th day of the month preceding the next quarter, including updated tables with daily and hourly quantities for the individual customers and the degrees of supply, taking into account the changes arising from the changes in the contractual capacities, as well as connections of new customers or shut down of existing customers.

6. METHODS OF PROCEEDING IN EMERGENCY SITUATIONS.

6.1. An emergency situation in the transmission system.

- 6.1.1. In the event of the appearance of an emergency situation resulting in a threat to the safety of operation of the transmission system, the TSO shall take immediate action to eliminate the emergency situation and to recover the correct operation of the transmission system.
- 6.1.2. In the event of the appearance of an emergency situation resulting in a deficit of gaseous fuel in the transmission system, the TSO shall, in particular:
 - 6.1.2.1. take advantage of the regulatory instruments referred to in point 3.3.1.,
 - 6.1.2.2. take the necessary steps in cooperation with the interested entities, as specified in point 6.2.
- 6.1.3. If the measures referred to in point 6.1.2 prove inadequate, in accordance with article 11 of the Energy Law, the TSO shall apply to the Minister with competence for the economy to introduce the restrictions in the supply and off-take of gaseous fuels with respect to the customers encompassed by the plan of restrictions that is prepared by the TSO.

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- 6.1.4. The TSO shall immediately inform the shippers, end users off-taking the gaseous fuel directly from the transmission system and the operators of interoperating systems that an emergency situation has taken place, which could affect the operation of their facilities, installations or networks and, in particular, of the expected duration and extent of the restrictions in the transmission of gaseous fuels.
- 6.1.5. In the event of the emergence of an emergency situation, TSO shall not accept gaseous fuel for transmission or shall not deliver gaseous fuel to the exit point if this could result in a threat to safety of the operation of the transmission system, human health or lives or the environment or if it could cause damage to property.
- 6.1.6. In an emergency situation, the shipper is obliged to work with TSO to the necessary extent.
- 6.1.7. The services of the parties authorised for contacts in the event of the emergence of an emergency situation are specified in the transportation contract.

6.2. Procedure for starting up additional supplies of gaseous fuel.

- 6.2.1. In the event of the emergence of sudden, unexpected damage or destruction to facilities, installations, the network or buildings resulting in an interruption in their use or their loss of properties threatening the safety of functioning of the transmission system, the TSO shall take steps, in cooperation with the energy companies that are obliged to hold a reserve of gaseous fuel, as specified in article 9 j of the Energy Law, the Operators of Storage Facilities or the entities having storage capacity, as well as the shippers in order to assure or recover the correct operation of the transmission system.
- 6.2.2. In order to assure the cooperation referred to in point 6.2.1, the energy companies are obliged to hold reserves of gaseous fuel, as referred to in article 9 j of the Energy Law; Operators of Storage Facilities and entities with storage capacity shall remain ready for supplying gaseous fuel.
- 6.2.3. In the event of the emergence of the situation referred to in point 6.2.1, the TSO shall start supplies after informing the entities referred to in point 6.2.2 of the need and the timing for starting up additional supplies of gaseous fuels.
- 6.2.4. The TSO shall inform the shippers of the need to start up additional supplies to it under the procedure specified in the provisions of point 6.2.
- 6.2.5. In the event that the start-up of supplies of gaseous fuel takes place for reasons for which the shipper is responsible or in order to recover a threat of damage to the shipper's property and the shipper does not have the legal title to the gaseous fuel used by the TSO, the shipper shall pay the TSO a charge for the transmission and supply of the gaseous fuel. After making the settlements with the shipper, the TSO shall make settlements with the owner of the gaseous fuel used by paying the sales price specified in his tariff.
- 6.2.6. In the event that the start-up of the supply of gaseous fuel takes place for reasons for which the shipper, who is the owner of the gaseous fuel, is not liable or for a purpose other than specified in point 6.2.5, the TSO shall supplement the quantity of gaseous fuel off-taken after eliminating the consequences of the event

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described in point 6.2.1 or shall make settlements at the sales price of the gaseous fuel that is specified in the gaseous fuel owner's tariff during the gas month following the month in which the supplies were stated up.

6.2.7. The above provisions do not constitute an obstacle to filing for compensation on general terms from the entity responsible for causing the emergency situation resulting in the start-up of the supply of gaseous fuel.

6.3. An emergency situation in the installation of the shipper's customer or supplier or in an interoperating system.

6.3.1. In the event of an emergency situation that arises in an installation of the shipper's customer or supplier or in an interoperating system that could result in restrictions on the introduction of gaseous fuel for transmission or its off-take, the shipper is obliged to immediately inform the TSO of this, stating the expected duration and the extent of the restrictions.

6.3.2. The shipper shall submit a re-nomination to the TSO on the respective period within 2 hours of the receipt of the information referred to in point 6.3.1.

6.3.3. The services of the parties authorised for contacts in the event of the emergence of an emergency situation are specified in the transportation contract.

6.4. Cooperation between the shipper and the TSO in the event of a threat to energy security.

6.4.1. The shipper shall prepare an action plan in the event of the emergence of interference in the supply of gaseous fuels and, in particular, in the event of the unexpected increase in consumption of gaseous fuel by customers, the emergence of interference in the supplies of gaseous fuel and the appearance of an emergency situation in an installation belonging to the shipper's customer or supplier. The plans and their updates are to be agreed with the TSO.

6.4.2. The shippers involved in the trading of gaseous fuels keep the TSO informed of the possibilities of the appearance of a threat to energy security on a specific area of the country, a threat to the safety of people and a threat of the emergence of significant material losses. Simultaneously, the shipper shall keep the TSO informed to the steps taken to assure the safety of delivery of gaseous fuels to its customers. The information should be supplied within a period that enables the TSO to take appropriate action. Furthermore, the shipper involved in trading shall inform its customers, with whom it has concluded agreements on the sale of gaseous fuels, of the possibility of the appearance of interference in the sale of gaseous fuels.

6.4.3. The transmission system operator shall submit an application to the minister with competence for matters of the economy on its own initiative or on the basis of information submitted by the energy company that trades in gaseous fuels to introduce restrictions on the receipts of gaseous fuels in accordance with article 11 of the Energy Law.

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- 6.4.4. During the period of restrictions on the receipt of gaseous fuels, which are introduced by the Council of Ministers in accordance with the regulations issued under article 11, paras. 6 and 7, the TSO:
- 6.4.4.1. implements the restrictions in the receipt of gaseous fuels by defining and announcing the degrees of supply,
 - 6.4.4.2. coordinates the actions of the shippers involved in trading of gaseous fuels,
 - 6.4.4.3. coordinates the actions of the DSO and the SSO to the extent specified in the operator agreements.
- 6.4.5. The shipper is obliged to take account of the restrictions that have been introduced in accordance with the provisions of article 11 of the Energy Law in the nominations it submits.
- 6.4.6. The shipper shall inform and commits to implementing the restrictions in the receipt of gaseous fuels by the shipper's customers located at the exit points that are subject to the restrictions.
- 6.4.7. The shipper shall inform and makes the commitment to implement the restrictions in the supplies of gaseous fuel from the shipper's suppliers of gaseous fuel to the entry points encompassed by the restrictions.
- 6.4.8. In the event that the shipper or his customers fail to apply the levels of receipts of gaseous fuels to the restrictions that have been introduced, the TSO shall collect a charge for exceeding the capacity arising from the restrictions that have been introduced in accordance with the provisions of the tariff.
- 6.5. Preparation and implementation of the plan for introducing restrictions.**
- 6.5.1. The shipper is obliged to provide information to the TSO on the shipper's customers who are subject to restrictions in accordance with the Regulation of the Council of Ministers of 11 March 2003 on the detailed principles and procedure for implementing restrictions on sales of solid and liquid fuels, as well as the supply and off-take of gaseous fuels, electricity or heat (Journal of Laws of 2003, No. 59, item 518; of 2006, No. 12, item 69).
 - 6.5.2. The shipper shall inform the TSO of the minimum quantity of gaseous fuels, the receipt of which corresponds to the 10th (minimum) degree of supply, which does not result in a threat to the safety of people or damage or destruction of technological structures. The amounts stated may be checked by the TSO. If the amounts provided by the shipper are overstated by more than 10%, the costs of the verification shall be covered by the shipper.
 - 6.5.3. The information specified in point 6.5.5 and 6.5.6 are taken into consideration by the TSO when preparing the plan for introducing restrictions in the supply and receipt of gaseous fuels, as well as the establishment of the degrees of supply.
 - 6.5.4. The shipper shall obligate its customers, as referred to in point 6.4.1, to observe the restrictions on the off-take of gaseous fuel, which are subject to restrictions on the maximum hourly and daily receipt of gaseous fuel, in accordance with the messages from the TSO announced in the procedure and on the principles specified in the Regulation of the Council of Ministers of 11 March 2003 on the

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detailed principles and procedure for implementing restrictions on sales of solid and liquid fuels, as well as the supply and off-take of gaseous fuels, electricity or heat (Journal of Laws of 2003, No. 59, item 518; of 2006, No. 12, item 69).

- 6.5.5. The transportation contract specifies the admissible daily quantities of off-takes of gaseous fuels at the individual degrees of supply from the second (2nd) to the tenth (10th), in accordance with the plan for introducing restrictions on the supply and off-take of gaseous fuels, which, after consultation with the President of the ERO, is published in the Energy Regulatory Office's Bulletin.
- 6.5.6. The minimum hourly receipts of gaseous fuels for a shipper's given customer, which is necessary to assure the safety of people and which does not result in damage or destruction to the technological structures of the shipper's customers, which corresponds to the tenth (10th) degree of supply, as specified in the plan for introducing restrictions, should be contained in the agreement on the sale of gaseous fuel that is signed by the shipper with the customer.

7. APPLICABLE PROVISIONS IN THE TRANSITION PERIOD.

7.1. During the transition period, the charges specified in points 3.5.1, 3.5.2, 4.5.1 and 4.5.2 shall be collected at the following levels:

- 7.1.1. 10% of the charge from the moment that the TNC become effective, until 31 August 2006,
- 7.1.2. 20% of the charge from 1 September 2006 to 30 September 2006,
- 7.1.3. 30% of the charge from 1 October 2006 to 31 October 2006,
- 7.1.4. 40% of the charge from 1 November 2006 to 30 November 2006,
- 7.1.5. 50% of the charge from 1 December 2006 to 31 December 2006,
- 7.1.6. 60% of the charge from 1 January 2007 to 31 January 2007,
- 7.1.7. 70% of the charge from 1 February 2007 to 28 February 2007,
- 7.1.8. 80% of the charge from 1 March 2007 to 31 March 2007,
- 7.1.9. 90% of the charge from 1 April 2007 to 30 April 2007,
- 7.1.10. 100% of the charge from 1 May 2007.