



Gas Transmission Operator GAZ-SYSTEM S.A.

Market Screening Regulations in the Scope of Additional Capacity Allocation Procedure in Lasów Entry Point

Warsaw, July 2011



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1. GENERAL INFORMATION

With the publication of these Regulations GAZ-SYSTEM shall hereby open the Market Screening Procedure enabling specification of the market demand for additional capacity allocation at the Lasów entry point (physical capacity from the Lasów point within the territory of the Republic of Poland ID 272411), and the market demands and expectations in the scope of guaranteeing gas transmission in the direction of Germany (virtual and physical reverse flow services).

These regulations describe the Market Screening Procedure in the scope of additional capacity allocation in the Lasów point (in both directions).

The purpose of the procedures resulting from these Regulations is to research the demand for additional capacity at the Lasów point among transmission system Customers.

The Market Screening Procedure constitutes a useful tool measuring the market demand for additional capacity and the implementation thereof will enable analysis of the demands and preparation of plans to develop the gas pipelines in Lower Silesia for the long-term demands in the scope of satisfying gas transmission via the Lasów point.

1.1. INFORMATION ON GAZ-SYSTEM

In the pre-accession process of the Republic of Poland to the European Union and as a result of the necessity of implementing the directives of the 2nd Liberalisation Package of the gas market, the adopted solution was that transmission and distribution systems were to be operated by legally and functionally separate entities from the gas trading company. In relation to the above, PGNiG-Przesył Sp. z o.o. was established on 16 April 2004 which, as a result of transformation operates as of 2005 under the new name of Gas Transmission Operator GAZ-SYSTEM S.A. At present, the sole owner of the Company is the State Treasury of the Republic of Poland.

On 1 July 2005, GAZ-SYSTEM was appointed by the President of the Energy Regulatory Office as the gas transmission system operator within the territory of the Republic of Poland.

The Company performs transmission activity based on the transmission network which it owns within the territory of the Republic of Poland. In this way, the conditions of total separation (legal, functional and ownership) that are required by domestic and European Union laws have been fulfilled.

The share capital of the Company at present amounts to 3,741,886,442.00 PLN.

1.2. DEFINITIONS

1.2.1. Market Screening – the market demand procedure of additional allocation capacity at the Lasów entry point of potential customers of the system described in these Regulations through the development of the transmission infrastructure in the region of Lower Silesia.

1.2.2. Firm capacity/capacity – the maximum hourly volume of gas under normal conditions which can be dispatched at the entry point or collected at the exit point.

- 1.2.3. Gaz-System/Company - the Company under the name the Gas Transmission Operator GAZ-SYSTEM S.A. with its seat in Warsaw;
- 1.2.4. TNC – the Transmission Network Code agreed pursuant to the binding provisions of the law and published on the Company website of GAZ-SYSTEM On the date of publishing the Regulations, GAZ-SYSTEM is applying the Transmission Network Code of the TSO GAZ-SYSTEM, which constitutes Appendix No. 2 to the Regulations;
- 1.2.5. Contracted capacity/capacity – firm or interruptible contracted capacity.
- 1.2.6. m³ (cubic metre) - one cubic metre of gas fuel under normal conditions of reference, namely, under an absolute pressure of 101.325 kPa and temperature of 273.15 K.
- 1.2.7. Procedure - Market Screening Procedure described in these Regulations in the scope of additional increase in allocated capacity at the entry point in Lasów.
- 1.2.8. Additional capacity allocation procedure in Lasów entry point – procedure conducted by GAZ-SYSTEM pursuant to the Regulations of the additional capacity allocation procedure in the Lasów entry point.
- 1.2.9. Reverse flow – reverse flow of gas from the direction of Poland to Germany.
- 1.2.10. Regulations – the said document describing the Market Screening Procedure, with Appendices.
- 1.2.11. Gas year – the period from 31 December of the previous year to 31 December of the current year.
- 1.2.12. Tariff - a set of prices and charges as well as the conditions for applying them prepared by GAZ-SYSTEM, which is introduced as obligatory for Customers specified therein. On the day of publishing the Procedure, GAZ-SYSTEM shall apply the Tariff approved by the President of the Energy Regulatory Office, which constitutes Appendix No. 3 to the Regulations.
- 1.2.13. Participant - every entity that has been registered by GAZ-SYSTEM as a participant of the of the Additional Capacity Allocation Procedure in Lasów entry point;
- 1.2.14. Applicant - participant and each entity that has been registered by GAZ-SYSTEM as a participant of the Market Screening Procedure;

1.3. MARKET SCREENING SCHEDULE

GAZ-SYSTEM intends to conduct a Market Screening Procedure pursuant to the schedule presented herein below.

1.	04.07.2011	Regulations Published
2.	04.07.2011 – 30.09.2011	Submission of questionnaires within Market Screening

3.	31.12.2011	Completion of Market Screening and publishing of information by GAZ-SYSTEM regarding the further intentions of the Company in the scope of the extension of the transmission system in the region of Lower Silesia.
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2. MARKET SCREENING PROCEDURE OUTLINE

2.1. SUBMISSION OF PARTICIPATION IN MARKET SCREENING PROCEDURE

Within the Market Screening Procedure, GAZ-SYSTEM intends to determine the system customer demand for additional capacity allocation in the Lasów point exceeding 180 ths. Nm³/h, including reverse capacity. Making additional capacity available in the Lasów point will require action in the scope of developing the interconnector and transmission infrastructure in the territory of Lower Silesia. This may also require action on the German side, which is why the results will not constitute an obligation on the side of GAZ-SYSTEM to undertake any investment decisions.

In order to determine the market demand, GAZ-SYSTEM shall turn to the system Customers with the offer of taking part in the Market Screening Procedure. Information pertaining to the demand for additional capacity in the Lasów point should be submitted by means of a questionnaire (Appendix No. 1) within the following time frame: from 01.07.2011 to 30.09.2011. All interested entities ("Applicants") that will be registered in the Market Screening Procedure can submit their questionnaire in the Market Screening Procedure.

Within the Market Screening Procedure, the Applicants are required to stipulate the following (in the questionnaire):

- 1) Applicant's particulars;
- 2) demand for firm capacity for gas transmission from the Germany to Poland direction in the years from 2016 – 2025;
- 3) demand for reverse flow for transmission from the Poland to Germany direction in the years from 2016 – 2025;

Only questionnaires that have been signed by persons authorised to represent the Applicant shall be taken into consideration in the Market Screening. The powers of the signatory to represent the given entity are required to be evidenced by attaching a duplicate from the proper register along with powers of attorney. The following documents should also be attached to the questionnaire duplicate from the proper register.

Questionnaire and any other documents, letters and declarations attached thereto should be drawn up in the Polish or English language.

Should the questionnaire be incomplete or contain false information, in particular if all the required information was not provided or all the required documents were not attached, GAZ-SYSTEM shall summon the Applicant to submit the missing information within a term of ten (10) days from the date of receipt of the summons. Missing information shall be deemed as satisfactorily provided if the response to the summons sent by GAZ-SYSTEM shall be delivered to the head office of GAZ-SYSTEM within the above stipulated time frame and provided that it shall contain all the required information and documents that were requested to be provided.

By signing the questionnaire, the Applicant accepts the conditions for participation in the Market Screening as well as the rules for conducting it specified in these Procedure Regulations, particularly the requirement of preserving confidentiality.

The questionnaire does not constitute an order or commission or offer which signifies that the Applicant is not in any way bound by it, particularly the Applicant is not required to conclude any agreements for the performance of transmission services.

2.2. SEPARATE REGULATIONS CONCERNING PARTICIPANTS OF ADDITIONAL CAPACITY ALLOCATION PROCEDURE

The Participants of the Additional Capacity Allocation Procedure in Lasów Entry Point may inform GAZ-SYSTEM of the demand for additional capacity in the Lasów point with the use of the questionnaire or form constituting Appendix No. 1 to the Additional Capacity Allocation Procedure in Lasów Entry Point.

The documents mentioned above shall not be additionally required when the Participant submits their questionnaire provided that they have been attached to the binding offer (bid) - form.

2.3. MARKET SCREENING RESULTS

Questionnaires and forms will constitute significant information for evaluation of the demand for the further development of the Lasów Point by GAZ-SYSTEM. GAZ-SYSTEM will consider the result of the Market Screening during the evaluation of demand and the scope of undertaking further modernisation work in the transmission system including the possibility of investment decisions being made.

Once the Market Screening and required technical analyses have come to a close, GAZ-SYSTEM shall publish the information about the Company's intentions in the scope of development of the transmission system in the region of Lower Silesia.

Possible investment decisions will be undertaken after the Open Season Procedure has been conducted and the demand for a further additional capacity in this direction has been confirmed by the system Customers.

3. CONFIDENTIALITY

Any information obtained by GAZ-SYSTEM during the course of the Procedure shall be treated as confidential and shall not be disclosed to any third persons. GAZ-SYSTEM reserves the right, however, to make the confidential information obtained during the course of the Procedure available to the following:

- 1) Corporate Bodies of the Company including the Minister of State Treasury;
- 2) President of the Energy Regulatory Office, competent regulatory organs with jurisdiction in the location of the interconnector and the European Commission;
- 3) financing entities;
- 4) other organs authorised to obtain information pursuant to the binding provisions of the law.

Moreover, GAZ-SYSTEM will publish information concerning proper entry and exit points in the scope resulting from the binding provisions of the law.

4. FINAL PROVISIONS

Any expenses incurred by the Participant and Applicant resulting or charged in connection with participation in the Procedure or Market Screening Procedure will be borne by the Participant or Applicant, respectively, and will not be asserted against GAZ-SYSTEM.

These Regulations do not constitute an offer in the meaning of the provision of the Civil Code but a call for expression of interest.

Any correspondence conveyed to the Participants by GAZ-SYSTEM during the course of the Procedure shall be considered delivered on the day that it is sent if it shall be sent on a working day by 4:00 p.m. by electronic mail to the e-mail address provided or by fax to the fax number provided in the bid form. Should the correspondence be sent after 4:00 p.m. it shall be considered delivered on the following working day. Any correspondence of GAZ-SYSTEM directed to the Participants shall be additionally sent by registered mail.

GAZ-SYSTEM reserves the right to change or supplement the Regulations or Appendices, including extending the deadlines specified therein. Such amendments and supplementations shall be published on the website of GAZ-SYSTEM and the Participants shall be notified in writing.

Due to the lack of legal requirements, Regulations and Appendices shall not be subject to approval by the President of Energy Regulatory Office. Changes or supplement to the Regulations and Appendices shall not be a subject of approval also.

If one of the provisions of these Regulations is acknowledged as unacceptable or impossible to be pursued, the provision shall be acknowledged as being excluded from the Regulations while all the remaining provisions shall be assumed as fully valid and binding; a provision similar in content, reflecting the original intention of the parties in line with the valid and binding provisions of the law shall replace the provision assumed as unacceptable or impossible to be pursued.

In connection with the Market Screening Procedure, neither GAZ-SYSTEM nor the Participant or Applicant shall not be mutually responsible with respects to each other unless the party incurred a loss from the wilful fault of the other party.

The parties shall make every effort for any possible disputes arising in connection with the Procedure or the interpretation thereof to be resolved amicably. Should it prove to be impossible for the dispute to be resolved amicably, any disputes resulting from these Regulations or connected thereto shall be resolved by the Court of Arbitration at the Polish Chamber of Commerce in Warsaw according to the regulations valid and binding on the day of publishing this Procedure, namely 01.07.2011.

The provisions of the laws of the Republic of Poland shall be applicable in issues not governed by these Regulations.

The Regulations and Appendices thereto have been drawn up in the Polish and English language versions. The English language versions are available for information

purposes only. In the event of any discrepancies between the documents in the Polish and English language versions, the provisions of the Polish language version shall be applicable.

Appendices to the Regulations:

Appendix No. 1 - Market Screening – questionnaire.

Appendix No. 2 - Transmission Network Code Gas Transmission Operator GAZ-SYSTEM

Appendix No. 3 - GAZ-SYSTEM Tariff.

5. ORGANISATIONAL INFORMATION – CONTACT DETAILS

Gas Transmission Operator GAZ-SYSTEM S.A.

Development and Investment Division Secretariat

ul. Mszczonowska 4

02-337 Warsaw

With the annotation: "Procedura Badania Rynku"

Please direct any questions concerning the Procedure to the following e-mail address: **openseason@gaz-system.pl**

The Polish language shall be the prevailing and binding language for any correspondence. Gaz-System also admits correspondence in the English language.



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