January 2016

A Guide to the Standard Storage Services Agreement

for

Gas Storage Bergermeer

VERSION_1.1

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1. INTRODUCTION TO THIS GUIDE

This guide to the Standard Storage Services Agreement for Gas Storage Bergermeer (the "Guide") provides a general introduction to the Standard Storage Services Agreement ("SSSA"), summarizes the main provisions of the SSSA whilst following the structure and order of the SSSA and explains the way the SSSA works. This Guide should be read together with the SSSA and the "Numeric Examples to the SSSA"-document.

Capitalized terms used in this Guide shall have the meaning given thereto in Schedule A to the SSSA, unless otherwise stated in this Guide.

2. INTRODUCTION TO THE SSSA

All potential Gas Storage Bergermeer customers have to execute a SSSA in order to bid for Capacity in annual auctions, purchase Capacity or Gas-in-Store in secondary markets, or make use of (Interruptible) Capacity. The SSSA governs the terms of all Capacity owned by Customers. It contains standard terms applicable to all Customers thus ensuring standardized Capacity (in bundles) being fungible and tradable.

As Gas Storage Bergermeer provides services to its multiple Customers under contracts with comparable terms, it is able to offer Interruptible Capacity, and to facilitate more liquid trade and transfer services for all Customers. Although some specific contractual terms, such as refreshing the annual seasonal spread pricing calculation, are only relevant to long term Customers with multi-year contracts, all terms required to maintain an easily tradeable storage product will remain the same amongst all Customers. Given the number of Customers that have already executed the SSSA, we can no longer change elements of this critical standard agreement.

In addition to the SSSA, Customers will enter into a separate confidential Primary Capacity Agreement providing the specific details of a Customer's Capacity purchase (size, tenor, price).

The SSSA and Primary Capacity Agreements are agreements between the Customer and TAQA Gas Storage B.V. ("GSB"). GSB is the Commercial Operator of Gas Storage Bergermeer, acting for TAQA and Dutch State participant EBN.

Please note that the SSSA refers to the Operating Guidelines. These Operating Guidelines apply to the exchange of data between GSB and the Customer and contain the TSS Conditions of Use. The Operating Guidelines refer to the CDIS Manual which contains detailed information that is required to set up an IT connection between the Customer and GSB.

3. THE STORAGE SERVICES

Once the Customer has signed a SSSA and subject to the contracted Capacity[1], it can order delivery or off-take of Gas (in kWh) at the Dutch national balancing point, the Dutch Title Transfer Facility ("TTF"). These orders, named "Requests" in the SSSA[2], are done through the automated Customer Data Interface System("CDIS") operated by GSB. GSB registers the Capacities (Injection, Space, Withdrawal) and Gas-in-Storage that the Customer acquires or disposes[3]. Customers shall be able to access entries in their name in the Registers via CDIS.[4]

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[1] As included in the Primary or Secondary Capacity Agreement.
[2] Article 4 of and Schedule C to the SSSA.
[3] Article 3 of the SSSA.
[4] Article 11.2 of the SSA.

Registered Capacity provides the right to inject, store and withdraw Gas at will, subject to the Customer's individual pressure factors and if applicable, other Capacity reduction factors like the planned Maintenance Factor, all as set out in the SSSA. The resulting, available, capacity is called Firm Capacity in the SSSA.[5]

If the request is outside the Customer's Firm Capacity and there is not enough Interruptible Capacity available, GSB can amend a Customer's request to inject or withdraw a certain quantity of Gas in order to determine final Injection or Withdrawal Contract Quantities.[6]

4. INJECTION OR WITHDRAWAL[7]

In any given Hour, at the TTF, GSB shall Schedule and accept or Schedule and deliver a quantity of Gas equal to the Customer's Contract Quantity and at the end of such Hour shall add respectively deduct the quantity to or from the Customer's Gas-in-Storage. If GSB or the Customer fails to deliver a quantity of Gas that should have been delivered by it, a settlement mechanism based upon EFET principles applies, whereby a net cash payment is owed by the defaulting party to the other.[8]

Note that the quality of Gas injected and withdrawn is governed by the TSO. More importantly, all Gas injected into and delivered from GSB is delivered in kWhs at the TTF and Customers are entitled to receive their relevant kWhs at the TTF as well. Customers thus need not monitor gas quality.

Please review the Numeric Examples to the SSSA-document to review detailed examples of how Customers would be remunerated in the event of an error or breach of contract by GSB.

5. INTERRUPTIBLE CAPACITY[9]

Customers are entitled to their Firm Injection Capacity and Withdrawal Capacity for as long as they submit a request to use it at least by 1:30 pm on the day before they want to use Capacity. In order to avoid Capacity hoarding, thereafter GSB will apply the use-it-or-lose-it principle and a Customer's Capacity may be allocated to other Customers as Interruptible Capacity[10], provided that Customers have the right to re-nominate up to 2.5 hours before delivery. As its name indicates, Interruptible Capacity may be interrupted by service of notice from GSB, between the Indicative Requests Close Time (D-1 at 1:30 pm) and the Allocation Time (being, for any given hour, 2.5 hours before that hour begins).

If a Customer makes an injection or withdrawal request that exceeds its Registered Capacity, this excess request is treated as a request for Interruptible Capacity. Firm Customers and also Customers without any Registered Capacity can request Interruptible Capacity. Firm Customers have priority in receiving Interruptible Capacity, and are allocated such Capacity in accordance with their requests pro rata to their Firm Capacity. To this end, Interruption Factors are assessed for all Customers such that all available Capacity first goes to Firm Customers requesting it, with any residual Capacity then distributed to Customers that are not Firm, pro rata in accordance with the quantities they have requested. See the Numeric Examples to the SSSA-document for examples of such transactions.

In addition, at 12:30 pm on D-1, GSB can determine that the Facility is full and issue a Full Storage Notice. If this occurs, GSB will change requests accordingly in order to avoid a net injection.

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[5] Article 3 of the SSSA.
[6] Article 4.3 of the SSSA.
[7] Article 5 of the SSSA.
[8] Article 15.1 SSSA.
[9] Interruptible Capacity is included in article 6 of and Schedule C to the SSSA.
[10] Interruptible Capacity is capacity in excess of Firm Injection Capacity, Firm Withdrawal Capacity or Registered Capacity.

The Fees payable for Interruptible Capacity are determined daily and are made available via CDIS. Note that the fees payable for using Interruptible Capacity at GSB are not reflective of interruptible transport capacity. GSB delivers gas to the TTF inclusive of all transport costs.

6. GAS-IN-STORAGE

The Customer builds up a Gas-in-Storage position by injection of Gas or transfers. Gas-in-Storage positions are registered in the Gas-in-Storage Register and denote the entitlement to withdraw or transfer to third parties (up to) a certain quantity of kWh of Gas. Property matters relating to physical Gas and security are discussed below.

Whenever the Customer has Gas-in-Storage, the Customer is entitled to delivery of a quantity of Gas equal to the amount of its Gas-in-Storage to the TTF by way of withdrawal.[11]

Customers have an obligation to avoid a negative Gas-in-Storage position. If a Customer breaches this obligation then GSB will sell Gas to the Customer at the Neutral Gas Price.[12]

7. TRADES AND TRANSFERS, GAS AS COLLATERAL FOR FINANCING

GSB will maintain a register of all Gas-in-Storage via CDIS.[13] Customers are entitled to delivery of their registered Gas from GSB at the TTF. Customers may also trade Capacity and Gas-in-Storage to other Customers, either via GSB's secondary trading platform at ICE-ENDEX, or via bilateral trades that are notified to GSB.

If two Customers separately confirm a transfer of Capacity or Gas within 30 minutes of each other, and the transfer will not cause a breach of an existing credit limit, then GSB will register this transfer of title, as a "Register Transfer". GSB will not take or receive any payment for Capacity or Gas in this case.

If two Customers provide notifications as described above, but also include a price for the transfer, GSB will clear the trade by accepting and delivering payment if credit limits are not breached and the Parties have enough capacity respectively to settle the trade. GSB will include this "Notified Trade" in invoices to the relevant parties accordingly.

GSB will also offer an anonymous service whereby Customers can sell and purchase Capacity and Gas-in-Storage via a screen, a "Screen Trade". As with a Notified Trade, GSB will clear and invoice such trades.

Customers will pay a standard administrative Transfer Service Fee for each trade, except for the Screen Trade which will be free of charge for the initial three years of GSB operations. These costs will conform to trading fees normally paid to brokers and on exchanges.[14]

As a separate product, GSB and certain banks offer that Gas-in-Storage may be put up as collateral for loans. Please refer to the ACCESS agreement documentation.

[11] Article 7.3 of the SSSA.
[12] Article 7.4 of the SSSA.
[13] Article 11 of the SSSA.
[14] Article 12.5 and 12.6 of the SSSA.

8. MAINTENANCE, OUTAGES AND LIQUIDATED DAMAGES

All Customers may receive Notices of Interruptions in service at the same time via CDIS.

GSB may issue Planned or Unplanned Maintenance Notices with a Maintenance Factor that specifies the extent to which the GSB Facility will not be available.[15] GSB can provide a Notice of Planned Maintenance for the next year each September. No Planned Injection Maintenance will take place during the period of June until August and no Planned Withdrawal Maintenance will take place during the period of December until March. The number of Planned Maintenance hours is limited to 840 hours in four consecutive storage years, or 504 hours in a single year.[16] GSB may revise this planned schedule by issuing a revision with at least one month's notice. GSB may also amend an Injection Maintenance Factor by up to 20% with one day's notice.

The number of Unplanned Maintenance hours is limited to 120 hours each in a single year.[17] Unplanned Maintenance can be announced no later than 12:30 pm on the day prior to a relevant Gas day, providing Customers with a limited time window to mitigate their positions. GSB realizes that Unplanned Maintenance, especially if called on short notice, must be avoided to the maximum possible extent, however GSB must have the right to call for such maintenance to protect overall facility performance.

Once the relevant Unplanned limits are met, GSB may provide Customers with Outage Notices for any further Outages. GSB may only call Outages upon two hours' notice, and must continue to provide services in that notice period, or in lieu of services pay damages based upon EFET settlement principles, as explained in paragraph 4 of this Guide.

When Outages occur, GSB must pay Liquidated Damages to Customers, based on a formula taking into account, amongst others, the seasonal spread and Registered Injection Capacity or Registered Withdrawal Capacity, both adjusted for the extent of the Outage. Thus, these damages are allocated pro rata according to the amount of Registered Capacity. As Outage Liquidated Damages are linked to the Registered Capacity (booked capacity) that a Customer owns, there is a relation between the Registered Capacity and entitlement to damages.[18]

Please note that Liquidated Damages payments are capped per year for the aggregate of all Customers at an amount equal to the Spread multiplied by 3,000,000 MWhs.[19] The reason for having this cap in place is that the amount of Liquidated Damages must be limited because GSB provides its services almost as a utility. GSB does not take market risks in connection with the Facility nor benefits from such risks. Therefore, GSB cannot guarantee market risk losses for temporary Outages. A Customer that is managing a portfolio of assets can manage these types of market risks much better than GSB which has no such portfolio.

If the root cause of an interruption in service is an event qualifying as Force Majeure and GSB elects to issue a FM Notice, the incident will not qualify as Planned or Unplanned Maintenance or as Outage. No Liquidated Damages are due.[20]

[15] Article 9.1 of the SSSA.
[16] Article 9.4 of the SSSA.
[17] Article 9.6 of the SSSA.
[18] Article 10.4 of the SSSA.
[19] Article 10 of the SSSA.
[20] Article 16 of the SSSA.

9. FEES, INVOICING AND PAYMENT, CREDIT[21]

GSB will issue a Billing Statement and a net invoice to each Customer for payment or receipt of the net amount owed for, amongst others, tallying capacity fees and usage fees owed to GSB, Liquidated Damages, prices for transfer of Gas-in-Storage for each Customer via CDIS.[22] The invoice must be settled by GSB or the Customer on the latter of the 10th day following receipt of the invoice or the 20th day of the calendar month in which the invoice is provided (EFET Standard).[23]

The specific Capacity Fees owed by (or to) a Customer per month are documented in each Primary and Secondary Capacity Agreement.[24] Secondary trades convert into *Secondary Capacity Fees*, due or receivable by the Customer and will be added to or deducted from the corresponding Primary Capacity fee in the tally, resulting in one aggregate amount payable per class of Capacity Fee (i.e. SBU, Injection, Space or Withdrawal Capacity Fee).[25]

GSB will set the Variable Fees, based on Dutch electricity prices, before the auction. Therefore, Customers can take them into account when bidding on the auction.

GSB has the right to set-off any overdue amounts owed by a Customer to GSB against the Customer's Gas-in-Storage based on the Neutral Gas Price. GSB shall issue a 14 days' notice prior to setting off such fees against Gas, providing the Customer a chance to settle the fees, unless the Customer is insolvent, in which case the set-off may be effected immediately.[26]

When first executing a SSSA, a credit limit is agreed based on that Customer's public or implied credit rating and its Net Worth. This credit rating can pose a limitation upon the quantity of Capacity for which a Customer can bid, and the quantity of Gas or Capacity that the Customer can trade via GSB (including Registry Transfer). Potential Customers with status, below BBB- / Baa3, are not entitled to a credit limit and cannot become a Customer unless they provide Additional Security (cash or letter of credit) or enter into another arrangement with GSB. A Customer's Exposure may not exceed its credit limit, and Exposure includes the market-to-market value of all Primary and Secondary contracts, assuming that upon a breach of a contract GSB would be able to obtain a market value in reselling the Customer's Capacity.[27]

10. FORCE MAJEURE[28]

Upon the occurrence of a Force Majeure, being, for example, striking lightening at the GSB Facility, a party that is prevented from performing its obligations due to such Force Majeure - which in practice will most likely be GSB - is relieved of its obligations whilst the Force Majeure is continuing. Force Majeure excludes actions that are reasonably within GSB's control. Therefore a failure to perform normal maintenance would not allow GSB to escape its obligations via Force Majeure.

GSB has a strong incentive to limit unavailability and Force Majeure because a poor performance record would cause discounts to bids for future Capacity. GSB expects that any Force Majeure events should be short term because it will take immediate corrective action.

GSB is only relieved from performing for as long as the Force Majeure cannot be overcome by reasonable measures that GSB could take in order to end the Force Majeure. Therefore, GSB has a

[21] Article 12-14 of the SSSA and Schedule F and G to the SSSA.
[22] Article 131 and 13.2 of the SSSA.
[23] Article 13.3 of the SSSA.
[24] Article 12.3 of the SSSA.
[25] Article 12.2 of the SSSA.
[26] Article 13.10
[27] Specified in Schedule G to the SSSA.
[28] Article 16 of the SSSA.

responsibility to repair the Facility, and will need to take reasonable steps to allow Customers to withdraw their Gas even if it need not necessarily replace the entire Facility under all circumstances.

The Customer is obliged to pay the Capacity Fees during Force Majeure, but can terminate the SSSA after 90 days of Force Majeure.

11. TERMINATION[29]

The SSSA can be terminated upon notice:

(i) by either Party if the other Party is in default;

(ii) by either Party in case of prolonged Force Majeure; and

(iii) by the Customer in case of significant mismatch between the quantity of Contractual Working Gas and the quantity of Physical Working Gas (Physical Gas Test, see paragraph 15 of this Guide).

A Termination Notice serves as a request to withdraw all of the Customer's Gas-in-Storage as quickly as possible. Following a termination, Customers may no longer inject Gas and unless a Force Majeure Termination Event applies, the net present value of the Capacity terminated, taking into account the fees owed and the market value of the Capacity, shall be paid by one Party to the other regardless of who caused the termination. The Customer may consider trading out of its Capacity and Gas-in-Storage positions ahead of termination, avoiding the settlement process described in the previous sentences.[30]

If the Customer holds neither Capacity nor Gas-in-Storage, consent to termination of the SSSA cannot be unreasonably withheld.

12. INFORMATION AND CONFIDENTIALITY

A Customer shall have access to entries in its name in the Capacity Registers and in the Gas-in-Storage Register via CDIS.[31] Generic data will also be available to all Customers via CDIS. Contracted Capacities, usage and capacity fees are confidential.[32]

13. THE SSSA AND THE GAS FOUNDATION

The Bergermeer reservoir will store Gas, the beneficial interest to which will be vested with:

- GSB Customers;
- Gazprom that supplied the cushion gas for the GSB Facility; and
- The Dutch State which holds interests in the remainder of the native gas in the reservoir.

When a Customer injects Gas into the GSB Facility, legal title to its Gas is transferred to the Gas Foundation[33], an independent foundation (*stichting*) which authorizes GSB to handle the Gas for the purpose of conducting storage operations as the commercial operator. Customers retain all beneficial and economic ownership in their Gas at all times. However, to ensure that Customers' rights to redelivery of

[29] Article 17 of the SSSA.
[30] Article 17.6 of the SSSA.
[31] Article 11 of the SSSA.
[32] Article 19 of the SSSA.
[33] Article 7.5 of the SSSA.

their Gas cannot be exposed to bankruptcy risks of other parties, GSB and its initial launching long term Customers together developed a security structure for the benefit of all Customers.

The Gas Foundation is a “stichting”, being the Dutch law version of an Anglo Saxon trust, which is limited in purpose and bankruptcy remote (as it conducts no other business) and managed by directors appointed by the Customers for the benefit of all Customers in the same way that trustees manage trust assets for the benefit of trust beneficiaries. The Gas Foundation holds regular meetings where the Customers are entitled to vote.

The Gas Foundation will essentially remain dormant until, if ever, activity would be required to protect Customers due to an unlikely incident such as a TAQA insolvency event.

If necessary, the Gas Foundation may withdraw the authority to GSB to handle the gas, and may step into contracts with the facility operator, TAQA, and the information technology contracts which ensure access to the data required to manage operations in order to ensure that the Gas Foundation can access and withdraw the Gas from the Facility even upon such an insolvency. A detailed overview of this structure is found in the legal report provided by Allen & Overy on this subject.[34]

14. DETAILS OF GAS FOUNDATION STRUCTURE

The GSB Facility is owned by TAQA and EBN. The facility operator, TAQA, has contracted a certain quantity of Capacity to Gazprom, and it has contracted the remainder of the Capacity long term with GSB as the Commercial Operator on behalf of a commercial consortium between TAQA and EBN.

Legal title to working gas never passes to a TAQA entity, so entitlement to such working gas remains outside of any potential insolvency procedures affecting TAQA. Gasunie Transport Services B.V., in its capacity of TSO, has confirmed that at the flange, it will not transfer legal title to any TAQA subsidiary. Dutch law requires that the entity holding title to gas at the moment before injection into a licensed gas storage facility must be the owner of the gas upon production of that gas from the facility.[35] As title has been transferred to the Gas Foundation at the moment before injection, the Gas Foundation holds the title upon production, ensuring the security arrangements are effective.

Following an insolvency of GSB, Customers may not want this entity to handle their Gas, or the SSSA might become unenforceable. Customers are protected in this scenario, as follows:

(a) GSB would automatically relinquish the agency rights it has received from the Gas Foundation under SSSA Article 7.5 to handle Customers’ Gas;

(b) The Gas Foundation would step into the contract between GSB and TAQA[36] which provides GSB access to the GSB Facility;

(c) The Gas Foundation would exercise its rights under a license providing access to the information contained within the GSB information and administration systems; and

(d) The Gas Foundation could withdraw Gas in accordance with Customers’ withdrawal rights or could also authorize Customers that wish to approach the operator, TAQA to directly arrange withdrawals.

Following an insolvency of TAQA, it may not be able to perform its contractual duties as operator. Customers are protected in this scenario, as follows: operation of an underground gas storage requires a

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[34] Reliance letters can be obtained from Allen & Overy by contacting Mr Werner Runge at the Allen & Overy Amsterdam office.
[35] Article 3, paragraph 3 of the Dutch Mining Act.
[36] The Long Term SSA

licence under the Dutch Mining Act and an operator has the obligation to provide continuous storage services to its Customers. The Dutch regulatory authorities have a strong interest in ensuring continuous operations, and in the absence of such operations they can revoke TAQA's licence. The Dutch government would then appoint a new licence holder and operator under the Mining Act.

In the event such new licence holder was not willing to assume the rights and obligations of GSB under the SSSA, Customers could require the new licence holder to provide services in accordance with the Gas Act[37] on an objective, transparent and non-discriminatory basis. On this basis Customers can withdraw their Gas or continue using the storage under agreed terms and the Gas Foundation has a strong de facto control over future operations, based on its property rights over the Gas in GSB.

The Gas Foundation, Gazprom, TAQA and EBN have executed an Asset Management Agreement which sets out the rights and obligations of the co-owners of the Gas in the GSB Facility (predominantly Gazprom and the Gas Foundation on behalf of the Customers). This AMA recognizes that a gas community consists of the Gas injected by the Customers, cushion gas supplied by Gazprom and native gas in the reservoir. The AMA also provides that in an event of blow down of the reservoir, Gas is produced in the following order of priority: working gas pro rata to the share of each users working gas balance, secondly the cushion gas and only thereafter any native gas owned by the Dutch State.[38]

15. PHYSICAL GAS TEST

The precise quantity of working gas within the reservoir may, for operational reasons, temporarily differ from the aggregate working gas owned by all Customers at a given moment.[39] GSB's primary obligation is to accept and deliver Gas at the Dutch TTF. Customers can see the quantity of aggregate working gas that is in the reservoir at all times derived from flow data at the flange provided by the national grid operator. GSB may also make available such data via CDIS. GSB will also publish the aggregate contractual working gas which Customers are entitled to withdraw.[40] In the event that there is a shortfall in the quantity of physical gas that exceeds 10% of the working gas, and that shortfall represents at least one TWH of Gas, Customers can terminate their SSSA.[41] GSB must return the full quantity of all Gas owed to Customers at all time. Note that GSB has committed to Customers that it will not trade Gas for itself or its own revenue optimization.

Note

This Guide has been prepared by GSB in good faith and with proper care and diligence as a guide to the SSSA. It does not contain any rights or obligations and does not replace amend or affect interpretation of any properly executed agreement.

[37] which implements the Third European Gas Directive.
[38] Article 3.4 of the AMA.
[39] Article 7.9 of the SSSA.
[40] Article 11 of the SSSA.
[41] Article 17.2.3.b of the SSSA.