

Conditions of sale of natural gas to eligible customers

Valid from 15.09.2016

ANNEX 1 to Sales Contract of Natural Gas

1. GENERAL PROVISIONS

1.1 Eesti Energia AS (hereinafter Seller or Party) sells natural gas (hereinafter gas) to an eligible consumer (hereinafter Buyer or Party; Seller and Buyer together: Parties) under a contract that consists of the contract document, Annex No. 1 Conditions of Sale of Natural Gas to Eligible Consumers, and other possible annexes (hereinafter: Contract) on the terms and conditions established, and performs the required tasks to ensure balance while acting as an open supplier to the Buyer.

1.2 When the terms and conditions established in the Contract Document are in conflict with the terms and conditions stated in Annex No. 1 Conditions of Sale of Natural Gas to Eligible Consumers, the Parties shall abide by the provisions in the Contract Document.

1.3 The prerequisite for the sale of gas agreed upon in the Contract is the existence of a valid network contract by the Buyer. The Seller shall sell gas to the Buyer only when the network operator and the operator's gas network enable transmission of gas and the network operator can transmit gas to the Buyer's connection point.

1.4 The Seller shall inform the network operator to whose network the Buyer's consumer installation is connected, of the beginning and the end date of selling gas to the Buyer.

1.5 The Buyer shall not resell or transfer for free the gas received though the metering points stated in the Contract and bought from the Seller, except to consumers who consume gas via the metering points stated in the Contract, at the the same place of consumption.

1.6 By concluding this Contract, the Buyer confirms that it has had sufficient opportunity to read the Contract, it has read and understood the Contract and undertakes to perform it.

1.7 Upon conclusion of the Contract, the Buyer grants the Seller consent to record the Buyer's calls received on the Seller's telephone.

1.8 Notifications, consents, approvals, and other expressions of will shall be deemed submitted and received according to the Contract when the respective expression of will has been submitted to the other Party in an oral or written form, in a format which can be reproduced in writing or electronically to the contact details stated in the contract unless a different form is agreed in the Contract or the conditions of sale of gas, and the Buyer has had a reasonable opportunity to read it/them. An oral expression of will shall be deemed submitted when the Seller has recorded it. The Seller may also express its will on an invoice.

2. DEFINITIONS

2.1 The accounting month begins in the morning of the first day of a calendar month at 9:00 and ends in the morning of the first day of the next calendar month at 9:00 according to the zone time.

2.2 Balance – the relation between the amount of gas purchased and the amount of gas consumed;

2.3 Balance period – time during which the balance is ensured. The balance period is one accounting month, unless agreed otherwise;

2.4 Total supply – the Seller selling the entire amount of gas needed as open or open and fixed supply at the metering points of agreed places of consumption;

2.5 Fixed supply – selling gas for the balance period in previously agreed amounts;

2.6 Open supply – selling gas to the Buyer in the balance period within the limits agreed upon in the Contract, or buying the remaining amount of gas;

2.7 Open supplier – gas undertaking that provides gas balance management as to the gas supplied to the Buyer according to the Natural Gas Act;

2.8 Metering point – point on the gas pipes of the network connection to which a metering device has been installed and where the amounts of gas sold to the Buyer are metered;

2.9 Sales period – period during which the agreed terms and conditions on the price, Purchase amount, and other terms and conditions of supply apply;

2.10 Purchase amount – the amount of gas agreed to be sold by the Seller and bought by the Buyer during a selling period;

2.11 Estimated invoice – invoice issued to the Buyer based on the gas consumption estimation of the network operator;

2.12 Consumer installation – functional set of gas pipes that are located in one or several registered immovables, buildings, or functionally connected complex of buildings that make up a uniform business entity, and the land needed for servicing thereof, to supply consumers with gas;

2.13 Eligible consumer – market participant who is not a household customer;

2.14 Network operator – gas undertaking to whose gas network the Buyer's consumer installation is connected and who provides network services to the Buyer.

3. CALCULATION OF GAS AMOUNTS AND PAYMENT

3.1 The Buyer shall pay the Seller for the entire amount of the gas actually used, based on the data from the network operator.

3.2 The Buyer shall give the Seller consent to request the metering information of the Buyer from the network operator.

3.3 Fees and taxes established in legislation shall be added to the prices stated in Contract documents.

3.4 The network operator shall meter the amounts of gas sold and/or determine it based on legislation, the network contract, and the standard conditions of the network contract.

3.5 The Seller has the right to request checking of the correctness of the documented metering data and all the Buyer's metering equipment at the site and in the presence of the Buyer.

3.6 The amounts of gas sold are expressed in kilowatt-hours (kWh) or its multiples and, for informative purposes, in cubic metres (m³) unless agreed otherwise.

3.7 The gas amounts shall be converted to energy units (kWh) based on the methodology stated in the regulation based on § 24 (12) of the Natural Gas Act.

3.8 The calorific value of gas is the upper calorific value of the gas measured by the network operator at a gas measuring station

Conditions of sale of natural gas to eligible customers

Valid from 15.09.2016

ANNEX 1 to Sales Contract of Natural Gas

according to §22 (41) of the Natural Gas Act and made public by way of the Buyer's metering point or points, expressed in energy units (kWh) per cubic metre;

3.9 The basis for compilation of the invoice is the amount of gas that has passed through the metering points stated in the Contract, or the information submitted by the network operator, together with the gas prices agreed in the Contract. The Seller shall have the right to use different accounting methods on one invoice, given that when using different methods, the consumed amounts that have already been determined by earlier accounting method are not taken into account.

3.10 The accounting period is one accounting month. The Seller shall issue an invoice for the gas to the e-mail address of the Buyer within 12 (twelve) days after the end of the accounting period or within 2 (two) work days after the receipt of metering data from the network operator, if the network operator submits the data to the Seller after the 10th (tenth) day of the calendar month following the accounting period. If the network operator makes later corrections to the consumption data, the Seller shall reflect the respective corrections on the next invoice issued to the Buyer. In case of illegal use of the gas or consumption of gas that was not metered with the required metering system, the accounting period shall be the time during which the gas was used illegally or was not measured by a suitable metering system.

3.11 If, for any reason, the Seller does not receive the consumption data of the Buyer for the last calendar month from the network operator by the 12th day of the current month at the latest, the Seller shall issue a estimated invoice to the Buyer based on the data of previously consumed amounts issued by the network operator. If necessary, the Seller shall correct the invoice with the following month's invoice upon receiving the consumption data from the network operator.

3.12 The amount of gas used illegally and its cost shall be determined according to § 25 (4) of the Natural Gas Act. In the event of illegal consumption of gas or use of gas that is not metered with a required metering system, the Seller shall issue an invoice to the Buyer within 15 (fifteen) days from the receipt of the metering data from the network operator.

3.13 The Buyer shall pay the Seller for the gas consumed and all other contractual fees by the payment date stated on the invoices to the referred bank account, stating the reference number of the invoice.

3.14 The fees listed on an invoice shall be deemed paid at the date on which they are received on the Seller's bank account referred to on the invoice.

3.15 If the Buyer makes a prepayment, the Seller shall use it to cover the Buyer's future obligations. The Buyer shall have the right to request return of the prepayment, in which case the Seller shall make the transfer to the Buyer within 5 (five) working days from the receipt of such request from the Buyer. No interest is calculated or paid on the prepayment.

3.16 If the Buyer has not received an invoice from the Seller by the deadline stated in the Contract, the Buyer shall notify the Seller of it at the first opportunity. If the Buyer does not notify the Seller of failure to receive the invoice by the 16th (sixteenth) day after the accounting period at the latest, the Buyer shall be deemed to have received the invoice and not having any claims as to the information submitted therein.

3.17 If the Buyer does not agree with the invoice issued by the Seller or agrees only partially, he or she shall notify the Seller in writing in a

reasonable time after the receipt of the invoice, adding an explanation as to the disagreement. In the event of partial agreement, the Buyer shall pay for the part as to which he or she agrees with the invoice. The Seller shall check the notification of the Buyer and notify the Buyer of the results within 10 (ten) days after the receipt of the Buyer's notification. If the Buyer's claim is justified, the invoice shall be corrected and the paid amount will be left as prepayment or, at the request of the Buyer, returned according to Section 3.12.

3.18 If, in addition to the main monetary obligation, the Buyer has to also pay a contractual penalty, a fine for delay (including interest), fee for termination of agreement, and other fees, the first arrears to be deleted are the expenses made, then the contractual penalty, fines for delay, interests, fee for termination of agreement, and other fees, and finally the capital monetary obligation. Fees that fall due earlier shall be deleted sooner than the fees that fall due later.

4. LIABILITY FOR VIOLATION OF OBLIGATIONS

4.1 The Parties shall be liable for undue performance or non-performance of the contractual obligations (violation of obligations), including for activities of the persons they use in exercise of their rights and performance of their obligations or those who are allowed to do that.

4.2 When a Party breached the obligation due to force majeure, it shall not be liable for breaching its contractual or legal obligation. Force majeure is a circumstance that the Party could not have influence over and based on the principle of reasonableness, the Party could not have been expected to consider this circumstance, avoid it, or overcome the hindrance or its consequence upon conclusion of the Contract.

4.3 A Party shall compensate the other Party for all direct material damage caused by its violation of obligations. Loss of profit shall not be compensated.

4.4 The Seller shall not be liable for the quality of the network service and interruptions in the supply of gas both in the consumer installations of the Buyer and the network operator, causing disturbances or breaks in the supply of gas to the Buyer. The quality and disturbances in the network service is not the subject of this Contract.

4.5 If the Buyer does not pay the invoice by the payment deadline, the Seller has the right to request a fine for delay in the amount of 0.20% per day on unpaid capital arrears until all amounts are fully paid. Calculation of fine for delay starts on the day following the payment deadline and ends at the date (included) of receipt of the payments.

4.6 If the Buyer is in debt, has repeatedly delayed payment of invoices, or when a bankruptcy caution or bankruptcy petition has been issued against the Buyer, if bankruptcy or liquidation proceedings have been started or when it is clear that the Buyer may not be able to perform his or her contractual obligations in the near future, the Seller has the right to request for prepayment in the upcoming transactions or amend the terms and conditions of payment. The amount of prepayment may not exceed the fee for 1 (one) accounting period that has been calculated based on the consumption of the last 12 (twelve) months, or, in case of absence of such data, on the consumption of a similar place of consumption in the last 12 (twelve) months.

4.7 If the Buyer has not paid for the consumed gas or has used the gas illegally, the Seller shall have the right to submit to the network operator an application for suspension of gas supply according to the provisions established in the Natural Gas Act.

Conditions of sale of natural gas to eligible customers

Valid from 15.09.2016

ANNEX 1 to Sales Contract of Natural Gas

4.8 If the invoice was not paid by its due date, the person who issued the invoice shall have the right to send a reminder to the Buyer for the price stipulated in their price-list.

5. CONFIDENTIALITY

5.1 During the validity of the Contract and after its expiry, the Parties shall not disclose any information related to the Contract and the Contract documentation, and information that has become known during performance of the Contract, including the computer programmes, bodies of information, processing algorithms and reports used for performance of the Contract, and avoid it becoming known to third parties, except when the obligation to disclose arises from legislation or the provisions of this Contract.

6. ENTRY INTO FORCE OF THE CONTRACT, ITS AMENDMENT, EXPIRY, AND TERMINATION

6.1 The Contract shall enter into force upon exchanging of expressions of will corresponding to the form of contract chosen by the Buyer or the Seller, or at the time stated in the Contract document.

6.2 The Seller shall start selling gas at 9:00 a.m. on the first date of the supply period agreed in the Contract. The term of the Contract is stated in the Contract document.

6.3 The Contract can be amended upon agreement of the Parties in writing or in a format which can be reproduced in writing, or on other grounds provided in the Contract or in the law.

6.4 The Seller has the right to unilaterally amend the terms and conditions of selling gas or to establish such new terms and conditions if it is required by amendments in the valid legislation or practices, substantial development of the respective field or goods, creating additional or improved possibilities for buyers to use the goods or services, or the need to specify the circumstances or business risks related to the sales of goods or provision of services.

6.5 The Seller shall send a notification to the Buyer in the event of amendments to the conditions of sale of gas or establishment of new conditions of sale, or publish it on its webpage. Notification of amendment in the conditions of sale of gas and the new text thereof or the new conditions of sale shall be made available to the Buyer at least 30 (thirty) days before entry into force of the amendments or the new conditions of sale.

6.6 If the Buyer does not agree to the amendment of the conditions of sale or the new conditions, the Buyer has the right to cancel the Contract by notifying the Seller in the way stated in Section 1.8 within 30 (thirty) days from publication of the notification of entry into force of the new conditions of sale or the amendments thereof. Cancellation of the Contract does not free the Buyer from the obligation to perform the obligations arising from the Contract until its cancellation. The former conditions of sale of gas shall apply to the Buyer upon performance of such obligations.

6.7 If the Buyer does not cancel the Contract within 30 (thirty) days from entry into force of the amendment of the conditions of sale of gas or the new conditions, the Buyer is deemed to have agreed to the new conditions of sale and does not have any claims against the Seller in relation to the new conditions. The amended or new conditions of sale shall become an integral part of the Contract from the date of entry into force and shall be binding on the Parties. The earlier conditions of sale or the provisions thereof shall be deemed expired.

6.8 The Contract shall expire:

6.8.1 at the end of the selling period;

6.8.2 by written agreement between the Parties;

6.8.3 upon ordinary or extraordinary cancellation of the Contract due to reasons stated in the conditions of sale of gas and/or legislation by a notification of a Party;

6.8.4 upon expiry of the network contract;

6.8.5 upon dissolution of the Buyer as a legal person.

6.9 Upon the end of an accounting month or expiry of a network contract, the Contract shall expire at a different time.

6.10 The Buyer has the right to ordinarily cancel the Contract by notifying the Seller three weeks in advance upon the condition that all the contractual obligations of the Buyer are duly fulfilled and the fee stated in Section 6.15 of the Contract has been paid.

6.11 The Seller shall notify the network operator within 7 (seven) days from receipt of the notification stated in Section 6.10 of termination of the Contract.

6.12 In the event of expiry of the Contract, the Buyer shall send the network operator the meter reading as at the date of termination of sale within 7 (seven) days from the date of termination. If the Buyer does not send the network operator the reading of the meter within 7 (seven) days, the Seller shall base the invoice on the Buyer's previous consumption data submitted to the Seller by the network operator.

6.13 The Parties shall have the right to extraordinarily cancel the Contract due to material breach of Contract by the other Party by notifying the other Party 30 (thirty) days in advance. A material breach of Contract includes, but is not limited to, the following:

6.13.1 the Buyer has delayed payment of an invoice for more than 30 days or is repeatedly in arrears;

6.13.2 the Buyer sells gas to third parties who consume it outside the consumption place of the Buyer;

6.13.3 the Buyer uses the gas illegally;

6.13.4 the Seller refuses without a basis to sell the gas.

6.14 If, during the term of the Contract, the ownership or possession of the Buyer over the place of consumption ends, the Parties shall start negotiations for transferring the Contract (if necessary, with amendments to the contract conditions) to the new owner or possessor of the place of consumption, or for termination of the Contract. If the Buyer, Seller, and the new owner or possessor cannot reach a settlement satisfactory to all parties, the Buyer shall have the right to continue the Contract or to cancel it according to Section 6.10.

6.15 If the Buyer ordinarily cancels the contract under Section 6.10 or 6.14 of the Contract or if the Seller extraordinarily cancels the Contract due to breaches by the Buyer, the Buyer shall pay the cancellation fee of the sales period. This fee is 0.2 times the weighted average price of the amount used over or below the agreed purchase amount for the period.

6.16 Upon expiry of the Contract, the Seller shall stop selling gas to the Buyer. Upon expiry of the Contract in a situation in which the Buyer's network connection is not cut off and consumption continues,

Conditions of sale of natural gas to eligible customers

Valid from 15.09.2016

ANNEX 1 to Sales Contract of Natural Gas

the Buyer shall no longer use the gas sold by the Seller under the Contract.

6.17 Upon expiry of the Contract for any reason, the provisions that by their nature establish the rights and commitments after the expiry of the Contract, shall be applied after the expiry of the Contract.

6.18 Upon expiry of the Contract, the Buyer shall pay all contractual fees arising from the expiry by the date stated on the invoice.

7. SETTLEMENT OF DISPUTES

7.1 Any differences and disputes arising from the performance, amendment or termination of the Contract shall first and foremost be settled between the Parties by negotiations.

7.2 In the event of acts or omissions by a Party, contrary to the Natural Gas Act or the provisions established on the basis of it, the other Party shall have the right to submit a written request to the Estonian Competition Authority.

7.3 If the Parties are unable to resolve their contractual disputes by negotiations, they shall be settled according to the law of the Republic of Estonia in a court of the Buyer's residence or location. If the Buyer settles in a foreign country after conclusion of the Contract or transfers its place of business or location, or if the Buyer's place of business, residence, or location is unknown at the time of filing of the claim, the dispute shall be settled in a court of the Republic of Estonia and based on its legislation. The abovementioned does not rule out the right of the Parties to file for an expedited processing of payment order according to the jurisdiction on the procedure.