

Natural gas sales conditions for eligible customers

Applicable from 30.11.2017

APPENDIX 1 to the Natural Gas Sales Contract

1. GENERAL PROVISIONS

1.1 Eesti Energia AS (the Seller or a Party) sells natural gas (Gas) to eligible customers (the Buyer or a Party; the Seller and Buyer together are Parties) under the conditions in the contract, which consist of the core contract, Appendix 1 'Natural gas sales conditions for eligible customers' and other possible appendixes (hereinafter referred to as the Contract), and fulfils all the legal requirements as open supplier to maintain balance.

1.2 If the conditions in the core contract contradict the conditions in Appendix 1, the core contract takes precedence.

1.3 Before Gas can be sold under the Contract, the Buyer must have a current network contract. The Seller only sells Gas to the Buyer if the network operator and the network operator's gas network allow Gas to be transported and if the network operator transports Gas to the Buyer's connection point.

1.4 Using the data exchange platform, the Seller will inform the network operator to whose network the Buyer's consumer installation has been connected of the start and end of Gas sales to the Buyer.

1.5 The Buyer must not resell or transfer free of charge any Gas purchased from the Seller through the metering points defined in the Contract, except to consumers who consume Gas through the metering points defined in the Contract within the scope of the same consumption metering points.

1.6 By signing this Contract, the Buyer confirms that sufficient time has been given to read it and understand its contents and that this has been done, and commits to meeting the obligations under the Contract.

1.7 All notifications, agreements, approvals and other expressions of will are considered to have been submitted and received in accordance with the Contract if the expression of will has been sent to the other Party in oral or written form or in an electronic form to the address given in the contact information in the Contract, if no specific permitted format has otherwise been agreed upon separately in the Contract or the gas sales conditions for submission of a particular expression of will, and if the Buyer has had reasonable opportunity to receive it. An orally submitted expression of will is considered to have been submitted if the Seller has recorded it. The Seller may also submit an expression of will on an invoice.

2. DEFINITIONS

2.1 **Data Exchange Platform** – a digital interface created by the system administrator for the purpose of retaining and accessing information concerning market participants;

2.2 **The billing period** starts at 07:00 EET in the morning of the first day of the calendar month, and ends at 07:00 EET in the morning of the first day of the next calendar month unless the Natural Gas Act enacts otherwise;

2.3 **Balance** – the balance between the amount of Gas purchased, and the actual amount of Gas consumed;

2.4 **Balancing period** – the period within which the balance is guaranteed. Balancing period is 24 hours long, starting at 07:00 EET in the morning and ending at 07:00 EET in the morning on the following day.

2.5 **Total supply** – the total quantity of Gas required from the Seller at the agreed consumption metering points by the buyer.

2.6 **Fixed supply** – sale of a fixed amount of Gas agreed upon in advance;

2.7 **Open supply** – sale of all the Gas required, pursuant to the contract, or the shortfall of Gas during a balance period, or purchase of excess Gas.

2.8 **Open supplier** – a gas company performing the balance management of the Gas supplied to the Buyer, as described in the Natural Gas Act (NGA);

2.9 **Metering point** – a location on the gas pipeline of the network connection where a measuring device has been installed, and where the quantity of Gas sold to the Buyer is measured;

2.10 **Delivery period** – the period during which the agreed price conditions, purchase amounts and other supply conditions apply;

2.11 **Purchase amount** – the agreed amount of gas that the Seller is obliged to sell and the Buyer is obliged to buy during the delivery period;

2.12 **Forecast invoice** – an invoice which is sent to the Buyer and is calculated from the gas consumption forecast received from the network operator;

2.13 **Consumer installation** – an interconnected operational assembly of gas pipelines for supplying a final customer with gas, which is located within one or several registered properties or facilities or in a complex of facilities functionally linked to one another and constituting a single economic unit, including the land necessary for servicing the facilities;

2.14 **Eligible consumer** – market participant, who is not domestic consumer.

2.15 **Network operator** – a gas company to whose gas network the Buyer's consumer installation is connected, and who provides network services to the Buyer.

3. ACCOUNTING FOR GAS QUANTITIES AND BILLING

3.1 The Buyer will pay the Seller for the actual amount of Gas consumed, calculated from the network operator's data.

3.2 The Buyer authorizes the Seller to get any manner of information concerning the validity and the content of the Buyer's network contract. Additionally, the Buyer authorizes the Seller to get consumption information from the Network operator for all areas of consumption relevant to the contract, as well as any other information necessary for the fulfilment of the contract.

3.3 Fees and taxes required by law will be added to the prices in the core contract. If transmission fees are applied during the duration of the contract that unavoidably increase the cost of importing gas into Estonia, the Seller has the right to add those costs to prices in the core contract from the moment when they are applied.

3.4 The quantities of Gas sold will be measured or defined by the network operator in accordance with the law, the network contract, and the standard conditions of the network contract.

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3.5 The Seller shall have the right to demand the verification of both metering devices and documented metering data in the relevant location, as well as the Buyer's cooperation in doing so.

3.6 The quantities of Gas sold will be expressed in kilowatt-hours (kWh) and in cubic metres (m³).

3.7 The calculation of Gas amounts into units of energy (kWh) shall be done pursuant to the methodology outlined in section 21 of the network regulation for the functioning of the gas market.

3.8 The heating value of natural gas shall be understood to mean the highest and lowest heating value measured in the gas measuring station and the highest and lowest value expressed in the metering point(s) relevant to the customer, pursuant to section 22.4¹ of the NGA. The heating value of Natural Gas shall be expressed in units of kWh per cubic metre.

3.9 The invoice is calculated from the quantities of gas that have passed through the metering points defined in the Contract or from the data submitted by the network operator and the prices agreed in the Contract. The Seller has the right to use more than one calculation method on one invoice, on the condition that the different calculation methods do not recount consumed quantities that have already been accounted for with the previous calculation methods.

3.10 The billing period is one calendar month. The Seller shall send the gas bill to the Buyer's email address no later than the 9 (nine) day of the next calendar month after the billing period, or within 2 (two) days of receiving the measurement data from the network operator if the network operator sends the measurement data to the Seller after the 7th (seventh) day of the next calendar month after the billing period. If the network operator later amends the consumption data, the Seller will use such amendments to adjust the next invoice sent to the Buyer. If Gas is consumed unlawfully, or if the Gas is consumed without being measured by a correct measurement system, the billing period is the duration of the unlawful consumption of Gas or the consumption of Gas not measured by the correct measurement system.

3.11 The quantity of unlawfully used Gas and its cost will be determined under section 25.4 of the NGA. The Seller will send an invoice for unlawful consumption of gas or consumption of gas without a correct metering system to the Buyer within 15 (fifteen) days of receiving the metering data from the network operator.

3.12 The Buyer will pay the Seller for the amount of Gas consumed and for other contractual fees by the due date indicated on the invoice, to the bank account shown on the invoice, quoting the reference number on the invoice.

3.13 Charges are considered to have been paid on the day when the funds are transferred to the current account of the Seller.

3.14 If the Buyer has prepaid sums, the Seller will retain them to cover future obligations. The Buyer has the right to apply for the refund of any prepayment, in which case the Seller will make the refund to the Buyer within 5 (five) working days of the Buyer submitting the request. No interest is calculated on prepayments or is paid to the Buyer.

3.15 If the Buyer has not received an invoice from the Seller within the deadline stated in the Contract, the Buyer must notify the Seller of this as soon as possible. If the Buyer does not notify the Seller of non-receipt of the invoice by the 16th (sixteenth) day after the billing period at the latest, it is presumed that the Buyer

has received the invoice on time and that the Buyer does not have any complaints about the data presented on the invoice.

3.16 If the Buyer does not agree with the invoice sent by the Seller or if the Buyer only partly agrees with it, the Buyer will notify the Seller of this within a reasonable time of receiving the invoice and will explain the reasons for not agreeing with the invoice. If the Buyer only partially agrees with an invoice, the Buyer will make the payment for the part they agree with. The Seller will investigate the Buyer's disagreement and will inform the Buyer of the results of the investigation within 10 (ten) days of receiving notification from the Buyer. If the Buyer's objection is justified, the contested invoice will be amended, and any amount that has already been paid will remain as an advance payment, or will be refunded at the request of the Buyer as detailed in section 3.15.

3.17 If the Buyer must pay a contractual penalty, fine for delay (including interest), Contract termination fee or other expenses in addition to the Buyer's principal financial liabilities, all expenses, contractual penalties, delay fines, interests, Contract termination fees, or other fees will be deducted from the arrears before the principal financial liability. Any previously collectable fee will be deducted before a fee collectable later.

4. LIABILITY FOR BREACH OF OBLIGATIONS

4.1 The Parties shall be liable for any breach of obligations through improper performance or non-performance of their obligations as set forth in the Contract, and the same shall also apply to actions by persons that the Parties have involved in the exercise of their rights and performance of their obligations, or to whom they have given their consent to do this.

4.2 Parties shall not be liable for a breach of their obligations under the Contract or the law if they have committed the breach because of force majeure.

4.3 Force majeure covers circumstances over which a Party has no influence and which it would have been unreasonable to expect the Party to consider or prevent at the time the Contract was signed, or the event or consequences of which the Party could not reasonably be expected to overcome.

4.4 A Party shall compensate the other Party for any direct property damage caused to the other Party by a breach of the obligations set forth in the Contract. There shall be no compensation for loss of profit.

4.5 The Seller will not be liable for the quality of the network service or for any interruption in the gas supply. The quality of the network service and interruptions to it are not regulated by this Contract.

4.6 If the Buyer fails to pay any invoice by its due date, the Seller shall be entitled to charge interest on the principle arrears on the overdue amount at the rate of 0.20% per day until all amounts owed are received in full. The calculation of interest shall start on the day following the due date and shall continue until and including the day when the funds are received.

4.7 The Seller has the right to demand advance payment from the Buyer to cover future billing, or to change the terms of payment if the Buyer has a debt or if the Buyer has repeatedly delayed payment of the bills, or if a bankruptcy caution or a bankruptcy petition has been submitted against the Buyer, or if bankruptcy or liquidation proceedings have been initiated against the Buyer, or if it is apparent that the Buyer may not be able to meet their contractual obligations in the near future. The size of

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the advance payment must not exceed the payment of 1 (one) billing period, calculated from the consumption of the last 12 (twelve) months, or calculated from the consumption of the last 12 (twelve) months at a similar consumption location if consumption data for the particular location are not available.

4.8 If the Buyer has not paid for the Gas consumed or if the Buyer has consumed gas unlawfully, the Seller has the right to apply to the network operator to terminate the Buyer's Gas supply in accordance with the Natural Gas Act.

4.9 Should the Buyer fail to pay an invoice by the agreed upon time, the issuer of the invoice shall have the right to send the Buyer a reminder for the price specified in the price list.

4.10 Should the Buyer fail to fulfil any of his obligations pursuant to the contract, the Seller shall have the right to reassign the relevant claim and/or give the right of collection to a third party. The Buyer shall also be liable for collection costs incurred by the third party.

5. CONFIDENTIALITY

5.1 The Parties must keep confidential during the duration of the Contract and after the termination of the Contract all information that has become known to them if such information arises from the Contract, is related to the documents of the Contract and has become known during the performance of the Contract, including the computer programmes used for the performance of the Contract, bodies of information, processing algorithms and reports, and must avoid disclosing it to third parties, unless required to disclose information by law or this Contract.

6. DURATION OF THE CONTRACT, ITS AMENDMENTS, EXPIRATION AND TERMINATION

6.1 The Contract comes into force upon the exchange of notifications between the Buyer and the Seller as described in the Contract, or at the time indicated in the Contract.

6.2 The Seller shall commence sales of Gas at 07:00 on the first day of the supply period agreed in the Contract. The length of the Contract is indicated in the text of the Contract.

6.3 The Contract can be amended if agreed by the Parties in writing, or on other grounds indicated in the Contract or in the law.

6.4 The Seller has the right to change the sales conditions for Gas unilaterally, or to introduce new sales conditions, if such changes are caused by amendments to the law, major changes in the business environment or the product sold, better or additional opportunities for the Buyer to make use of the goods or services sold, or if it becomes necessary to make clearer the circumstances or business risks relating to the sale of goods or services.

6.5 The notification about changes to the sales conditions for Gas or the introduction of new sales conditions shall be published by the Seller on its website or sent by the Seller as a notification to the Buyer. The notification of changes to the sales conditions and the new complete text or new sales conditions shall be made available to the Buyer at least 30 (thirty) days before the changes to the sales conditions or the new sales conditions start to apply.

6.6 If the Buyer does not accept the changes to the sales conditions or the new sales conditions, the Buyer has the right to terminate the Contract, after informing the Seller in the manner described in section 1.7 within 30 (thirty) days of the publication

of the notification of changes to the sales conditions or the new sales conditions. Termination of the Contract does not discharge the Buyer from any obligations that arose before the Contract was terminated and the earlier sales conditions for Gas shall apply to such obligations for the Buyer.

6.7 If the Buyer does not terminate the Contract within 30 (thirty) days of the publication of changes to the sales conditions for Gas or new sales conditions, the Buyer is considered to have accepted the changes to the conditions or the new conditions, and the Buyer is also considered not to have any claims towards the Seller. The changed or new sales conditions will become an integral part of the Contract on the day they come into force, and they will become binding for the Parties. The earlier sales conditions or the parts of them that have been changed shall no longer be considered applicable.

6.8 The Contract ends:

6.8.1 when the delivery period ends;

6.8.2 following a written agreement by both Parties;

6.8.3 following the ordinary or extraordinary cancellation of the Contract for the reasons described in the sales conditions for Gas or the law, or at the demand of one of the Parties;

6.8.4 following the end of the network contract;

6.8.5 following the liquidation of a Buyer who is a legal person.

6.9 The Contract is terminated at the end of a billing period, or at another time when the network contract ends.

6.10 The Buyer has the right ordinarily to cancel the Contract by notifying the Seller of this 14 (fourteen) days in advance, on the condition that all of the Buyer's contractual obligations have been duly met and the fee detailed in section 6.14 of the Contract has been paid.

6.11 Using the data exchange platform, the Seller will notify the network operator of receipt of any application as described in section 6.10 within 14 (fourteen) days of the cancellation of the Contract.

6.12 A Party has the right to terminate the Contract extraordinarily if the other Party materially breaches the Contract, after the Party in breach has been informed in writing 30 (thirty) days in advance. Material breaches of the Contract are considered to be, for example:

6.12.1 if the Buyer has delayed with the payment of the invoice for more than 30 days, or if the Buyer is repeatedly in arrears;

6.12.2 if the Buyer sells Gas to third persons who consume Gas outside of the Buyer's consumption metering point;

6.12.3 if the Buyer is using the Gas unlawfully;

6.12.4 if the Seller refuses to sell Gas without any reasonable justification.

6.13 If the Buyer's right of ownership or possession of the consumption metering point ceases while the Contract is in force, the Parties will enter into negotiations to transfer the Contract (with amendments to the contractual conditions if necessary) to the new owner or possessor, or to terminate the Contract. If the Buyer, the Seller and the new owner or possessor do not reach

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an agreement that satisfies all Parties, the Buyer has the right to continue the Contract, or to cancel it in accordance with section 6.10.

6.14 If the Buyer cancels the Contract ordinarily in accordance with sections 6.10 or 6.13 or if the Seller cancels the Contract extraordinarily due to a contractual breach by the Buyer, the Buyer will pay the fee for the termination of a delivery period. The fee for the termination of a delivery period is the weighted average price of the period multiplied by 0.2 for the quantity consumed in excess of the agreed purchase quantity or below the agreed purchase quantity.

6.15 If the Contract is terminated, the Seller will stop selling Gas to the Buyer. If the Contract is terminated in a situation where the Buyer's network connection is not terminated and the consumption continues, the Buyer no longer consumes Gas sold by the Seller under the Contract.

6.16 If the Contract is terminated for any reason, such terms of the Contract that set out the rights and obligations of the Parties after the termination of the Contract will continue to apply.

6.17 If the Contract is terminated, the Buyer will pay all fees due from the termination of the Contract by the deadline indicated on the invoice.

7. SETTLEMENT OF DISPUTES

7.1 Any disputes and disagreements about the performance of the Contract, changes to the Contract, or termination of the Contract are to be firstly settled between the Parties by way of negotiation.

7.2 A Party has the right to submit a written complaint to the Estonian Competition Authority about the actions or omissions of the other Party if these are in conflict with the provisions of the Natural Gas Act or other legal acts based on it.

7.3 Any contractual disputes where the Parties are unable to reach an agreement by negotiating are referred to the court of law at the place of residence or registration of the Buyer, and to be settled in accordance with the law of the Republic of Estonia. If the Buyer relocates to a foreign country after signing the Contract, or moves their business there, or if the Buyer's place of residence or registration is unknown at the time of the submission of the claim, the dispute will be settled by the court of the Republic of Estonia in accordance with the laws of the Republic of Estonia. This does not affect the right of the Parties to apply for a simplified debt collection procedure in accordance with the jurisdiction concerning such procedures.