

Procedure Description

for the Marketing of Capacities

via the Customer Area "MY STORAGE"



Trading



VGS Storage Hub

- as of 24 August 2020 -

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I. GENERAL

§ 1 Introduction

The Tender Procedure as set out below is used by VNG Gasspeicher GmbH (VGS) to market its product "Trading VSH" via its customer area "*MY STORAGE*" on the VGS website (www.vng-gasspeicher.de).

The italicized terms in this description comply with the terms used in the General Terms and Conditions of VGS for the Storage of Gas at the Underground Storage Facilities operated by VGS, valid from 1 April 2020 (Storage GTC) published at www.vng-gasspeicher.de.

§ 2 Procedure and Registration

- (1) The "Trading" product is marketed by a Tender Procedure for which the "easystore" online product configurator available in the VGS customer area "*MY STORAGE*" at www.vng-gasspeicher.de/easystore is used.
- (2) The authorization of the individual person acting in the scope of the Tender Procedure to represent the respective *customer*, on behalf of which the binding offer will be submitted, shall be a precondition for submitting a binding offer in the scope of this Tender Procedure. It shall be reserved to VGS to request the acting individual person to present a corresponding power of attorney as proof of the authorization to represent the *customer*.

§ 3 The Subject Matter of the Procedure – Product Description

- (1) The subject matter of the Tender Procedure shall be the "Trading" product. in the *service period* of 1 April 2022, 6:00 a.m. to 1 April 2023, 6:00 a.m.
- (2) Offered shall be quantities of *working gas volume* (WGV) of maximum 1,000.00 GWh as well as 600.00 MWh/h *injection rate* (IR) in total and 820.00 MWh/h *withdrawal rate* (WR) in total on a firm basis.
- (3) The proportion of the individual *capacities* to each other (capacity ratio) shall be determined by the bidder when submitting an offer by either opting for the capacity ratio of the standard configuration according to the following lit. a) or configuring the capacity ratio individually within the limits defined by the following lit. b).

a) Standard Configuration:

The capacity ratio of the standard configuration – related to a *working gas volume* of 1.00 GWh – can be gathered from the table below:

WGV GWh	IR MWh/h	WR MWh/h
1.00	0.60	0.82

b) Individual Configuration:

The quantities of the *firm capacities* of *injection rate* and *withdrawal rate* can be configured individually within the given limits. The limits defining the minimum and maximum quantity of the *injection rate* (IR_{\min} to IR_{\max}) and *withdrawal rate* (WR_{\min} to WR_{\max}) related to a *working gas volume* of 1.00 GWh can be gathered from the table below:

WGV GWh	IR_{\min} to IR_{\max} MWh/h	WR_{\min} to WR_{\max} MWh/h
1.00	0.35 to 1.20	0.30 to 1.50

§ 4 Course of Procedure

- (1) Using the "easystore" online product configurator, the bidder may assort individually his "Trading" product and submit to VGS a binding offer to conclude a "Trading" contract regarding this product.
- (2) The offer can be submitted on a day, which is still to be announced by VGS, within the period from 31 August 2020 to 30 October 2020 between 1:00 p.m. and 1:30 p.m. (CET) ("**Offer Period**"). VGS shall announce the deadline for the submission of offers not later than at 1:00 p.m. of the working day preceding the deadline for the submission of offers. The bidding procedure follows from § 5.
- (3) If and when VGS accepts one or more of the binding offers upon expiry of the Offer Period, the capacities shall be allocated and contracts shall be concluded in accordance with § 6 and § 7.

II. SUBMISSION OF AN OFFER

§ 5 Product Configuration and Submission of a Binding Offer

- (1) The submission of an offer to conclude a „Trading“ contract shall proceed - within the Offer Period - as set out below:

Step 1: Selecting a Product

The bidder shall go to the "easystore" online product configurator and select in "Product Selection" from the list the "Trading VSH – Tender 22/23" product.

Step 2: Product Configuration

In "Configure Product" the bidder shall first enter the quantity of the required firm *capacity of working gas volume* in GWh in the relevant input field "Working Gas Volume". The quantity to be specified shall be minimum 2.5 GWh.

Then, the bidder shall opt between the "Standard Configuration" (§ 3, section (3) lit. a)) and the "Individual Configuration" (§ 3, section (3) lit. b)).

a) Standard Configuration:

The parameters for the firm *capacities of injection rate and withdrawal rate* - related to the quantity of *working gas volume* the bidder specified before - will be calculated automatically according to the capacity ratio specified under § 3, section (3) lit. a) if bidders select the "Standard Configuration".

Manual entries by bidder are not necessary.

b) Individual Configuration:

Further, bidders that select the "Individual Configuration" must additionally define the parameters of the firm *capacities of injection rate and withdrawal rate* related to the quantity of *working gas volume* they specified before. The bidder may enter alternatively the "Maximum Injection Rate" and "Maximum Withdrawal Rate" (each in MWh/h) or the "Injection Duration" and "Withdrawal Duration" (each in days). The relevant alternative parameters will be calculated automatically and displayed. Any entry by bidder beyond the limits defined in § 3, section (3) lit. b) will not be possible. The desired parameters may be entered into the respective input fields by activating the pencil symbol.

Step 3: Specification of a Lower Allocation Threshold

Furthermore, the bidder shall enter into the input field at "Lower Allocation Threshold in %" the percentage share of the product that the bidder defined in Step 2 (consisting of the determined quantities of the *capacities of working gas volume, injection rate and withdrawal rate*; hereinafter referred to as "**Desired Product**") regarding which the bidder is still willing to conclude a "Trading" contract ("**Lower Allocation Threshold**"). Thereby, the Lower Allocation Threshold shall be less than or equal to 100 percent; in the case of a Lower Allocation Threshold that is less than 100 percent, the quantity of the *capacity of working gas volume* that corresponds to the Lower Allocation Threshold shall furthermore be greater than or equal to 2.5 GWh.

By entering a Lower Allocation Threshold that is less than 100 percent, the bidder also declares the bidder's express consent vis-à-vis VGS to allocate to them the Desired Product only partially within the scope of the allocation procedure described in § 6, section (3) in the case that the capacities, which are still available after the allocation to bidders that submitted higher-ranking offers is completed, are within the scope for the allocation defined by the bidder by specifying a Lower Allocation Threshold. Thereby, the scope for the allocation shall correspond to quantities of capacities available that are less than or equal to the quantities of the *capacities of working gas volume, injection rate and withdrawal rate* of the Desired Product, but greater than or equal to the partial quantities of capacities resulting in that regard from the Lower Allocation Threshold.

Bidders click on the "Finish configuration" button to conclude process steps 2 and 3.

At this point the system will provide suitable notification if the capacity quantities of the Desired Product defined by the bidder during process step 2 exceed the total capacity quantities available for marketing as defined in § 3, section (2) above.

Step 4: Checking Parameters and Contact Data

An overview screen is displayed in the category "Summary", where the bidder is able to check the data entries and to view the *characteristics* of the product "Trading" relating to the Desired Product.

Further, the system displays to the bidder as "Standard Fee" the capacity fee in €/MWh that VGS charges for the Desired Product in accordance with its current capacity assessment.

A capacity fee amounting to 8.5118 €/MWh per *storage year* is used as the basis for calculating the standard fee if a standard configuration is selected as defined in § 3, sec-

tion (3) lit. a). The standard fee for an individual configuration as defined in § 3, section (3) lit. b) is calculated by means of a fee formula, in which the capacity fee previously itemised for the standard configuration is placed in a functional dependence to the quantity of *capacity of working gas volume, injection rate and withdrawal rate* for the respective, individual configuration.

In the category "Personal Data", the bidder is shown an overview of the contact data entered.

Step 5: Submitting a Binding Offer

If the data are correct and the bidder would like to submit a binding offer, the bidder shall click on the selection button "Binding Offer" in the category "Personal Data".

An input field will appear, in which the bidder is required to enter a *capacity fee* in €/MWh in the category "Offered Fee". An input up to four (4) decimal places is possible.

By clicking on the respective selection button, the individual person acting in the scope of this Tender Procedure shall expressly affirm vis-à-vis VGS the authorization to represent the respective bidder, on behalf of which the binding offer shall be submitted.

Subsequently, the bidder must click on the button "Binding Request". The offer submission is now complete.

- (2) An offer submitted according to section (1) above shall be deemed binding for the conclusion of a "Trading" contract with VGS.

By submitting the offer, the *customer* accepts the terms and conditions of this Procedure Description, the provisions of the Sample Contract "Trading" according to the selected fee model published in the customer area "MY STORAGE", the Operating Manual and the Storage GT&C.

The bidder's binding offer shall accordingly comprise:

- a) the product configuration (Desired Product)
- b) the capacity fee in €/MWh
- c) the Lower Allocation Threshold in % (≤ 100 %)

Besides the *capacity fee* the *variable fee* shall become due according to § 5 of the "Trading" contract.

III. ALLOCATION AND CONCLUSION OF CONTRACT

§ 6 Allocation

- (1) VGS shall have the right but not the obligation to accept a binding offer submitted according to § 5 section (1).
- (2) The participation of an offer in the allocation requires an adequate creditworthiness of the bidder or his willingness to provide security according to § 14 Storage GT&C.

In addition, VGS shall determine and document prior to the Offer Period of this Tender Procedure an internal minimum *capacity fee* for the respective *capacities* offered. An allocation in accordance with the following section (3) shall only occur, if an offer to be allocated is equal to or exceeds the minimum *capacity fee* determined and documented.

- (3) If after review of the offers VGS accepts one binding offer, the allocation of the offered capacities shall be carried out in accordance with the following procedure:
 1. Initially VGS calculates for each bid submitted the percentage relationship between the offered fee and the standard fee for the respective configuration of the Desired Product ("Percentage Reference Value") and then creates a ranking list of bids submitted independent of the quantities of *capacities* of *injection rate* and *withdrawal rate* in the respective Desired Product, starting with the bid with the highest Percentage Reference Value and hence the highest relative bidding amount.
 2. The bid with the highest Percentage Reference Value, as specified in the ranking list, is then accepted. Insofar as two or more bids with the same Percentage Reference Value have been submitted, the bid shall be accepted that was submitted earlier.
 3. Insofar as further capacities are available, the bid shall be accepted that exhibits the highest Percentage Reference Value of all other bids not yet accepted and the Lower Allocation Threshold of which results in quantities of capacities that are less or equal to the remaining quantities of *capacities* of *working gas volume*, *injection rate* and *withdrawal rate* ("Allocable Bid"). VGS will allocate to the Allocable Bid with the highest Percentage Reference Value the remaining quantities of *capacities* of *working gas volume*, *injection rate* and *withdrawal rate* provided that these are sufficient for an allocation corresponding to the capacity ratio of the related Desired Product. Insofar as two or more bids with the same Percentage Reference Value have been submitted, the bid shall be accepted that was submitted earlier.

4. Allocation step 3 will be repeated until no further allocable bid is on the table.

§ 7 Conclusion of Contract

- (1) A contract shall take legal effect upon acceptance of the offer by VGS. The bidder shall be informed by email within thirty (30) minutes after the end of this procedure whether his offer has been accepted or refused (declaration of acceptance). Immediately after receipt of the declaration of acceptance VGS shall send an initialled and signed contract in duplicate to the bidder with whom the contract has been concluded.
- (2) Irrespective of the conclusion of the contract upon receipt of the declaration of acceptance as defined by section (1), the bidder shall return to VGS forthwith a signed copy of the contract for reasons of documentation.

Contact: We would be glad to answer your questions concerning our products and this Tender Procedure. Please call +49 (0)341 443-2404 or send an email to sales@vng-gasspeicher.de.