

**NATURAL GAS TRANSMISSION SERVICE**  
**CONTRACT No .....**

... .. 20..

Vilnius

This contract (hereinafter – the Contract) is entered into by and between AB Amber Grid (hereinafter referred to as the *Transmission System Operator* or the *TSO*), represented by ....., acting in accordance with ....., one Party to the Contract, and..... (hereinafter – the *System User*), represented by ....., acting in accordance with ....., the other Party to the Contract.

**1. Definitions Used in the Contract**

- 1.1. **Reporting period:** one month.
- 1.2. **Additional component to the natural gas transmission price (hereinafter – the additional component) of natural gas supply security:** an additional component to the natural gas transmission price cap of natural gas supply security determined by legislation and allocated in accordance with the provisions of the Law on Liquefied Natural Gas Terminal of the Republic of Lithuania (Official Gazette, 2012, No 68-3466) to compensate the fixed operating costs of the liquefied natural gas terminal being implemented, installation of its infrastructure and connection necessary to ensure operation of the liquefied natural gas terminal.
- 1.3. **Long-Term Transmission Capacity:** maximum daily flow of natural gas over a period of one year (expressed as m<sup>3</sup>/day/year) determined under the Contract to the System User and which the System User may use. Long-Term Transmission Capacity of the System User is specified in item 5.1 of the Contract.
- 1.4. **Quarter:** a period of three months commencing at 9 a.m. on 1 January, 1 April, 1July or 1 October and ending at 9 a.m. on 1 April, 1July, 1October or 1 January respectively.
- 1.5. **Year:** a period of time commencing at 9 a.m. on 1 January of any year and ending at 9 a.m. on 1 January of the next year.
- 1.6. **Month:** a period of time commencing at 9 a.m. on the first calendar day of any month and ending at 9 a.m. of the first calendar day of the next month.
- 1.7. **Unauthorised Long-Term Transmission Capacity limitation:** limitation of Long-Term Transmission Capacity specified in item 5.1 of the Contract which was not agreed in advance by the TSO with the System User when the actual limited capacity is less than the daily natural gas quantity purchased (m<sup>3</sup>/day).
- 1.8. **Day:** a period of time commencing at 9 a.m. on any day and ending at 9 a.m. the next day. Any reference date is the day of the calendar day on which the day begins.
- 1.9. **Additional authorised used overrun transmission capacity:** capacity that was actually used and coordinated in advance by the System User with the TSO exceeding the Long-Term Transmission Capacity specified in item 5.1 of the Contract (m<sup>3</sup>/day).
- 1.10. **Additional unauthorised used overryn transmission capacity:** capacity that was actually used but not coordinated in advance by the System User with the TSO exceeding the Long-Term Transmission Capacity specified in item 5.1 of the Contract or the agreed additional transmission capacity (m<sup>3</sup>/day).
- 1.11. **Additional authorised unused overrun transmission capacity:** capacity coordinated in advance by the System User with the TSO exceeding the Long-Term Transmission Capacity specified in item 5.1 of the Contract but not actually used on the corresponding day (m<sup>3</sup>/day).
- 1.12. **Week:** a period of time commencing at 9 a.m. on a Saturday and ending at 9 a.m. the following Saturday.
- 1.13. **Authorised Long-Term Transmission Capacity limitation:** limitation of Long-Term Transmission Capacity specified in item 5.1 of the Contract which was coordinated by the TSO in advance with the System User when the actual limited capacity is less than the daily natural gas quantity purchased (m<sup>3</sup>/day).
- 1.14. **Funds of liquefied natural gas terminal (hereinafter – the LNGT):** funds payable in accordance with the administration procedure of funds allocated to compensate for the costs of installation of the liquefied natural gas terminal, its infrastructure and connection and operating costs, or part thereof approved by the National Commission for Energy Control and Prices (hereinafter – the Commission).
- 1.15. Other terms used in the Contract shall be understood as defined in the Law on Natural Gas of the Republic of Lithuania (Official Gazette, No 89-2743; 2011, No 87-4186; 2012, No 68-3467), the Rules for Natural Gas Transmission System Balancing, and other legislation of the Republic of Lithuania (hereinafter – ROL) regulating the natural gas sector in Lithuania.

## 2. Subject-Matter

- 2.1. Subject matter of this Contract shall be the provision of natural gas transmission services (hereinafter – the Transmission service) to the System User under the terms and conditions specified in the Contract.
- 2.2. The TSO shall accept natural gas (hereinafter – gas) from the System User at the receipt location and deliver gas to the delivery location (s).
- 2.3. The System User shall deliver gas to the receipt location, accept gas at the delivery locations in quantities specified and within the time frames agreed, and make all payments due under the terms and conditions of the Contract.

## 3. Gas Receipt and Delivery Locations

- 3.1. Gas receipt location: the points where gas enters the Transmission system and where the System User hands over gas in its possession to the TSO, and the TSO accepts gas into the system owned by the TSO and where gas transmission commences – Lithuanian–Belarus border, and/or Lithuanian–Latvian border, and/or interconnection between the LNG terminal and the TSO’s system.
- 3.2. Gas delivery location: the point where gas transmission by gas pipeline ends and where the TSO supplies gas to the System User, i.e. the adjacent system of natural gas operators to which gas is delivered for further transport, or a natural gas system of the consumer directly connected to the TSO’s system. Gas delivery location(s) and gas quantities are specified in more detail in item 5.3 of the Contract.

## 4. Gas Transmission Period

- 4.1. Under this Contract gas transmission to the System User shall commence at 9 a.m. on ..... 2014 and continue until 9 a.m. on 1 January 2015.
- 4.2. Gas transmission period may be extended if separately agreed between the Parties.

## 5. Gas Transmission Volumes and Time Limits

- 5.1. **Long-Term Transmission Capacity** for 2014 determined to the System User under this Contract shall be ..... (.....) (m<sup>3</sup>/day/year). Long-Term Transmission Capacity for 2014 determined to the System User shall not be subject to change.
- 5.2. Gas quantity to be transmitted to the System User in 2014 shall be .....(.....) cubic metres distributed by quarters and months as follows (m<sup>3</sup>):

Quarter I		Quarter II		Quarter III		Quarter IV	
January		April		July		October	
February		May		August		November	
March		June		September		December	
<b>Total</b>		<b>Total</b>		<b>Total</b>		<b>Total</b>	

- 5.3. Gas quantity to be transmitted to the System User in 2014 by quarters at the following delivery locations:

Gas delivery locations	Capacity (m <sup>3</sup> /day/year)	Gas quantity by quarters (m <sup>3</sup> )				Total (m <sup>3</sup> )
		I	II	III	IV	
1. ....						
2. ....						
<b>Total</b>						

- 5.4. Increase or reduction in the quantity of gas determined to the System User under this Contract shall be subject to written approval with the TSO.
- 5.5. The System User may only demand transmission of gas quantities purchased by the System User as evidenced by purchase documents submitted to the TSO. The TSO shall transmit these quantities but only if they do not exceed the Long-Term Transmission Capacity specified in item 5.1 of the Contract.
- 5.6. Gas quantities specified in items 5.2 and 5.3 of the Contract may be revised if the System User submits documents to the TSO confirming the purchase of gas quantities. If the TSO does not agree to transmit revised quantities of gas, the TSO shall notify the System User of the fact and provide a justified reply.

- 5.7. 30 calendar days before the first day of every quarter the System User shall notify the TSO in writing of a revised quantity of gas which needs to be transmitted to the delivery location (s) over the quarter by months.
- 5.8. The System User may revise gas quantities determined under the Contract but hourly gas quantity at a specific delivery location shall not exceed the maximum gas flow permitted by the gas metering system (the measurement instrument).
- 5.9. 5 days before the first day of every month the System User shall notify the TSO in writing of monthly gas quantities by days which are required to be accepted at the receipt location (s) other than the Lithuanian–Belarusian border. The TSO shall accept these gas quantities at the receipt location (s) but only if they do not exceed free technical capacity at the gas receipt location in question.
- 5.10. When the TSO transmits gas to the delivery location at which the natural gas system of the System User’s consumer begins, or when the TSO transmits gas to the delivery location at which the consumer’s natural gas system begins and the consumer has an effective contract with the System User for the sale and purchase of natural gas and provision of services hourly quantity of natural gas to the System User at this delivery location shall not exceed the maximum gas flow  $Q_{max}$  permitted by the gas metering system (the measurement instrument) specified in Appendix 1 to this Contract. The TSO shall have the right to limit gas transmission to this delivery location if the System User exceeds the maximum allowable hourly gas flow  $Q_{max}$ .

## **6. Gas Transmission Conditions**

- 6.1. The System User may only request such transmission capacity as the System User needs or requires to meet its gas demand. If the System User exceeds unauthorised Long-Term Transmission Capacity in advance with the TSO, the TSO shall have the right to limit gas transmission.
- 6.2. By Wednesday 3 p.m. of every week the System User shall indicate to the TSO the quantity of gas (gas demand) expected to be removed from the transmission system by delivery locations: an order (hereinafter – the order) for daily gas quantities to be transmitted the next week (7 days).
- 6.3. If a daily capacity order placed by the System User exceeds the Long-Term Transmission Capacity specified in the Contract, the capacity required in excess of the Long-Term Transmission Capacity determined in the Contract shall constitute the order for additional capacity.
- 6.4. By Thursday 2 p.m. of every week the TSO shall notify the System User of a confirmation, rejection, or modification of the order for the next week (7 days) if capacity booked by the System User exceeds, for at least one day, the Long-Term Transmission Capacity determined in the Contract.
- 6.5. If a Thursday is a day-off or a public holiday, then the System User shall place the order for the next week by 3 p.m. of the penultimate working day and the TSO shall provide a confirmation, rejection, or modification, if required under item 6.4 hereto, of the order by 2 p.m. of the last working day before the day-off or the public holiday.
- 6.6. The System User may revise the order for the next day until 3 p.m. of every day of the current week preceding the gas transmission day (balancing period). The TSO shall notify the System User by 5 p.m. of the same day of a confirmation, rejection or modification of the revised order for the next day if daily capacity booked by the System User exceeds the Long-Term Transmission Capacity determined in the Contract.
- 6.7. If the gas transmission day is a day-off or a public holiday, then the System User may revise the order until 3 p.m. of the last working day preceding the day-off or the public holiday(s). The System User may revise the order for the day-off or the public holiday(s) and for the first working day after the day-off or the public holiday(s). The TSO shall notify the System User by 5 p.m. of the same working day of a confirmation, rejection or modification of the revised order, if required under item 6.4 hereto.
- 6.8. The System User and the TSO shall coordinate the order using the electronic transmission service booking and management system (hereinafter – the ETSS) available on the TSO’s website in accordance with the provisions covered in this section of the Contract.
- 6.9. If any of the Parties has no possibility to approve the order over the ETSS or approval is impossible due to interruptions in the operation of the ETSS, the Parties shall coordinate the order in writing or by facsimile.
- 6.10. If the System User fails to place the order to TSO for the next week by the time specified, TSO shall use the last weekly order placed by System User taking into account all daily revisions made during that week. If the TSO fails to notify the System User of a rejection or modification of the order as specified in item 6.4 hereto, the last order for the week including any daily revisions to the order confirmed by the TSO shall apply.
- 6.11. If the System User places the order to the TSO within the time specified and the TSO fails to confirm the order within the time specified, the order placed by the System User shall remain in force.
- 6.12. If the TSO is unable to fulfil the order previously approved with the System User, then the TSO shall modify the order and notify the System User of the fact.

- 6.13. The TSO may at any point in time limit gas quantities transmitted to the System User up to the Long-Term Transmission Capacity set out in item 5.1 of the Contract. The TSO may also limit gas transmission in cases when the TSO has approved greater transmission capacity than the Long-Term Transmission Capacity of the System User in the manner laid down in the Contract.

## **7. Prices of Transmission Service and Their Application**

- 7.1. For the provision of transmission services the System User shall pay to the TSO at the prices of gas transmission services which are publicly available. Service prices shall be published on the TSO's website.
- 7.2. The prices for the natural gas transmission service shall be determined to the System User based on the quantity of gas expected to be delivered every year to the delivery location specified in the Contract.
- 7.3. For the long-term services of natural gas transmission the System User shall pay a binary price:
- 7.3.1. The fixed part of the price, i.e. the price for capacity. The amount payable shall be calculated by multiplying Long-Term Transmission Capacity established in the Contract by the price per one capacity measurement unit. This amount shall be payable by the System User to the TSO in 12 equal payments over the year; and
- 7.3.2. The variable part of the price, i.e. the price for the gas quantities transmitted.
- 7.4. If at the end of the year it is ascertained that the System User received smaller or larger quantity of gas than expected at the time of execution of this Contract and as a result the System User needs to be assigned to another group of system users, payments for gas transmitted shall be calculated using the natural gas transmission service prices applicable to that particular group of system users. Interest on late payments shall not be recalculated.
- 7.5. If the System User exceeds Long-Term Transmission Capacity with prior coordination of excess capacity with the TSO as specified in this Contract, the System User shall pay to the TSO a fee for the additional authorised used overrun transmission capacity. The amount of this fee for the reporting period shall be calculated by multiplying the additional authorised used overrun daily capacity by the natural gas transmission service price charged for the additional authorised used overrun capacity.
- 7.6. If the System User exceeds Long-Term Transmission Capacity without prior coordination of excess capacity with the TSO as specified in this Contract, or the System User exceeds the additional authorised transmission capacity, the System User shall pay to the TSO a fee for the additional unauthorised used overrun transmission capacity. The amount of this fee for the reporting period shall be calculated by multiplying the additional unauthorised used overrun capacity per day by the natural gas transmission service price charged for the additional unauthorised used overrun transmission capacity.
- 7.7. If the System User coordinates additional capacity in excess of Long-Term Transmission Capacity but does not actually use that capacity, the System User shall pay to the TSO a fee for additional authorised used overrun transmission capacity. The amount of this fee for the reporting period shall be calculated by multiplying additional unused daily capacity by the natural gas transmission service price charged for additional authorised unused overrun transmission capacity.
- 7.8. If the TSO limits Long-Term Transmission Capacity with prior coordination with the System User, the TSO shall pay to System User a fee for the limitation of authorised Long-Term Transmission Capacity. The fee payable for the limitation of authorised Long-Term Transmission Capacity shall only apply if capacity that was limited does not exceed Long-Term Transmission Capacity and is insufficient to transport the daily gas quantity purchased by the System User. The amount of this fee payable for the reporting period shall be calculated by multiplying the authorised daily capacity that was not transmitted by the price equal to the natural gas transmission service price for additional authorised used overrun transmission capacity.
- If the TSO limits Long-Term Transmission Capacity without prior coordination with the System User, the TSO shall pay to the System User a fee for the limitation of unauthorised Long-Term Transmission Capacity. The amount of the fee payable for the limitation of unauthorised Long-Term Transmission Capacity shall only apply if capacity that was limited does not exceed Long-Term Transmission Capacity and is insufficient to transport the daily gas quantity purchased by the System User.
- 7.9. Fee payable for the reporting period shall be calculated by multiplying the unauthorised daily capacity that was not transmitted by the price equal to the natural gas transmission service price charged for additional unauthorised used overrun transmission capacity.
- 7.10. The TSO shall not be required to pay the fees covered in items 7.8 and 7.9 of the Contract, if gas transmission is limited or terminated to the System User in accordance with the procedure set out in item 14.1 of the Contract.

- 7.11. If Lithuanian legislation sets out the obligation for the System User to pay funds for the LNGT and the obligation for the TSO to collect these funds from the System User, the TSO shall comply with the requirements of applicable legislation and apply an additional component set by the Commission to calculate the funds payable by the System User for the LNG Terminal and invoice these funds to the System User separately. The additional component set by the Commission shall be published on the TSO's website.

## **8. Balancing Conditions**

- 8.1. The System User shall comply with the requirements of the AB Amber Grid Rules for Natural Gas Transmission System Balancing (hereinafter – the Balancing Rules) to balance its own gas flows. The Balancing Rules shall be published on the TSO's website.
- 8.2. The requirements of the Balancing Rules shall be binding to both parties and shall be read in conjunction with this Contract.
- 8.3. Over the balancing period the System User shall inject into the transmission system such quantity of gas that is equal to the quantity of gas removed from the transmission system.
- 8.4. Before the start of the balancing period (and during this period) the position of the System User in terms of balancing shall be determined by assessing data available on the quantity of gas expected to be injected by the System User into the transmission system and the quantity of gas expected to be taken from the system:
- 8.4.1. Gas quantity expected to be injected into the transmission system by the System User: a gas supply schedule agreed prior to the balancing period under a bilateral contract for the sale and purchase of gas with gas supplier, and (or) gas quantity purchased on the exchange, and (or) gas quantity supplied from other gas systems (imported by the System User under the gas import schedule and (or) from the System User's stock kept in Latvian gas storage facility).
- 8.4.2. Gas quantity expected to be removed from the transmission system by the System User: capacity order placed by the System User before the balancing period, and (or) gas quantity sold under a bilateral contract for the sale and purchase of gas, and (or) gas quantity sold on the exchange.
- 8.5. When gas quantity expected to be removed from the transmission system by the System User over the balancing period differs (is larger or smaller) from the gas quantity expected to be supplied to the transmission system, the resulting situation might indicate an imbalance on the System User's part.
- 8.6. In cases when after the evaluation of the System User's position in respect of balancing the TSO ascertains that there might be an imbalance on the System User's part, then the TSO shall no later than the first day of the balancing period notify the System User of a possible imbalance on the ETTS.
- 8.7. The System User shall take expedient action as to equalize gas quantities injected to the transmission system and removed from it during the balancing period. Action available to the System User for the purpose of balancing gas flows are covered in the Balancing Rules.
- 8.8. Gas quantities injected to the transmission system and removed from it by the System User shall be determined as defined in the Balancing Rules.
- 8.9. If during the balancing period the System User causes an imbalance, the System User shall cover the resulting imbalance during the balancing period once the balancing period is over as defined in the Balancing Rules.
- 8.10. If the System User causes an imbalance which is greater than the tolerance specified in the Balancing Rules, the System User shall pay an imbalance fee calculated and applied in accordance with the procedure provided for in the Balancing Rules.
- 8.11. If the System User signs an contract allowing transfer of data to the ETTS, then any information pertaining to balancing (balancing reports, information about the situation of balancing position, etc.) shall appear on the balancing account as set out in the Balancing Rules. In the event of disorders in the balancing account the TSO and the System User shall provide information using other means of communication (by e-mail or facsimile provided in item 19.9 of the Contract).
- 8.12. Information about gas balancing prices during a corresponding balancing period, the balancing price established by the Commission and calculation of imbalance fee shall be published on the TSO's website.

## **9. Invoicing and Terms and Payment**

- 9.1. For each reporting period and based on the data of distributed gas quantities supplied by the distribution system operator (hereinafter – DSO), and (or) certificate of transmitted natural gas the TSO shall prepare a summary of quantities of natural gas transmitted and deliver the same together with an invoice to the System User.

- 9.2. The TSO shall deliver invoices for transmission service rendered over the reporting period to the System User by the 7th calendar day of the month after the reporting period. An invoice issued by the TSO shall indicate data of the reporting period in relation to the System User (thousands m<sup>3</sup>).
- 9.3. The System User shall pay to the TSO for the transmission service rendered by the 14th calendar day of the month after the reporting period on the basis of an invoice issued by the TSO.
- 9.4. If the TSO fails to ensure Long-Term Transmission Capacity for the System User as specified in items 7.8 and 7.9 of the Contract, the System User shall invoice the TSO for the limitation of Long-Term Transmission Capacity. Invoice for the limitation of Long-Term Transmission Capacity over the reporting period shall be delivered by the 7th calendar day of the month after the reporting period.
- 9.5. The TSO shall pay invoices issued by the System User for the limitation of Long-Term Transmission Capacity over the reporting period by 14th calendar day of the month after the reporting period.
- 9.6. If Lithuanian legislation sets out the obligation for the System User to pay the funds of the LNGT and the obligation for the TSO to collect these funds from the System User, after the end of the reporting period the TSO shall invoice the System User for the LNGT funds payable for the reporting period and deliver the invoice by the 7th calendar day of the month after the reporting period, and the System User shall pay any such invoice by the 14th calendar day of the month after the reporting period. The LNGT funds calculated shall be payable by the System User into settlement account specified on the invoice.
- 9.7. After the end of the reporting period, if a situation of imbalance was recorded over at least one balancing period in the reporting period on the part of the System User and an amount payable for balancing gas and (or) imbalance fee should be calculated, the TSO shall invoice the System User for balancing by the 10th calendar day of the month after the reporting period. Any such invoice shall be payable by the System User by the 17th calendar day of the month after the reporting period.
- 9.8. After the end of the reporting period if a situation of imbalance was recorded over at least one balancing period in the reporting period on the part of the System User and when the System User caused gas surplus in the transmission system, the System User shall invoice the TSO for balancing gas sold over the reporting period by the 10th calendar day of the month after the reporting period. Any such invoice shall be paid by the TSO by the 17th calendar day of the month after the reporting period. By separate contract between the parties documents (or invoices) for balancing gas sold by the System User to the TSO may be formalised by the TSO on behalf of the System User.
- 9.9. Invoice(s) shall be made available to the System User on the electronic system. The day of delivery of an invoice shall be the day when the invoice was formed on the electronic system. If a party is unable to deliver or receive an invoice on the electronic system, then the original copy of such invoice shall be mailed by post.
- 9.10. If the last day of the payment term is a day-off or a public holiday, then the last day of the payment term shall be the next earliest working day.
- 9.11. All payments under the Contract shall be made in the litas into bank accounts specified on invoices. If agreed between the parties separately in writing, payments may be effected in some other currency.
- 9.12. If the System User fails to effect payments for transmission services within the payment terms specified, the System User shall be charged fines for late payment. Fine for late payments shall be calculated by the TSO once a month. Fine for late payments calculated together with other data shall be indicated in an invoice for the respective reporting period and delivered to the System User by the 7th calendar day of the month after the reporting period. Any such invoice shall be payable by the System User by the 14th calendar day of the month after the reporting period.
- 9.13. If the TSO fails to pay invoices for limited Long-Term Transmission Capacity within the time frames specified in the Contract, the TSO shall be charged fine for late payments. Fine for late payments shall be calculated by the System User once a month and invoices for fine for late payments shall be delivered by the 7th calendar day of the month after the reporting period.
- 9.14. In the event of failure to pay the LNGT funds calculated as specified in item 7.11 hereto within the time frames specified in the Contract the System User shall be charged fine for late payments. Fine for late payments of the LNGT funds calculated under item 7.11 of the Contract shall be calculated by the TSO once a month. Fine for late payments calculated together with other data shall be indicated on an invoice for the respective reporting period and delivered to the System User by the 7th calendar day of the month after the reporting period. Any such invoice shall be payable by the System User by the 14th calendar day of the month after the reporting period.
- 9.15. In the event of failure to pay for the balancing services within the time frames specified in the Contract the System User shall be charged fine for late payments. Fine for late payments for the balancing services shall be calculated by the TSO once a month. Fine for late payments calculated together with other data shall be indicated on an invoice for the balancing services and delivered to the System User by the 10th calendar day

- of the month after the reporting period. Any such invoice shall be payable by the System User by the 17th calendar day of the month after the reporting period.
- 9.16. If no invoice for the balancing and (or) LNGT funds due is issued to the System User, any fines for late payments calculated to the System User shall be indicated in the report on fines for late payments.
- 9.17. In the event of failure to pay for the balancing gas sold by the System User within the time frames specified in the Contract the TSO shall be charged a fine for late payments. Fine for late payments shall be calculated by the System User once a month and invoice for fine for late payments delivered to the TSO by the 10th calendar day of the month after the reporting period. Any such invoice shall be payable by the TSO by the 17th calendar day of the month after the reporting period.
- 9.18. If after the end of the year calculations specified in item 7.4 hereto need to be carried out, calculations shall be done within 10 calendar days and result in an invoice. Any credit invoice issued for the amount payable shall be paid by the System User no later than by the 17th calendar day of the current month. In the event of failure to pay the System User shall be charged a fine for late payments.
- 9.19. Any payment under the Contract shall be deemed to have been effected on the day when funds are credited into the payee's bank account. All payments received under this Contract shall be credited at the following order of priority as established in the Civil Code of the Republic of Lithuania irrespective of what has been specified in the System User's payment documents: (1) fines for late payments; (2) debt for the past period; (3) current payments.
- 9.20. After the end of the year the TSO and the System User shall have 30 calendar days to carry out a reconciliation of reciprocal payments and record those in a certificate to be signed by the System User and returned to the TSO. If the TSO does not receive a signed copy of such certificate, the TSO shall deem information on the certificate to be correct.
- 9.21. If the System User misses a payment deadline or breaches any other provision of the Contract, also if the System User is subjected to bankruptcy proceedings, and (or) there are other circumstances allowing reasonable assumption that the System User will be unable to discharge its obligations under the Contract, the TSO shall be entitled to demand any of the following from the System User to secure timely payment for services and (or) LNGT funds calculated under item 7.11 of the Contract:
- 9.21.1. Shorter payment terms;
- 9.21.2. Advance payment for the transmission services and (or) LNGT funds calculated in accordance with item 7.11 of the Contract; or
- 9.21.3. Surety contract, or a guarantee issued by a bank or other credit institution.

## **10. Obligations of the Parties**

### **10.1. The TSO shall:**

- 10.1.1. Ensure gas transmission to the System User until the delivery location under the terms and conditions of the Contract;
- 10.1.2. Promptly notify the System User of any accidents, malfunctions and other events (faults) of the system that may affect gas transmission;
- 10.1.3. Under the terms and conditions of this Contract pay to the System User for undelivered authorised (and/or unauthorised) capacity which are subject to a fee for authorised (and/or unauthorised) limitation of Long-Term Transmission Capacity if this capacity is insufficient to transport gas quantities purchased by the System User and for balancing gas sold by the System User;
- 10.1.4. Install and operate gas metering systems (measurement instruments);
- 10.1.5. Notify the System User of any emergency and take action as to minimize disruptions of gas transmission;
- 10.1.6. No later than 1 month before the start of works publicly inform the System User of expected repairs to the gas system, or the start of works to connect other gas systems if these works result in suspension of or limited gas transmission;
- 10.1.7. No later than 5 days before the start of repairs to the gas system or start of works to connect other gas systems notify the System User in writing using one of the following methods (mail, e-mail, courier service, facsimile) indicating when and for what time gas transmission is to be suspended or limited;
- 10.1.8. Provide information on the composition of gas transmitted, gas density, and average lower calorific value of gas; and
- 10.1.9. Notify the System User of possible situation of an imbalance.

### **10.2. The System User shall:**

- 10.2.1. Deliver gas to the TSO to the delivery location within the time frames and subject to the procedure set out in the Contract;
- 10.2.2. Accept gas from the TSO at the delivery location under the terms and conditions of the Contract;
- 10.2.3. Comply with the gas transmission mode defined in the Contract;
- 10.2.4. Promptly notify the TSO of any changes to the gas transmission mode;
- 10.2.5. Have consumer natural gas systems designed and installed in accordance with the requirements of normative documents;
- 10.2.6. Operate consumer natural gas systems in a safe manner;
- 10.2.7. Effect all payments under the terms and conditions of this Contract;
- 10.2.8. Immediately notify the TSO of planned and unplanned interruptions in the System User's gas consumption, significant fluctuations in consumption and duration thereof at phone and fax numbers specified in item 19.9 of the Contract;
- 10.2.9. Comply with the provisions of the Balancing Rules and implement obligations established in those rules;
- 10.2.10. During the balancing period balance own gas flows: to inject into the transmission system the same quantity of gas as offtaken from the system;
- 10.2.11. Comply with TSO's instructions in order to ensure balanced functioning of the transmission system;
- 10.2.12. Immediately notify the TSO of any accidents, malfunctions or other events (faults) in the consumer natural gas system at emergency phone numbers specified in item 19.9 of the Contract;
- 10.2.13. If the TSO delivers gas to the System User at the delivery location where the natural gas system of System User's consumer begins, produce documents to the TSO supporting the fact that the System User is the owner of these delivery locations, or that the System User manages these delivery locations on lawful grounds or operates on some other grounds, and notify the TSO of the transfer of ownership or management or operation rights at the delivery location to third parties, loss, restriction or other encumbrance of the same;
- 10.2.14. If the TSO delivers gas to the System User at the delivery location where the natural gas system of the System User's consumer begins, comply with TSO's requests to arrive at the delivery location when the TSO wishes to install or reinstall seals or perform other service works on the gas metering system and sign a certificate of completed works; and
- 10.2.15. If the System User imports gas, the System User shall no later than 5 calendar days before the start of the next month produce a schedule of gas import in the sample form of gas import schedule (by e-mail and fax, or other method agreed between the Parties) indicating the next month's quantity of gas to be injected into the transmission system under the terms of gas import contract and daily gas quantities during the next month and possible deviations from these quantities and produce copies of gas import contracts and (or) copies of contracts confirming the supplier's obligation to supply gas, copies or extracts certified in accordance with the requirements of applicable legislation and translations of these documents into official language. On TSO's demand the System User shall produce other documentation necessary to ensure timely, smooth and safe transmission of gas. Documents produced to the TSO shall *inter alia* indicate the following: parties to the contract, subject matter, gas entry point, procedure and mode of gas supply, quantities and deadlines of gas supplies, term of the contract, terms of termination, and parameters of gas quality and pressure. All documents covered in this clause shall be produced using one of the following methods: e-mail and facsimile, or some other method acceptable to the Parties.

## **11. Gas Composition and Quality**

- 11.1. Gas composition and quality at gas receipt and delivery locations shall comply with the requirements for gas quality defined in the Order No 1-194 (Official Gazette, 2013, No 106-5249) of the Minister of Energy of the Republic of Lithuania on the approval of natural gas quality requirements (hereinafter – the requirements for gas quality).
- 11.2. If gas delivered to the delivery location does not meet the requirements for gas quality, the TSO shall be entitled to refuse to accept and transmit gas until documents from an accredited laboratory are produced supporting the fact that gas meets the requirements for gas quality.
- 11.3. If gas delivered to the delivery location does not meet the requirements for gas quality, the System User shall be entitled to refuse to accept this gas.
- 11.4. The average lower calorific value during the reporting period shall be calculated by adding up daily average lower calorific values of the reporting period and dividing the resulting sum from the number of days in the reporting period.



11.5. Disputes over gas quality shall be resolved by contract between the Parties and in the event of failure to resolve a dispute out of court any such dispute shall be referred to the State Energy Inspectorate. If it is determined in the conclusion made in the dispute resolution procedure that there were violations which resulted in losses to the System User, costs of dispute resolution shall be borne by the TSO. In the case of a contrary conclusion costs of dispute resolution shall be borne by the System User.

## 12. Gas Metering

- 12.1. Gas quantity shall be measured in cubic metres (m<sup>3</sup>).
- 12.2. Gas quantity shall be calculated in cubic meters under standard conditions when the absolute pressure is  $P = 1.01325$  bar and temperature  $T = 20^{\circ}\text{C}$ , calorific value of gas quantity shall be calculated in kilowatt hours respectively (kWh).
- 12.3. When the TSO transmits gas to the delivery location where the natural gas system of the System User's consumer begins, or when the TSO delivers gas to the delivery location where the consumer natural gas system begins and the consumer has an effective contract with the System User for the sale and purchase of natural gas and for provision of services:
- 12.3.1. Gas metering systems (measurement instrument) shall be installed and operated in accordance with the requirements of applicable legislation, normative documents and equipment manufacturers.
- 12.3.2. The maximum and minimum allowable gas flow (rate) permitted in the gas metering system(s) (gas flow (debit) per meter under standard conditions ( $Q_{\max}$  and  $Q_{\min}$ ) and gas pressure at a particular delivery location of the System User shall be indicated in Appendix 1 to the Contract.
- 12.3.3. Gas flow cannot exceed the maximum allowable gas flow permitted in the gas metering system (measurement instrument) expressed as  $Q_{\max}$  or be lower than  $Q_{\min}$ .
- 12.3.4. Gas metering systems (measurement instrument) shall be sealed to prevent interference with their operation without taking off the seals.
- 12.3.5. On detection of failure, imbalance in the gas metering system (measurement instrument) and in the event of metrological verification of the system gas quantity shall be calculated from the start day of failure or imbalance of the gas metering system (measurement instruments) until the failure or imbalance is eliminated, or for the duration of metrological verification gas consumption shall be calculated based on the average daily gas consumption for the last 3 days or using some other method agreed between the Parties.
- 12.3.6. If due to the System User the flow of gas consumed does not come close to the minimum allowable gas flow  $Q_{\min}$  specified in Appendix 1 of the Contract, gas flow shall be calculated as the minimum allowable gas flow  $Q_{\min}$  specified in Appendix 1 to the Contract.
- 12.3.7. Gas quantities delivered to the System User at these delivery locations shall be determined by readings of the gas metering systems (measurement instruments). The TSO shall calculate gas quantities over the reporting period based on the readings of the gas metering systems (measurement instruments) and invoice the System User accordingly. Gas quantities over the reporting period shall be calculated by adding up daily gas quantities consumed by the System User over the reporting period.
- 12.3.8. Gas quantities delivered to the System User at this delivery location shall be reconciled on the first working day after the end of the reporting period. The TSO shall draw up and produce to the System User a certificate of natural gas transmitted indicating gas quantities consumed at the delivery location over the reporting period. Certificate of natural gas transmitted shall be signed by representatives of the TSO and the System User no later than by the second working day after the end of the reporting period.
- 12.3.9. Certificate of natural gas transmitted shall be produced to the counterparty by facsimile communication or some other method acceptable to the Parties. Refusal to sign certificate of natural gas transmitted shall constitute breach of the Contract.
- 12.4. Gas quantities transmitted to the System User over the reporting period shall be determined by adding up gas quantities consumed by the System User daily over the reporting period based on the natural gas quantity information produced by the distribution system operator for the reporting period, and (or) gas quantities consumed at the delivery location (at which the natural gas system of the System User's consumer begins, or when the TSO transmits gas to the delivery location at which consumer natural gas system begins and the consumer has an contract with the System User for the sale and purchase of natural gas and provision of services) based on the certificate of natural gas transmitted signed between the TSO and the System User, and (or) gas quantities transmitted to the System User into the Latvian transmission system. Based on this data the TSO shall draw up a summary of gas quantities transmitted over the reporting period and produce the same to the System User together with invoice.

- 12.5. Summary of natural gas quantities transmitted to the System User shall be made available on the electronic system. If neither party has the possibility to produce or receive summary of natural gas quantities transmitted on the electronic system, the original copy of the summary together with invoice shall be mailed by post.
- 12.6. Once supply of gas from the LNGT to the transmission system starts, gas quantities transmitted shall be determined in cubic meters (m<sup>3</sup>) and calorific value of gas quantities transmitted shall also be calculated.

### **13. Liability of the Parties**

- 13.1. Liability of the Parties shall be governed by laws and this Contract.
- 13.2. If the System User fails to pay for the transmission service, balancing or LNGT funds calculated in accordance with item 7.11 of the Contract and due within the time frames established in the Contract, the System User shall pay to the TSO a fine for late payments of 0.04 per cent from the amount due per each day of delay.
- 13.3. If the TSO fails to pay for the limitation of Long-Term Transmission Capacity, balancing gas purchased within the time frames established in the Contract, the TSO shall pay to the System User a fine for late payments of 0.04 per cent from the amount due per each day of delay.
- 13.4. If the TSO transmits gas to the delivery location at which the natural gas system of the System User's consumer begins and where the gas metering system (measurement instrument) is not functioning due to the System User, the System User shall be liable to reimburse any damage made.
- 13.5. If the TSO transmits gas to the delivery location at which the natural gas system of the System User's consumer begins, boundaries of liability of the Parties in dividing gas systems shall be determined on the basis of a certificate signed by the TSO and the System User.

### **14. Limitation and Termination of Gas Transmission**

- 14.1. The TSO shall be entitled to limit or terminate gas transmission or contact the DSO for limitation or termination of gas distribution:
  - 14.1.1. Immediately with no prior notice and until the following reasons cease to exist:
    - 14.1.1.1. If it is determined that the gas system of the System User's consumer threatens the lives, health or property of people;
    - 14.1.1.2. If due to the action by the System User there is a threat of accident in the transmission systems or safety or reliability of the gas system (System User exceeds the maximum allowable gas flow per hour  $Q_{max}$ , etc.);
    - 14.1.1.3. In the event of accident or emergency situation rendering gas transmission to the System User impossible if grounds for the institution of restrictions in case of emergency situations as established in the Law on Energy apply;
    - 14.1.1.4. In the event of termination or limitation of gas transmission to the territory of the Republic of Lithuania and natural gas entities have no sufficient gas reserves; and
    - 14.1.1.5. If due to a situation of an imbalance caused by the System User there is a threat to the functioning of the transmission system and the safety of the transmission system, or the performance of any other existing contracts of transmission services. The TSO shall be entitled to issue mandatory instructions to the distribution system operator (hereinafter – DSO) to the distribution system of which delivery locations of the System User are connected to requesting that gas distribution to the System User is limited (terminated). Limiting of gas transmission and (or) distribution shall cease (gas transmission and (or) distribution resumed) only when a safe function of the transmission system is ensured.
  - 14.1.2. With at least 5 days prior written notice to the System User:
    - 14.1.2.1. If the System User dismissed written notice by the TSO and through own actions or omissions causes disruptions and affects adversely quality of gas;
    - 14.1.2.2. Due to necessary repairs or connection of other gas systems; and
    - 14.1.2.3. If the System User refuses to give access to a representative of the TSO and the DSO into the territory of the System User and (or) premises for the purpose of installing, servicing or replacing gas measurement instruments, or taking their readings.
  - 14.1.3. With at least 10 days prior written notice to the System User, if the System User fails to pay for gas transmission services or balancing services within the time frames specified in the Contract.
  - 14.1.4. In other cases stipulated in legislation.

- 14.2. If gas transmission is terminated or limited because of outstanding debts, gas transmission shall only be resumed when the System User covers in full all debts and covers the costs of gas disconnection and connection.
- 14.3. If the System User receives a notice from the TSO of accident or emergency situation, the System User shall immediately comply with TSO's instructions.
- 14.4. In case of an accident, emergency situation, partial or large-scale disruption in gas supply, gas supply, limitation or termination to the System User shall be carried out in accordance with the requirements of the new version of the Description of Security Ensuring Measures of Natural Gas Supply (hereinafter – the Description) approved by Resolution No 163 of the Government of the Republic of Lithuania (Official Gazette, 2012, No 39-1930) until otherwise set out in legislation. In the event provisions of the Description governing items 14.4 and 14.5 of the Contract are amended the Parties shall apply the new version of the Description. Uninterrupted supply of gas to the System User shall be ensured under Continuous Natural Gas Supply Contract.
- 14.5. Groups of gas supply reliability and limitation, termination in case of an accident, emergency situation, partial or large-scale disruption in gas supply at the delivery location at which the natural gas system of the System User's consumer begins or if there is a Continuous Natural Gas Supply Contract:

Gas delivery location	Group of gas supply reliability (interrupted, uninterrupted)	Group of gas supply limitation, termination (Clause 17 of the Description)	Gas quantity required during the uninterrupted supply period*, m <sup>3</sup>
1.			

\*Based on the Continuous Natural Gas Supply Contract.

#### 15. Force Majeure

- 15.1. Force majeure shall be understood as defined in the Civil Code of the Republic of Lithuania and other Lithuanian laws and legislation.
- 15.2. In the event of force majeure circumstances and on expiry thereof rules of law in the Civil Code of the Republic of Lithuania and other Lithuanian legislation as well as the principles of justice, good faith and reasonableness shall apply.

#### 16. Dispute Resolution

- 16.1. Any and all disputes, discontracts and claims arising out of or in connection with this Contract, breach, termination or validity thereof shall be resolved by means of negotiations between the Parties based on the principles of good faith, equal treatment of the parties, reasonableness, honesty and justice.
- 16.2. Should the Parties fail to come to a compromise, any such dispute, discontract or claim arising out of or in connection with this Contract, breach, termination or validity thereof shall be resolved in Lithuanian courts of general competence.

#### 17. Termination

- 17.1. This Contract may be terminated by contract between the Parties.
- 17.2. Either Party shall be entitled to terminate this Contract unilaterally by giving at least 10 days' notice of termination to the other Party if that Party does not perform or performs this Contract improperly and which constitutes material breach of the Contract on the grounds stipulated in Article 6.217 of the Civil Code of the Republic of Lithuania.

#### 18. Amendment, Supplement and Validity of the Contract

- 18.1. Any amendments, supplements and addenda to this Contract shall be binding only if made in writing and signed by both Parties.

- 18.2. On termination of this Contract the Parties shall pay to each other any debt accrued before termination. This obligation shall apply if Contract is terminated and in the event of the situation covered in Chapter 15 of the Contract.
- 18.3. This Contract shall come into effect at 9 a.m. of ..... 2014 and shall expire at 9 a.m. on 1 January 2015. This Contract may be renewed is agreed by the Parties.

### 19. Final Provisions

- 19.1. Gas shall be supplied to the gas receipt location under a separate contract for the sale and purchase (import) of natural gas and/or quantities of gas purchased on the gas exchange.
- 19.2. Matters not covered in this Contract shall be governed by the Law on Natural Gas of the Republic of Lithuania and subordinate legislation and European Union law of direct effect.
- 19.3. The System User may not assign its rights and obligations under this Contract without prior approval from the TSO.
- 19.4. Any and all notices given under this Contract shall be made in writing at the last address specified by the Party using one of the following methods: by post, courier service, e-mail, facsimile communication or some other method preferred by the parties.
- 19.5. The Parties promptly but in any event no later than within 3 working days notify each other of any change in their legal status, name, address or other legal details and any circumstances which threaten proper discharge of obligations assumed by the parties under this Contract.
- 19.6. The Parties hereby acknowledge that they have read the Contract, understand contents and consequences thereof and sign the same as an instrument expressing their intent and goals.
- 19.7. This Contract is made in two copies of the same legal force the TSO and the System User retaining one copy each.
- 19.8. Representatives of the TSO and the System User to ensure performance of terms and conditions of the Contract:

<i>Transmission System Operator</i>	<i>System User</i>
Full name	Full name
Position	Position
Phone number	Phone number
Fax number	Fax number
E-mail	E-mail
Dispatching Centre	

- 19.9. Addresses and legal details of legal entities executing this Contract:

<i>Transmission System Operator</i>	<i>System User</i>
<b>AB Amber Grid</b>	
Entity code	Entity code
VAT payer code	VAT payer code
Address	Address
Phone number	Phone number
Fax number	Fax number
E-mail	E-mail
Website	Website
Bank details: A/C No	Bank details: A/C No

**Transmission System Operator**

**System User**

(position, full name, signature)

(position, full name, signature)

L.S.

L.S.

**Appendix 1 to the  
Standard Transmission Service Contract for 2014  
to Natural Gas Transmission Service Contract  
No ..... dated ..... 2014**

**The Maximum and Minimum Allowable Gas Flow of the Gas Metering System (the measurement instrument)  
( $Q_{max}$  and  $Q_{min}$ ) and gas pressure at the delivery locations**

System User's gas delivery location (by objects)	Required gas pressure (bar) ( $\pm 10\%$ )	Minimum allowable gas flow $Q_{min}$ ( $m^3$ /hour)	Maximum allowable gas flow $Q_{max}$ ( $m^3$ /hour)	Notes

**Transmission System Operator**

**System User**

**(position, full name, signature)  
L. S.**

**(position, full name, signature)  
L. S.**