

Rules for the Gas Storage Bergermeer 2017 Auction

INTRODUCTION

These rules govern the qualification for, participation in and consummation of the auction of Standard Bundled Units of gas storage capacity at Gas Storage Bergermeer (the Netherlands). The Auction is scheduled to be held on 2 March 2017, on which day bids can be submitted via e-mail to a duly appointed notary at Allen & Overy.

Successful bids will result in binding capacity agreements between the bidder and **TAQA Gas Storage B.V.**, the commercial operator of Gas Storage Bergermeer, a company under the laws of the Netherlands, with registered offices at Kruseman van Eltenweg 1, 1817 BC, Alkmaar, the Netherlands, company no. 27154985 ("**TAQA**").

Allen & Overy LLP, a limited liability partnership incorporated in England and Wales, with registered offices at Apollolaan 15, 1077 AB, Amsterdam, the Netherlands, company no. 34368587 ("**Allen & Overy**") will conduct and administer the Auction.

ARTICLE I **DEFINITIONS AND INTERPRETATION**

1.1. Definitions

For purposes of these Auction Rules:

"**Aggregate Demand**" shall mean the sum of all Quantities demanded by all Bidders.

"**Auction**" shall mean the auction as further specified in these Auction Rules.

"**Auction Date**" shall have the meaning specified in Section 5.2.

"**Auction Rules**" shall mean these auction rules.

"**Bid**" shall mean the submission by Bidder of demand for a stated Quantity of the SBUs stated in the e-mail to Allen & Overy.

"**Bidder**" shall have the meaning specified in Subsection 2.5.1. (i)

"**Bidder Limit**" shall have the meaning specified in Subsection 5.6.3.

"**Business Day**" shall mean a day (other than a Saturday or a Sunday) on which banks are open for business in The Netherlands.

"**Cut Off Price**" shall mean the lowest Price at which SBUs are allocated in accordance with Section 5.11.

"**Gas Day**" shall mean a period from 06:00 to 06:00.

"**Gas Storage Bergermeer**" shall mean the gas storage facility operated by TAQA.

"**Instruction to Bidders**" shall have the meaning specified in Section 3.1.

"Maximum Supply" shall have the meaning specified in Section 4.2.

"Person" shall mean any individual, corporation, limited liability company, general or limited partnership, association, trust or other entity.

"Price" shall have the meaning specified in Subsection 4.3.2.

"Primary Capacity Agreement" shall mean an agreement substantially in the form as set out in Annex II.

"Quantity" shall mean the quantity demanded by a Bidder in a valid Bid, expressed in the number of SBUs as a whole number higher than zero (0).

"Reserve Price" shall have the meaning specified in Subsection 4.3.1.

"Storage Year 2017" shall mean the period from Gas Day 1 April 2017 up to and including Gas Day 31 March 2018.

"SBU" shall mean Standard Bundled Unit of gas storage capacity at Gas Storage Bergermeer, per the terms and conditions of the Standard Storage Services Agreement.

"Standard Storage Services Agreement" shall mean the Standard Storage Services Agreement for the Gas Storage Bergermeer Facility between the Bidder and TAQA (as per the model published on TAQA's website).

1.2. Interpretation

- 1.2.1. References to "Article", "Section", "Subsection", and "Annex" refer to the corresponding article, section, subsection or annex of these Auction Rules unless otherwise specified.
- 1.2.2. The headings of Articles, Sections, Subsections and the Annexes are provided for convenience only and will not affect their interpretation.
- 1.2.3. The words "include" or "including" are to be construed without limitation to the generality of the foregoing.
- 1.2.4. Any reference to time is to Dutch local time, unless specified otherwise.
- 1.2.5. Unless the context requires otherwise, the singular shall include the plural and vice versa.

ARTICLE II **QUALIFICATION PROCESS**

2.1. Standard Storage Services Agreement and operational set-up

Any Person wishing to qualify for participation in the Auction must:

- 2.1.1. have entered into a Standard Storage Services Agreement for the Gas Storage Bergermeer Facility with TAQA;
- 2.1.2 upon TAQA's request, evidence that it has available a gas dispatching team operating twenty-four (24) hours a day, seven (7) days a week, or has contracted an out-of-office supplier to supplement non-round the clock dispatching services; and

2.1.3 hereby agree that to receive TAQA's storage services under the Standard Storage Services Agreement, it will use a shipper code that is not used by it or its Affiliates to receive storage services under another Standard Storage Services Agreement or any other agreement between TAQA and it or its Affiliates.

2.2. Information to establish Bidder Limit

Any Person wishing to qualify for participation in the Auction must provide to TAQA any information it requires to establish the Bidder Limit.

2.3. Acceptance of Auction Rules

Any Person wishing to qualify for participation in the Auction and to be admitted as Bidder shall have to accept and agree to these Auction Rules and sign Annex I to these Auction Rules.

2.4. Power of Attorney

Any Person wishing to participate in the Auction shall provide to TAQA a valid power of attorney which must demonstrate that the Person that will participate in the Auction on behalf of the Bidder is authorized to enter into a Primary Capacity Agreement with TAQA.

2.5. Qualification and Confirmation

2.5.1. Following a request to be admitted as Bidder, TAQA may:

- (i) admit a Person in the Auction, at which point it becomes a "Bidder";
- (ii) request revised and/or additional documents within a set time period, and, upon review of such documents, decide whether to admit or refuse a Person in the Auction; or
- (iii) refuse a Person in the Auction.

2.5.2. Any decision to refuse a Person in the Auction shall be based on objective criteria, and the reason for such refusal shall be provided.

2.5.3. The admission shall be evidenced by a written confirmation issued by TAQA. The confirmation shall:

- (i) confirm the Persons identified in Annex I; and
- (ii) state the applicable Bidder Limit for that Person.

2.6. Timeline for Admission as Bidder

The requirements set out in Sections 2.1. to 2.4. must be met six (6) Business Days prior to the Auction Date. TAQA may at its sole discretion waive this timeline in exceptional circumstances.

2.7. Continued Compliance and revocation of admission as Bidder

2.7.1. Bidder shall notify TAQA in writing of any change in any information submitted for qualification, promptly upon becoming aware of such change. Bidder shall promptly furnish to TAQA any additional information which TAQA may reasonably request.

2.7.2. TAQA may at any time revoke the admission of Bidder as a participant in the Auction if:

- (i) Bidder does not satisfy, or no longer satisfies, the qualification criteria; or
- (ii) Bidder breaches any of its obligations under these Auction Rules.

2.8. No obligation to participate

A Person admitted to the Auction as a Bidder shall not be obliged to submit a Bid.

ARTICLE III
INSTRUCTIONS TO BIDDERS
AND
NO REPS AND WARRANTIES

3.1. Instructions to Bidders

At least three (3) Business Days before the Auction Date (or, if later, promptly following admission as Bidder), TAQA shall provide the Persons identified in Annex I with instructions on the conduct of the Auction, in particular regarding the method and contents of communications between Bidder, Allen & Overy and TAQA during the Auction and for the secure transmission of Bids (the "Instruction to Bidders").

3.2. No representation or warranty for continuous possibility for reception

TAQA and Allen & Overy make no representation or warranty on the continuous possibility for the reception or saving of Bids in case of technical or other problems beyond their reasonable control.

ARTICLE IV
THE AUCTION OFFERING

4.1. Product Offered

The product offered in the Auction is an SBU for Storage Year 2017, which comprises of rights to have gas injected, to keep gas in store and to withdraw gas, with the following characteristics (as defined in the Standard Storage Services Agreement):

- Space = 1000 kWh;
- Withdrawal Capacity = 0.579 kW;
- Injection Capacity = 0.427 kW;

4.2. Maximum Supply

4.2.1. The maximum total number of SBUs (the "Maximum Supply") offered and allocated in the Auction is two million (2,000,000).

4.2.2 The Maximum Supply may be increased by TAQA, at its sole discretion, with a maximum of three million (3,000,000) SBUs, up to a maximum of five million (5,000,000) SBUs. If TAQA chooses to increase the Maximum Supply it will communicate this to the Bidders at the latest six (6) Business Days prior to the Auction Date.

4.3. Price

- 4.3.1 A reserve price applies to the SBUs (the "Reserve Price"). The Reserve Price shall be one point one (1.1) times the absolute value of the difference between ICE Endex B.V.'s end-of-day settlement price for the forward baseload winter 2017 gas price and the ICE Endex B.V. end-of-day settlement price for the forward baseload summer 2017 on the Business Day preceding the auction, as published by ICE Endex B.V. at 17:00, one (1) Business Day before the Auction Date. GSB will make reasonable efforts to publish the Reserve Price on www.gasstoragebergermeer.com at around 10:00 on the Auction Date.
- 4.3.2 In the Auction, the SBUs shall be allocated for a fixed, i.e. non-indexed price (the "Price") higher than the Reserve Price.
- 4.3.3 The Price for SBUs for Storage Year 2017 is expressed in Euro (€) per SBU.

ARTICLE V

THE AUCTION PROCESS

- 5.1. The Auction shall be conducted by Allen & Overy, which shall monitor compliance with the Auction Rules.
- 5.2. The date of the Auction (the "Auction Date") is 2 March 2017.
- 5.3. All communications between Bidder and Allen & Overy shall be made in accordance with the rules set forth in the Instructions to Bidders (including rules pertaining to message content, message format and means of communication).
- 5.4. The Auction shall be conducted over one (1) round.
- 5.5. The round will start at 11:00 and will close at 12:00. Bids received outside this time period will be rejected.
- 5.6. Each Bidder can submit up to three (3) separate Bids in one e-mail to Allen & Overy, whereby:
- 5.6.1 Each Bid shall include a Quantity "Q", and a Price "X":
- (i) the Quantity will be expressed as a non-negative whole number representing the number of SBUs the Bidder wishes to acquire; and
 - (ii) the Price will be expressed as a non-negative number with up to two decimals.
- 5.6.2 During the Auction the Bidder may change each of its Bids by submitting a new Bid that will substitute the pertinent previous Bid. The content of an e-mail sent by the Bidder will replace any previously sent e-mail by this Bidder in its entirety, regardless whether the number of Bids in a such later e-mail is higher or lower.
- 5.6.3 For each Bidder, its aggregate Quantity shall not exceed the maximum amount determined by TAQA prior to the Auction (the "Bidder Limit"). If a Bidder exceeds its Bidder Limit, the Bids of that Bidder will be sorted from the highest Price to the lowest Price. The Quantity of the first Bid that causes the Bidder Limit to be exceeded will be reduced to a Quantity whereby the Bidder Limit is no longer exceeded. All further Bids, if any, shall not constitute a valid Bid. The Bidder Limit for each Bidder will be disclosed to Allen & Overy ultimately on the Auction Date on 10.00.

- 5.7. Bids (or changes to Bids) received outside the time period for receipt of Bids, and Bids (or changes to Bids) that do not meet the conditions of Section 5.6 above or any other part of the Auction Rules are not valid and will be rejected. Allen & Overy shall notify any Bidder that has submitted an invalid Bid that its Bid has been rejected, stating the reason or reasons for such rejection.
- 5.8. Allen & Overy will use reasonable efforts to send, via e-mail, a confirmation of receipt of every e-mail. A confirmation of receipt does not constitute confirmation that any or all Bids received are valid Bids.
- 5.9. It is Bidder's entire and sole responsibility to ensure that a valid bid is received within the specified timeline. In particular, Bidder's attention is drawn to the fact that there may be some time lag between the submission of its Bid and the receipt by Allen & Overy of such Bid. Bidder shall ensure that all equipment used by it in connection with the Auction operates properly.
- 5.10. Each of the valid Bids being received and logged by Allen & Overy at the close time of the round shall be a firm and irrevocable commitment to acquire the stated Quantity of SBUs at the stated Price.
- 5.11. At the end of the Auction SBUs will be allocated to the Bidders, as follows and with all of the following conditions satisfied:
- (i) a Bid with a Price lower than the applicable Reserve Price will not be taken into account for the allocation of SBUs;
 - (ii) no more SBUs will be allocated than the Maximum Supply;
 - (ii) SBUs shall be allocated to valid Bids in order of the value of the Price ("X") of the Bids, whereby a Bid with a higher Price will be allocated first and with priority over a Bid with a lower Price;
 - (iii) if the Aggregate Demand exceeds the Maximum Supply, those Bids with a Price equal to the Cut Off Price SBUs shall be allocated pro rata their Quantity ("Q"), rounded to the nearest whole number of SBUs, whereby any remaining SBU following rounding shall be allocated to the Bid with the highest Quantity ("Q").
- 5.12. Allocation of SBUs in accordance with Section 5.11 above constitutes a Primary Capacity Agreement under the Standard Storage Services Agreement, for such SBUs, at the Pricing as per the allocated Bid. TAQA will issue a confirmation in the form of Annex II hereto, signed by TAQA only. Sections 5.10, 5.11 and 5.12 create binding obligations between TAQA and the Bidder.

ARTICLE VI

MISCELLANEOUS

6.1 Conduct Rules

The Bidder shall at all times observe high standards of integrity and fair dealing and high standards of market conduct and act with due skill, care and diligence when participating in the Auction.

It is the duty of the Bidder to behave in a fair and orderly manner in the Auction, with due observation of the interest of all other Bidders.

The Bidder is required to comply and act in accordance with all applicable laws and regulations, including, but not limited to, articles 3 and 5 of the Regulation No. 1227/2011 on energy Market Integrity and Transparency ("REMIT").

Allen & Overy and TAQA have the right to supply the competent authority with all data and information of the activities carried out by Bidders under the Auction Rules and all other data and information the provision of which is necessary either under a formal request made to Allen & Overy or TAQA or to comply with its obligations towards those authorities or where disclosure is required under applicable laws.

Allen & Overy and TAQA are entitled to carry out (routine) enquiries or investigations into the behaviour of a Bidder. The Bidder is obliged to provide full cooperation with an enquiry or investigation.

6.2. Postponement or Termination of Auction

6.2.1. TAQA may cancel, postpone or suspend the Auction.

6.2.2. TAQA may, if reasonably necessary for technical or operational reasons or in the event of manifest collusion, terminate the Auction, and TAQA shall promptly inform Bidders in case of termination of the Auction.

6.2.3 TAQA shall promptly inform Bidders and the market of any cancellation, postponement, suspension or termination. No Bidder shall have any claim for damage or losses or any right for performance of the Auction in the event of cancellation, postponement, suspension or termination.

6.3. Amendment of these Auction Rules

6.3.1. At any time before the fifth (5th) Business Day preceding the Auction Date, TAQA may, if reasonably necessary, amend these Auction Rules and TAQA shall immediately inform the market and notify Bidders of such decision.

6.3.2. Bidders shall be deemed to consent to an amendment of these Auction Rules if they do not give notice of withdrawal within three (3) Business Days following the receipt of the notice referred to in Subsection 6.3.1. If such a notice of withdrawal is received by TAQA, the Bidder shall no longer be allowed to participate in the Auction.

6.4. Following the Auction the following data may be released by TAQA to the market:

- (i) the Cut Off Price;
- (ii) the Aggregate Demand;
- (iii) the weighted average Price for SBUs allocated in this Auction; and
- (iv) the total amount of SBUs allocated.

6.5. TAQA and Allen & Overy shall protect the confidentiality of the content of Bids submitted by Bidder during the Auction.

6.6. Rights resulting from the Auction Rules and the Auction are not and cannot be transferred or assigned (other than rights of TAQA and Allen & Overy). SBUs are transferable as per the terms of the Standard Storage Service Agreement.

ARTICLE VII
GOVERNING LAW AND DISPUTE RESOLUTION

- 7.1. These Auction Rules are governed by and construed in accordance with the laws of The Netherlands.
- 7.2. Any dispute, controversy or claim arising out of or in connection with these Auction Rules shall be finally settled by arbitration in accordance with the Arbitration Rules of the Netherlands Arbitrage Instituut. Jurisdiction by any other court is excluded. The arbitral tribunal shall be composed of three arbitrators. The place of arbitration will be The Hague. The arbitral tribunal will award in accordance with the rules of law. The arbitral procedure will be conducted in the English language. The possibility of binding opinion (*bindend advies*) as foreseen in aforementioned Rules will be excluded.

ANNEX I
ACKNOWLEDGEMENT AND ACCEPTANCE
OF THE
RULES FOR THE GAS STORAGE BERGERMEER
2017 AUCTION (the "Auction Rules")

The undersigned has taken knowledge of the Auction Rules and undertakes, covenants to and agrees with Allen & Overy and TAQA:

1. to comply with the Auction Rules and the Instructions to Bidders;
2. to refrain from entering into (and represents that it has not entered into) any agreement or arrangement of any kind with any other (potential) Bidder (other than affiliates) concerning the Auction or participation in the Auction;
3. to continue to keep confidential (and represents that it has kept confidential) all information received from TAQA in connection with the Auction;
5. to continue to act (and represents that it has acted) in the Auction, as principal (and not as agent or in any other capacity, fiduciary or otherwise); and
6. that TAQA shall make future notifications to it regarding the Auction solely to the following contact person (please insert details):

Contact person:

Title:

Contact address:

Contact tel.:

Email address:

Agreed by:

Signature:

Company Name: _____

By: _____¹

Title: _____

Date: _____

¹ Must be a person(s) listed in the extract of the Trade Register.

ANNEX II
FORM OF PRIMARY CAPACITY AGREEMENT

PRIMARY CAPACITY AGREEMENT

This Primary Capacity Agreement is issued on 2 March 2017 between:

- (1) **TAQA GAS STORAGE B.V.**, a company duly incorporated in The Netherlands and registered at the trade registry with number 27154985 whose principal place of business is Alkmaar, The Netherlands ("**GSB**"); and
- (2) • (the "**Customer**"),

WHEREAS:

GSB and the Customer are party to a Standard Storage Services Agreement ("**SSSA**") in respect of GSB Facility; and at the SBU Auction held in March 2017, the Customer has purchased Capacity from GSB and GSB has sold such Capacity to the Customer.

IT IS HEREBY AGREED as follows:

1. SALE AND PURCHASE OF CAPACITY

At the SBU Auction held in March 2017, the Customer has purchased from GSB and GSB has sold to the Customer standard bundled units of Capacity at the GSB Facility ("**SBU**") in the number, for a term, for SBU Capacity Fee and at other conditions as specified below. This Primary Capacity Agreement is signed by GSB only and issued as confirmation.

2. CONDITIONS

2.1 Term

Start: 01 April 2017 06:00 Hour (LET) (start of the Hour)
End: 01 April 2018 06:00 Hour (LET) (start of the Hour),
unless terminated earlier in accordance with the SSSA.

2.2 Capacity

Number of SBU • (•) SBUs
A SBU consists of:
Injection Capacity: 0.427 kW
Space: 1000 kWh
Withdrawal Capacity: 0.579 kW

2.3 SBU Capacity Fees

The SBU Capacity Fee is: €• (•) per SBU.

2.4 SSSA

The SSSA governs the conditions of use in respect of the Capacity, and this Primary Capacity Agreement forms part of the SSSA. All capitalised terms used and not otherwise defined in this Primary Capacity Agreement shall have the meanings ascribed to them in the SSSA. "Gas Storage Year" and "Storage Year" have the same meaning.

A.S. Zwanepol
Managing Director

Place: Alkmaar
Date: 2 March 2017