

General Terms and Conditions for System Balance Responsibility in the Western Sweden Natural Gas System

1 GENERAL

These terms and conditions comprise Swedegas' general terms and conditions governing Balance Responsibility and is Annex 2 to the Balance Responsibility Agreement between Swedegas and the Balance Administrator.

In the event of a conflict between the terms and conditions in the main body of the Agreement and these terms and conditions, the main body of the Agreement shall take precedence.

In matters of general interest concerning Balance Responsibility, consultation and exchange of information will take place within the Gas Market Council. Individual matters relating to Balance Administrators are not discussed in the Gas Market Council.

2 THE BALANCE ADMINISTRATOR'S OBLIGATIONS

If the Balance Administrator's supply of Natural Gas to the Western Sweden Natural Gas System - consisting of trading, production and offtake from Gas Storage Facilities - does not equal the Balance Administrator's consumption and input to Gas Storage Facilities, the Balance Administrator is financially liable for this to Swedegas.

The Balance Administrator's Balance Responsibility also includes the gas suppliers with whom the Balance Administrator has entered into agreements of Balance Responsibility.

The Balance Administrator shall furnish Swedegas with all information required to allow Swedegas to effectively manage the System Balance Responsibility. Further provisions on this matter are set forth in Annex 3.

The Balance Administrator undertakes to review the settlement documents in the manner set forth in Annex 4.

The Balance Administrator must pay the charges set forth in Annex 5 and the charges set forth in Annex 6 that is due to its capacity as a Shipper.

3 SWEDEGAS' OBLIGATIONS

Swedegas shall ensure in the short term that the offtake of Natural Gas from the Western Sweden Natural Gas System is balanced by the equivalent input of Natural Gas.

Swedegas shall provide information on a continuous basis to the Balance Administrator in accordance with the provisions set forth in Annex 3.

Swedegas shall maintain neutrality and good business practice in its dealings with Balance Administrators.

In case of with National Balancing Swedegas shall - based on information from the Balance Administrator, Network Operators and Energinet - execute balance settlement of the Balance Administrator's Daily Imbalance Quantities in accordance with Annex 4. For other periods Swedegas shall ensure that information from Balance Administrator and Network Operators on an aggregated level is passed on to the Balancing Area Manager for the purpose of balance settlement.

In case of National Balancing Swedegas is the Balance Administrator's counterparty to the purchase and sale of Balance Gas. For other periods the Balancing Area Manager is the Balance Administrator's counterparty in the purchase and sale of Balance Gas. The counterparty informs the Balance Administrator of the quantity of Balance Gas the later has purchased from or sold to the counterparty and at what price in accordance with the provisions set forth in Annexes 4 and 5.

Swedegas is responsible for providing supporting documents to the Balance Administrators for planning according to Annex 3 and settlement according to Annex 4.

4 BALANCE RESPONSIBILITY REGISTER

Swedegas keeps a register of those who have entered into Balance Responsibility Agreements. Swedegas shall furnish Network Operators with extracts from the register in order to check data relating to the Balance Administrator. The Balance Administrator hereby consents to such a registration and provision of extracts from the register.

5 CHARGES

Following approval by the Supervisory Authority, Swedegas decides the charges to be paid by the Balance Administrator. Detailed provisions are found in Annex 5.

6 SECURITY

The Balance Administrator shall upon Swedegas' request provide security in the form and for the duration decided by Swedegas for the correct performance of its obligations under this Agreement.

Swedegas is entitled to decide the Basic and the Supplementary Security for the Balance Administrators' obligations. Decisions regarding the provision of security shall be preceded by an assessment of the Balance Administrator's creditworthiness and possible credit exposure in accordance with the guidelines issued by Swedegas regarding security requirements for balance administrators.

Swedegas has the right to change its previous decision on the provision of security due to changed circumstances that have been objectively established. The Balance Administrator is obliged to comply with new decisions without delay.

The Balance Administrator shall without delay provide Swedegas with any information requested by Swedegas for a credit assessment of the Balance Administrator.

Furthermore, the Balance Administrator shall voluntarily and without delay inform Swedegas of any changed circumstances that are of significance to the credit assessment of the Balance Administrator, including the extent of its Balance Responsibility, financial situation, ownership situation, company management and business orientation.

7 SUPPLY CRISES AND NATIONAL BALANCING

The Competent Authority, or another party to which the Competent Authority has delegated the responsibility to, may announce the crisis levels set forth in *Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October*

2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010.

If the crisis levels "alert" or "emergency" have been declared for the Balancing Area or for parts of the Balancing Area and if the Balancing Area Manager in such a situation is no longer capable of balancing the whole Balancing Area by using its tools it can be necessary to have a separate balancing of the Western Sweden Natural Gas System. In such a situation Swedegas declares that National Balancing applies in which special rules set forth in Annexes 4 and 5 governs the balance settlement and the pricing of Balance Gas for the Balance Administrator.

National Balancing ceases at the point in time declared by Swedegas.

8 INVOICING ROUTINE

For other periods than in case of National Balancing the Balancing Area Manager invoices the Balance Administrator for Balance Gas based on the final balance settlement for the Delivery Month. Payment by the Balance Administrator or payment from the Balancing Area Manager must be made to the respective counter party in accordance with provisions of Annex 6, section 18.

Swedegas invoices the Balance Administrator for the energy consumption charge in accordance with Annex 5 section 2. In case of National Balancing Swedegas also invoices the Balance Administrator for Balance Gas based on the Balance Administrator's Daily Imbalance Quantities. Payment by the Balance Administrator must be received by Swedegas no later than 15 days after the invoice date. Payment from Swedegas should be received by the respective Balance Administrator no later than 15 days after the invoice date. Under normal circumstances, each invoice and payment shall be treated separately.

In case of late payment to Swedegas interest is charged on the unpaid amount from the due date until the date payment is made in full. Such interest for late payment is calculated according to the Interest Act in force from time to time.

9 BREACH OF CONTRACT ETC.

In the event of a material breach of this Agreement, the breaching Party shall pay liquidated damages to the non-breaching Party of SEK 100,000. If the non-breaching Party can demonstrate that it has suffered a loss amounting to a higher sum, that higher sum shall be payable.

A material breach is, inter alia, repeated late payment, late payment of more than two banking days following receipt of a written demand for payment, failure to comply with Swedegas' requirement to provide Basic Security or Supplementary Security within the prescribed period.

Swedegas is entitled to terminate the Agreement with immediate effect in the event of a material breach by the Balance Administrator.

Swedegas is entitled to terminate the Agreement with immediate effect should the Balance Administrator enter into liquidation, suspend payments, is declared bankrupt or otherwise becomes insolvent.

10 TECHNICAL EQUIPMENT

Either Party is obliged to permit the installation and use of the technical equipment required from time to time for the Parties to satisfy these terms and conditions and other obligations set forth in the Balance Responsibility Agreement.

11 LIABILITY

The Parties are liable to each other for any loss caused by negligence. Indirect loss (e.g. loss of profits, business interruption, impediments to meeting commitments to third parties or unrealised benefits of agreements) shall not be compensated unless such a loss is caused wilfully or through gross negligence.

Swedegas is under no circumstances liable for a loss caused to the Balance Administrator as a result of shortcomings in reporting, settlement etc., if such shortcomings result from the failure of the Balance Administrator or a Network Operator to submit correct information within the prescribed time.

12 IMPEDIMENTS TO THE FULFILMENT OF THE BALANCE RESPONSIBILTIY AGREEMENT

A Party shall not be liable for failure to perform its obligations under this Agreement if performance is made significantly more difficult due to impediments outside that Party's control.

Such impediments include Emergency, extraordinary natural forces, the absence of the required permits for the performance of the Balance Responsibility Agreement, control measures or intervention by governments or other public agencies (regardless of whether the interventions are lawful or not), court orders, hostile actions, war or events similar to war, blockades, insurrection or riots, epidemics, earthquakes, landslides, lightning, fire, extraordinary storm or tidal wave or flooding, civil or military unrest, explosions, breakdown or operational disturbances at facilities or in machinery or pipelines, loss of storage potential, impediments to or delays in transmission routes, accidents on a lake, accidents at sea or extensive operational disruptions both within and outside Swedish borders or other circumstance not caused by a party that would materially impact the fulfilment of the Balance Responsibility Agreement and which that Party could not predict or reasonably have eliminated its harmful impact, all subject to the condition that the Party impeded has observed all possible care that it should observe according to international natural gas practice.

Labour conflicts (e.g. strikes, lockouts, cessation of work in contravention of agreements), regardless of whether they are within the control of the Party, shall also be deemed to be an impediment according to the above and the aforementioned labour conflicts must be resolved at the discretion of the parties involved, including decisions under labour law.

In addition to the above, impediments and associated suspension of obligations shall also include impediments that have affected the Party's supplier, sub-supplier or subcontractor, subject to the condition that the impediment is such an impediment that is described above and that the impediment also falls outside the supplier's, sub-supplier's or sub-contractor's control and that it could not have been reasonably predicted or eliminated by the entity in question.

Shortness of money is not regarded as an impediment to fulfilment of the Balance Responsibility Agreement.

If a Party wishes to invoke impediments against the fulfilment of the Balance Responsibility Agreement, that Party must immediately inform the counter-party in relation thereto. The party that invokes an impediment shall, when informing the other Party about the nature of the impediment that has arisen, also state how long it estimates that the situation could be expected to last. The Party that invokes an impediment must take reasonable measures to fulfil its commitments and must, if possible, eliminate the reason for or the effects of the invoked impediment against the performance of the Balance Responsibility Agreement.

Lesser or non-performance of obligations on the basis of this section does not give rise to a right to terminate the Balance Responsibility Agreement.

13 CONFIDENTIALITY

The Parties undertake not to disclose confidential information to a third party that the Parties have received from the other Party as part of or in connection with the Balance Responsibility Agreement as well as each item of information – technical, commercial or of another nature – regardless of whether the information has been documented or not, with the exception of

- (i) information that is already in the public domain or will enter the public domain in a manner other than through a breach by a Party of these confidentiality provisions;
- (ii) information that a Party can demonstrate that it was already aware of before it received the information from the other Party; and
- (iii) information which a Party has received or will receive from a third party without being restricted by a confidentiality undertaking in relation to that party.

However, in cases referred to under (iii) above, a Party is not entitled to disclose to external parties that the same information has also been received from the counter-party under the Balance Responsibility Agreement.

Notwithstanding the above confidentiality undertaking, a Party is entitled to disclose information

- (i) to an authority to the extent the authority is entitled to have access to the information in its performance of its public duties; or
- (ii) to the extent a Party is obliged to provide information in accordance with the Publicity and Confidentiality Act or other applicable acts; or
- (iii) to a Balancing Area Manager to the extent necessary to enable the Balancing Area Manager to perform the tasks Swedegas has assigned; or,
- (iv) to the extent the disclosing of such information is required in order to safeguard a Party's rights in conjunction with arbitration proceedings or court proceedings; and
- (v) for the handling of insurance matters and as documentation in relation to the taking of loans.