Product Description “Long-Term Options”

Purchase (System Buy) and Sale (System Sell) of Gas by NetConnect Germany GmbH & Co. KG (“MAM”)

1. Description of Product Variants

1.1 A “Long-Term Option” (“**LTO**”) is an External System Balancing Transaction under which a Provider undertakes to ensure its ability during the relevant Contract Period agreed pursuant to section 4 of this Product Description to sell gas to (System Buy) or buy gas from (System Sell) the MAM, with the available product variants being:

a) Hour (“H”) and

b) Rest-of-the-Day (“RoD”)

1.2 Where an LTO is agreed for the product variant “H”, the relevant Provider shall ensure its ability on each and every gas day throughout the relevant Contract Period to supply (System Buy) or receive (System Sell) a specified hourly quantity of gas in any specified individual hour on receiving an instruction to this effect (“**Call Order**”) from the MAM. The Provider shall thus only supply (System Buy) or receive (System Sell) the instructed gas quantity in the relevant **Call Hour**, i.e. only in the hour in respect of which the Provider has received a Call Order pursuant to section 8 of this Product Description. Call Orders may be issued for individual hours during each gas day. Under LTOs for the product variant “H”, the relevant Provider has an obligation to ensure that it will supply (System Buy) or receive (System Sell) an instructed gas quantity in each Call Hour on any given gas day throughout the relevant Contract Period, provided the MAM issues the relevant Call Order in good time in accordance with section 8 of this Product Description, i.e. no less than three (3) hours before the start of each Call Hour (“**Call Lead Time**”). The Provider shall ensure that it is in a position to make or take delivery of the agreed gas quantity during each and every individual hour of each and every gas day throughout the relevant Contract Period.

1.3 For the product variant “RoD” the MAM will in each invitation to tender specify an exact number of Call Days (gas days) for each Contract Period. Up to the number of Call Days agreed for each Contract Period the relevant Provider shall then ensure its ability to supply (System Buy) or receive (System Sell) a specified gas quantity at a constant hourly rate on a specified gas day on receiving an instruction to this effect (“**Call Order**”) from the MAM, starting from the relevant **Call Hour**, i.e. the hour from which the Provider is instructed to supply (System Buy) or receive (System Sell) gas as stated in the corresponding Call Order, up until the end of the relevant gas day, i.e. for a maximum of 24 hours[1] per gas day and a minimum of 1 hour per gas day (the “**Call Period**”). Except where a Call Order is issued in respect of the last hour of a gas day only, the product variant “RoD” does not involve the supply (System Buy) or receipt (System Sell) of gas

[1] On days when the clocks change from or to daylight saving time a Call Period may comprise up to 25 or 23 hours, respectively.

during specified individual hours of a gas day. On receiving a Call Order the relevant Provider shall supply (System Buy) or receive (System Sell) the relevant gas quantity, provided the MAM has issued that Call Order in good time in accordance with section 8.1 of this Product Description, i.e. no less than three (3) hours before the start of the Call Hour instructed in each case ("**Call Lead Time**").

1.4 When submitting an LTO Bid the Provider shall specify the balancing zone or balancing sector within that balancing zone (as the case may be) where the Provider offers to supply or receive gas ("Delivery Location") in accordance with section 5 below. The MAM shall have the right to subdivide each balancing zone into balancing sectors, with each such balancing sector and the physical entry and/or exit points it encompasses to be published by the MAM no later than at the time the MAM publishes the corresponding invitation to tender. Each balancing sector may encompass one or several physical entry and/or exit points (e.g. market area interconnection points, storage connection points, cross-border interconnection points). All gas to be supplied (System Buy) or received (System Sell) by the Provider in accordance with section 1.5 of this Product Description shall then be supplied or received in that balancing zone or sector[2]. The delivery of the required physical effect depends on the Delivery Location(s) specified by the MAM in its invitation to tender. The Provider shall cause and deliver the physical effect accordingly within the relevant balancing zone or sector.

1.5 On receiving a Call Order, the Provider shall cause a physical effect via its balancing group(s) by way of making corresponding nominations or renominations in respect of a cross-border interconnection point, a market area interconnection point or a storage connection point so as to initiate physical inputs or offtakes of gas in accordance with sections 1.2 and/or 1.3 above, subject to the restrictions set out below.

1.5.1 The foregoing shall not apply where the Provider causes the physical effect under LTOs for the product variant "RoD" relating to the supply or receipt of low CV gas. Said effect cannot be caused by way of nominations or renominations at cross-border interconnection points or market area interconnection points. Under LTOs for the product variant "RoD" relating to the supply or receipt of high CV gas Providers shall not be entitled to cause the required physical effect by way of nominations or renominations at cross-border interconnection points on the German-Dutch border.

In any case the Provider shall ensure for the product variant "RoD"

[2] In the text below we use "Balancing zone or sector" to refer to either a specified balancing zone or a specified balancing sector within that balancing zone (as the case may be).

- that it causes physical inputs of gas in the form of a positive physical balance of the Provider's inputs and offtakes of gas in the agreed balancing zone or sector that at least corresponds to the quantity requested by the MAM in the relevant Call Order where it has agreed to supply gas to the MAM (System Buy),

- that it causes physical offtakes of gas in the form of a negative physical balance of the Provider's inputs and offtakes of gas in the agreed balancing zone or sector that at least corresponds to the quantity requested by the MAM in the relevant Call Order where it has agreed to receive gas from the MAM (System Sell).

Physical balance shall in each case mean the sum of the Provider's inputs of the data type "Entryso" minus the sum of the Provider's offtakes of the data type "Exitso" in the agreed balancing zone or sector. The physical balance shall be maintained for the duration of the Call Order and – with the exception of the effect via an RLM-type end user pursuant to section 1.7 – must be effected by the Provider itself.

If, at the time of the Call Order, the Provider already has a corresponding physical flow in place (Entryso or Exitso nominations) in the form and amount of the required physical balance for all hours of the Call Order period and if the Provider wishes to use this physical flow to deliver on the Call Order, the Provider may, by way of exception, balance the quantity requested by the MAM at the VTP in another balancing zone or sector in the gas quality of the Call Order in order to avoid an over- or undersupply in its balancing group.

Section 3.5, para 3(a) of the Terms and Conditions for External System Balancing Actions, as amended, shall apply.

1.5.2 The Provider shall ensure for the product variant H

- that it causes its physical inputs of gas to be increased, on balance, in the amount of the Call Order and/or its physical offtakes of gas to be reduced accordingly in the agreed balancing zone or sector where it has agreed to supply gas to the MAM (System Buy)

- that it causes its physical offtakes of gas to be increased, on balance, and/or its physical inputs of gas to be reduced accordingly in the agreed balancing zone or sector where it has agreed to receive gas from the MAM (System Sell).

The change in the physical inputs or offtakes of the Provider shall be made in each case in relation to the hour (hour "H-1") that immediately precedesing the hour ~~(hour "H")~~ for which the Call Order is made (hour ""H-1""); ~~in the case of a Call Order issued for the first delivery hour of a gas day~~

~~(06:00-07:00 hours), it is assumed that the balance of hour "H-1" is zero~~. The balance within the meaning of this section shall also be the sum of the Entryso time series inputs minus the sum of the Exitso time series offtakes in the agreed balancing zone or sector. In each case, the final nominated quantities according to allocation ~~D+1~~ shall apply. If the MAM issues a Call Order for several delivery hours in immediate succession, the Provider shall only owe an additional change in physical inputs or offtakes from one hour to the next in the amount of the difference between the Call Order quantities of the respective two hours under consideration.

1.6 The Provider is aware that in order to be able to comply with the above obligations the Provider must hold entry or exit capacity (as the case may be) for the Delivery Location (i.e. in the relevant balancing zone or sector) that is at least equal to the delivery rate offered by the Provider and that it is the responsibility of the Provider to procure the availability of this entry or exit capacity.

1.7 Other than described in section 1.5 above, the Provider may also cause the required physical effect by securing that an end user who receives gas at an exit point equipped with a supply meter installation that records hourly consumption (each such exit point an "**RLM Exit Point**") and whose RLM Exit Point is registered to the balancing group of the Provider

- reduces its demand in the instructed balancing zone or sector accordingly where the Provider has agreed to supply gas to the MAM (System Buy), or
- increases its demand in the instructed balancing zone or sector accordingly where the Provider has agreed to receive gas from the MAM (System Sell).

Under call orders for the product variant "RoD" ~~Throughout the relevant Call Period~~ the Provider shall then procure throughout the relevant Call Period that the physical offtakes made at one or several such RLM Exit Points (each a "**Reference Exit Point**", with eligible RLM Exit Points being those assigned to the allocation groups "**RLMmT**", i.e. RLM Exit Points with a flat allocation profile, or "**RLMoT**", i.e. RLM Exit Points with a structured allocation profile) are reduced (System Buy) or increased (System Sell) by an amount equal to the lot size agreed pursuant to section 2 of this Product Description (i.e. if the Provider uses several Reference Exit Points to deliver the required physical effect, the total offtake reduction or increase must be equal to this amount), with the offtake reduction or increase being measured in relation to the quantity of gas which was offtaken at the Reference Exit Point(s) in the hour in which the MAM issued the relevant Call Order (the "**Demand Response Reference Quantity**"). The sum of the actual hourly offtakes made at the Reference Exit Point(s) must not exceed (in the case of System Buy) or be less than (in the case of System Sell) the difference between the Demand Response Reference Quantity and the lot size agreed pursuant to section 2 below in any hour of the relevant Call Period.

Under Call Orders for the product variant “H” the Provider shall effect the change in the physical offtakes at the Reference Exit Points in relation to the hour (hour “H-1”) that immediately precedes the hour for which the Call Order is made (hour “H”).

1.8 Under LTOs for the supply or receipt of gas in a specified single delivery hour (product variant “H”) as defined in section 1.2 above, the Provider shall ensure that the physical effect to be delivered pursuant to sections 1.4 to 1.7 above is delivered in the exact delivery hour for which the Call Order was issued and that its magnitude is equal to the gas quantity for which the Call Order was issued.

Where the Provider wishes to deliver the required physical effect via entry and/or exit points that are connected at distribution level, it should be noted that a gas flow change in the direction instructed in the Call Order in the requested magnitude must be effected both at the delivery point(s) of the system interconnection point(s) (SIP) connecting the relevant network to the network of the upstream transmission system operator (TSO) as well as at the actual point via which the physical effect is to be provided (RLM exit point or distribution-level storage connection point). As concerns the gas flow change at the SIP(s) in question, it should be noted that it must also be effected in relation to the hour (hour “H-1”) that immediately precedes the hour for which the Call Order was made (hour “H”). In order to ensure this the Provider has an obligation to enter into contractual arrangements with the distribution system operator (DSO) concerned so that the DSO will ensure on the Provider’s behalf that the physical effect caused by the Provider within the distribution network will actually be delivered at the SIP(s) to the TSO’s network.

1.9 Counterbalancing the relevant Call Order by making use of the virtual gas quality conversion mechanism is not permitted.

2. Lot Size

a) Product variant “H”

The lot size specified in an LTO Bid for the product variant “H” must correspond to a delivery rate of 10 MWh/h. Providers also have the right to offer several lots when responding to an invitation to tender.

b) Product variant “RoD”

The lot size specified in an LTO Bid for the product variant “RoD” must correspond to a delivery rate of at least 10 MWh/h. Bids may also specify a delivery rate greater than this minimum lot size, to be stated in MWh/h and expressed in whole numbers, up to a maximum lot size of 1,000 MWh/h. Providers also have the right to offer several lots when responding to an invitation to tender.

3. Pricing

3.1 In LTO Bids for the product variants “H” and “RoD” Providers may specify a capacity charge for the duration of the entire Contract Period agreed pursuant to section 4 of this Product Description so as to remunerate the Provider for ensuring its ability to supply gas to (System Buy) or receive gas from (System Sell) the MAM. Where a capacity charge is specified, it will be applied constantly throughout the relevant Contract Period (i.e. it will not be subject to variation) and irrespective of whether the MAM issues any Call Orders or not. Where a Provider fails to specify a capacity charge, the capacity charge offered by the Provider will be recorded as zero (0).

3.2 On all gas quantities supplied (System Buy) or received (System Sell) by a Provider a commodity charge will be applied, which may result in a payment by the MAM or the Provider, as the case may be.

4. Contract Period

The **Contract Period**, i.e. the period of time throughout which a Provider is required to ensure that it is able to provide the contracted Balancing Product, will generally correspond to a week, a month, a quarter, a half-year or a year. The Parties may also agree shorter periods covering only a part of the above durations in individual cases. The Contract Period will in each case commence at the start of the first gas day of the relevant Contract Period (06:00 hours on the first calendar day falling within that period) and end at the end of the last gas day of the relevant Contract Period (06:00 hours on the calendar day following the last calendar day falling within that period).

At the start of each tendering process the MAM will specify a binding number of Call Days for the Contract Period in question. “**Call Day**” means a gas day on which the relevant balancing service may be called on by the MAM. Once the number of Call Days has been fully used up, the MAM shall not issue any further Call Orders on the lots in question during the relevant Contract Period

and the obligation of the Provider to ensure its ability to supply or receive gas (as the case may be) shall no longer apply.

5. Bidding Period and Submission of LTO Bids

5.1 In response to each invitation to tender published by the MAM for the LTO Balancing Product, Providers may submit bids for one or several lots offering to enter into LTOs with the MAM for the supply (System Buy) or receipt (System Sell) of gas in the required gas quality (high CV gas and/or low CV gas) on an hourly (H) and/or RoD basis (each such bid an "**LTO Bid**").

5.2 Providers will in each case have a period of ten (10) Business Days[3] to submit their LTO Bids (the "**Bidding Period**"). The start of each Bidding Period will be announced on the MAM's website[4] no later than one (1) week ahead of the start of the Bidding Period in question.

5.3 All LTO Bids must be placed in accordance with the terms set out in the relevant invitation to tender published by the MAM, submitted through the Bidding Platform[5] and specify at least the following information:

- the identity of the Provider,
- where the LTO Bid is for the product variant "RoD", the lot size (in MWh/h) offered pursuant to section 2(b) above,
- whether the Provider offers to supply gas to the MAM (System Buy) or receive gas from the MAM (System Sell),
- the relevant Delivery Location, i.e. the relevant balancing zone or sector,
- the commodity charge (in EUR/MWh) offered pursuant to section 3.2 above,
- the capacity charge (in EUR per lot per Contract Period) offered pursuant to section 3.1 above,

[3] For the purposes of this Product Description, "**Business Day**" means any day between and including Monday to Friday other than a public holiday and other than the 24th and 31st of December, with any day recognised as a public holiday in any German state being deemed to be a public holiday.
[4] http://www.net-connect-germany.com
[5] https://regelenergie.net-connect-germany.de/emwebncg/startApp.do

- the relevant balancing group number, which must be the number of a balancing group contract registered by the Provider for gas of the gas quality corresponding to the gas quality in the balancing zone or sector to which the LTO Bid relates (i.e. the Delivery Location).

5.4 Providers have the right to amend or withdraw any LTO Bid previously placed up until the end of the relevant Bidding Period. As a rule, all amendments and withdrawals of LTO Bids must be declared through the Bidding Platform. In the event that the MAM's Bidding Platform is unavailable, Providers may withdraw their LTO Bids by sending an email to balancing-gas@net-connect-germany.com. Once a Bidding Period has ended, all Providers will be bound by their LTO Bids.

6. Supplemental Tender Invitations

The MAM may invite supplemental tenders. In any such supplemental tender invitation the MAM shall have the right to specify a shorter Contract and/or Bidding Period than provided in sections 4 and 5 above, and the MAM shall have the right to announce the corresponding Bidding Period on its website at shorter notice than required under sentence 2 of section 5.2 above. Other than that, the provisions set out in this Product Description shall apply accordingly to all such supplemental tender invitations.

7. Acceptance of LTO Bids

7.1 LTO Bids will generally be accepted based on the projected total cost per lot as determined for each LTO Bid in accordance with sections 7.2 to 7.3 of this Product Description.

All LTO Bids received for the product variants "RoD" and/or "H" will be arranged in order of their projected cost in EUR/MWh, starting with the bid available to the MAM at the lowest cost per direction and Delivery Location. The MAM will then accept as many bids as are required to fully meet the system balancing requirements specified in the corresponding invitation to tender in ascending order of their projected cost in EUR/MWh, starting with the bid available to the MAM at the lowest cost. Where this would result in a situation where a system balancing requirement cannot be appropriately met, especially, without limitation, where in the case of the product variant "RoD" the quantity to be contracted based on the lot sizes offered would exceed the MAM's requirement, the MAM will instead accept such combination of bids as meets (or exceeds) the MAM's requirement at the lowest cost possible (with due regard to the total cost in EUR per lot).

Notwithstanding the foregoing, the MAM may apply other principles in selecting the bids to be accepted where necessary to ensure network safety and stability.

7.2

a) Where sentence 4 of section 7.1 above applies, the projected total cost of each LTO Bid for the supply of gas by a Provider (System Buy) will be determined according to the following formula:

PTC_{Buy} = (Cap + Com x LS x SD)

where

PTC_{Buy} = the projected total cost in EUR per lot

Cap = the capacity charge per lot offered pursuant to section 3.1 of this Product Description

Com = the commodity charge in EUR/MWh offered pursuant to section 3.2 of this Product Description

LS = the lot size in MWh/h offered by the Provider

SD = the projected service duration in hours; the service duration expected in each case will be calculated by the MAM on the basis of appropriate assumptions, particularly – provided any Call Orders have been issued – based on historical data available for the relevant period from past years

b) Where sentences 2 and 3 of section 7.1 above apply, the projected cost in EUR/MWh of each LTO Bid for the supply of gas by a Provider (System Buy) will be determined according to the following formula:

PC_{Buy} = PTC_{Buy}/(SD x LS)

where

PC_{Buy} = the projected cost in EUR/MWh per lot

PTC_{Buy} = the projected total cost in EUR per lot

LS = as defined in section 7.2(a) above

SD = as defined in section 7.2(a) above

7.3

a) The projected total cost of each LTO Bid for the receipt of gas by a Provider (System Sell) will be determined according to the following formula:

PTC_{Sell} = Cap - Com x LS x SD

where

PTC_{Sell} = the projected total cost in EUR per lot

Cap = as defined in section 7.2 above

Com = as defined in section 7.2 above

LS = as defined in section 7.2 above

SD = as defined in section 7.2 above

b) Where sentences 2 and 3 of section 7.1 above apply, the projected cost in EUR/MWh of each LTO Bid for the receipt of gas by a Provider (System Sell) will be determined according to the following formula:

PC_{Sell} = PTC_{Sell}/(SD x LS)

where

PC_{Sell} = the projected cost in EUR/MWh per lot

PTC_{Sell} = as defined in section 7.3(a) above

LS = as defined in section 7.2(a) above

SD = as defined in section 7.2(a) above

7.4 Upon acceptance of an LTO Bid submitted by a Provider, a System Balancing Transaction Agreement for the relevant Balancing Product will be created between the Provider and the MAM for the duration of the relevant Contract Period. Where the MAM accepts an LTO Bid, the MAM will provide notice of acceptance to the relevant Provider by email. In its email the MAM will specify the exact reference numbers for all LTO Bids submitted by the Provider that have been accepted by the MAM. The Provider shall acknowledge receipt of this email immediately by sending a confirmation email to the email address balancing-gas@net-connect-germany.com set up by the MAM. This confirmation is required for verification purposes only; the validity of the individual System Balancing Transaction Agreements concerned will remain unaffected. Providers whose LTO Bids have not been accepted by the MAM will also receive notice by email informing them of the LTO Bids that have not been accepted. Providers will not be required to confirm receipt of any such email.

7.5 Providers shall have no legal claim against the MAM to require the MAM to accept any LTO Bid.

8. Issuance of Call Order

8.1 Where a System Balancing Transaction Agreement has been created between a Provider and the MAM following submission of an LTO Bid by the Provider in accordance with section 5.3 of this Product Description and acceptance of that LTO Bid by the MAM in accordance with section 7.5 of this Product Description, the MAM shall be entitled to instruct the Provider to supply (System Buy) or receive (System Sell) the contracted gas quantity in accordance with the description of the relevant products provided in section 1 of this Product Description by issuing Call Orders to the Provider. The MAM will issue a Call Order by sending an Edig@s request message (REQEST) to the relevant Provider.

8.2 Call Orders instructing a Provider to supply (System Buy) or receive (System Sell) gas on any gas day at a delivery rate less than the delivery rate specified per lot are not permitted; in respect of each contracted lot the MAM shall only issue Call Orders for the full lot size as defined in section 2 of this Product Description.

8.3 Providers shall have no legal claim against the MAM to receive any Call Order from the MAM for the supply (System Buy) or receipt (System Buy) of the gas quantity.

9. Order for the Issuance of Call Orders (Merit Order)

9.1 For each gas day and each product variant, the MAM will create separate Merit Order Lists for the purchase (i.e. the supply by the Provider (System Buy)) and the sale (i.e. receipt by the Provider (System Sell) of gas).

9.2 LTOs for the supply (System Buy) or receipt (System Sell) of gas contracted by the MAM under existing System Balancing Transaction Agreements (each such LTO a "**Contracted LTO**") which are for the supply (System Buy) or receipt (System Sell) of gas on a RoD basis will be included in a combined Merit Order List together with all bids placed for the Balancing Product "Short-Term Balancing Services" (each an "**STB Bid**") and arranged in order of the commodity charge (in EUR/MWh) offered in each case.

Contracted LTOs and STB Bids for the supply of gas (System Buy) will be arranged starting with the lowest price and ending with the highest price. Contracted LTOs and STB Bids for the receipt of gas (System Sell) will be arranged starting with the highest price and ending with the lowest price.

When determining the Call Orders to be issued on Contracted LTOs for the product variant "RoD" and/or on STB Bids in the case of a System Buy balancing requirement, the MAM will generally ensure that it issues Call Orders on such combination of bids as meets (or exceeds) the system balancing requirement in question as determined by the MAM at the lowest overall cost. Notwithstanding the foregoing, the MAM shall have the right to disregard this general rule where and to the extent that the technical/operational circumstances prevailing on the network(s) affected are such that meeting the system balancing requirement in question takes priority over the aim of incurring the lowest overall costs.

In the case of a System Sell balancing requirement the MAM will generally issue Call Orders on those available lots that meet (or are less than) the system balancing requirement in question as determined by the MAM and generate the best revenue for the MAM. Where and to the extent that the technical/operational circumstances prevailing on the network(s) affected so allow, the MAM shall also have the right to issue Call Orders for a quantity greater than the System Sell balancing requirement determined by the MAM.[6]

9.3 The MAM shall have the right to issue Call Orders in an order other than defined by the relevant Merit Order List where necessary to meet a system balancing requirement requiring gas of a

[6] For example, where the available lots offered by Providers exceed the system balancing requirement determined by the MAM, with due consideration to be given to the commodity charges offered in each case.

particular gas quality (a "**Quality-Specific Balancing Requirement**") or in a particular location ("**Locational Balancing Requirement**"). In the event of a Quality-Specific Balancing Requirement, the MAM shall have the right to only consider those bids for the supply (System Buy) or receipt (System Sell) of gas that are for the supply (System Buy) or receipt (System Sell) of gas in the required gas quality, and in so doing disregard any bids relating to a different gas quality. In the event of a Locational Balancing Requirement, the MAM shall have the right to only consider those bids for the supply (System Buy) or receipt (System Sell) of gas in a specific balancing zone or sector, and in so doing disregard any bids relating to other balancing zones or sectors.

9.4 Notwithstanding the provisions in sections 9.1 to 9.3 of this Product Description, the MAM shall for all Balancing Products contracted in accordance with this Product Description (whether product variant "H" or "RoD") have the right to occasionally issue Call Orders for the purpose of testing the functioning of the relevant systems and the reliability of the Contracted LTOs available (each such Call Order a "**Test Call Order**") without providing advance notice of this to the relevant Provider. In particular, without limitation, Test Call Orders may be issued to a Provider where considerable time has passed since an LTO Call Order was last issued to the Provider or where there is objective evidence indicating that the Provider may not duly comply with its obligations on receiving a Call Order. In the latter case such evidence shall particularly be deemed to be established, without limitation, where there have been communication problems between the Provider and the MAM, where there has been any case when the relevant contract was not duly performed or where the MAM has any other grounds for suspecting that the Provider may not duly comply with its obligations on receiving a Call Order. The provisions set out in section 12 of this Product Description shall also apply to Test Call Orders.

10. Processing of Call Orders at the VTP

10.1 For each Call Order issued by the MAM, the MAM will on behalf of the relevant Provider as well as in its own name make a nomination (single-sided nomination) at the virtual trading point of its market area ("**VTP**") in accordance with the provisions set out in section 10.2 below for a gas quantity in the relevant gas quality (high CV gas and/or low CV gas) equal to the quantity stated in the corresponding REQEST message.

10.2 Where a Call Order is issued for the supply (System Buy) of gas by a Provider under a Contracted LTO, the MAM will submit an output nomination at the VTP for gas to be offtaken from the Provider's balancing group as specified pursuant to section 5.3 above ("**VTP Output**

Nomination"). Where a Call Order is issued for the receipt (System Sell) of gas by a Provider under a Contracted LTO, the MAM will submit an input nomination at the VTP for gas to be delivered to the Provider's balancing group as specified pursuant to section 5.3 above ("**VTP Input Nomination**").

11. Provider's Duty to Prove Compliance with Contractual Obligations

11.1 On request by the MAM the Provider shall prove in a suitable manner that it has duly complied with its obligations under this Product Description or that it is able to do so (as the case may be), especially, without limitation, its obligation to ~~that it has~~ ensure~~d~~ its ability to supply (System Buy) or receive (System Sell) gas at all times in accordance with section 1 of this Product Description and, in the case of~~that~~ a Call Order being~~was~~ issued, ~~that~~ its obligation to ~~has~~ cause~~d~~ the required physical effect in accordance with sections 1.4 to 1.9 of this Product Description, respectively.

11.2 Where evidence of delivery of a physical effect in accordance with section 1.7 is requested, the Provider shall prove in a suitable manner that the relevant change in demand was purposefully delivered in response to the corresponding Call Order issued by the MAM and especially, without limitation, that it had not already been prompted prior to receipt of that Call Order.

12. Penalty

12.1 If in any single or several hours of a Contract Period a Provider fails to comply with its obligations under this Product Description, whether in whole or in part, the Provider shall pay a penalty to the MAM in accordance with sections 12.2 and 12.3 of this Product Description.

12.2 Where upon receipt of a Call Order the Provider has breached its obligations under this Product Description, whether in whole or in part, the amount of the penalty to be applied shall be determined in accordance with the following provisions.

The MAM shall initially determine the Shortfall Rate for the relevant Call Order according to the following formula:

$SR_C = SQ_C / CQ_C$

where

SR_C = Shortfall Rate in percent (rounded to two decimal places in accordance with good commercial practice) as determined for the Call Order in question

SQ_C = Shortfall Quantity of the Call Order in kWh, i.e. the requested quantity for which a physical effect was not or not properly delivered

CQ_C = Call ~~Order q~~Quantity of the Call Order in kWh, i.e. the total quantity of gas requested from the Provider as part of the relevant Call Order

The applicable Penalty Surcharge according to the table below shall be added to the Shortfall Rate thus determined ("Penalty Rate"):

Shortfall Rate		**Penalty Surcharge**
from (>)	**to (≤)**	
	5%	+ 0%
5%	20%	+ 5%
20%	40%	+ 10%
40%	60%	+ 15%
60%	80%	+ 20%
80%	100%	+ 25%

The contractual penalty to be paid by the Provider pursuant to this section shall then be determined by applying the Penalty Rate to the fee normally payable in respect of the Call Order affected ("**Call Fee**"), i.e. to the amount that would have been payable

- to the Provider by the MAM if the Provider had duly complied with its obligations in the case of a Call Order issued on a Contracted LTO for the supply (System Buy) of gas by the Provider, or

- to the MAM by the Provider if the Provider had duly complied with its obligations in the case of a Call Order issued on a Contracted LTO for the receipt (System Sell) of gas by the Provider.

12.3 In addition, the MAM shall levy a contractual penalty for each month with at least one Call Order ("Call Month") in which the Provider has breached its obligations under this Product Description in whole or in part, the amount of which shall be determined in accordance with the following provisions. First, after each Contract Period, the MAM shall again determine the Shortfall Rate for each Call Month using the following formula:

$$SR_M = SQ_M / CQ_M$$

where

SR_M = Shortfall Rate in percent (rounded to two decimal places in accordance with good commercial practice) as determined for the Call Month in question

SQ_M = Shortfall Quantity of the Call Month in kWh, i.e. the quantity requested in the Call Month for which a physical effect was not or not properly delivered

CQ_M = Call ~~Order~~ Qquantity in kWh, i.e. the total quantity of gas requested from the Provider in the relevant Call Month

The applicable Penalty Surcharge according to the table in section 12.2 shall be added to the Shortfall Rate thus determined (Penalty Rate).

The contractual penalty to be paid by the Provider hereunder shall then be calculated by applying the Penalty Rate to the capacity charge agreed between the MAM and the Provider for the Call Month concerned. In the event that the Contract Period is shorter than one month, the aforementioned provisions for the Call Month shall be applied analogously for the shorter Contract Period.

12.4 The MAM shall retain the right to claim further damages. Any penalty payable pursuant to this section shall be offset against any such damages payable.

12.5 The foregoing paragraphs shall not apply where the Provider submits evidence to the MAM that the Provider cannot be held responsible for the breach in question.

13. Language

This Product Description is published in the German language and legally binding. Where an English language version of this Product Description is published alongside the original German version, the translation shall be considered a convenience translation only; in the event of any conflict in meaning between the two versions, the German language version shall prevail.