

Balancing Contract

No _____

"**VESTMOLDTRANSGAZ**" LLC, with registered office in the Republic of Moldova mun. Chisinau, MD-2088, 7/E Balcani str., fiscal code 1014600024244, holder of the natural gas transport licence AC Series, No. 001561of 06.01.2015, hereinafter referred to as the **Balancing Entity (BE)**, acting on the basis of The National Agency for Energy Regulation of the Republic of Moldova (ANRE) Decision No _____, represented by _____, acting on the basis of _____, on the one hand, and

" _____ " LLC, with registered office in the Republic of Moldova, Chisinau, _____str., fiscal code _____, holder of the Licence for the supply of natural gas *Series* _____ No. _____ of _____, hereinafter referred to as **Balance Responsible Party (BRP)**, with the unique balancing portfolio code _____ represented by the Director _____, acting under the Statute, hereinafter referred to as the **Parties**,

Considering:

- 1) Registration Application No. _____ as the Responsible Balancing Party,
- 2) Report on the implementation of the provisional balancing measures by the Balancing Entity "Moldovatrangaz" LLC, approved by ANRE Decision No. 81/2023.
- 3) Law on natural gas No. 108/2016, Natural Gas Market Rules, approved by ANRE Decision No. 534/2019 (Natural Gas Market Rules), Gas Network Code, approved by ANRE Decision No. 420/2019, Civil Code of the Republic of Moldova No. 1107-XV/2002 and other normative acts of the Republic of Moldova, have entered into this **Balancing Contract** (hereinafter referred to as "Contract") as follows:

1. Terms used

1.1. The terms used in this Contract are defined by the current legislation of the Republic of Moldova and the following terms and definitions:

BE Invoice – the standard form of primary document with special regime, on paper or in electronic format, issued by BE to the BRP in case of registration of negative imbalances by the latter.

BRP Invoice – a special form of primary document, in paper or electronic format, issued by a BRP to the BE in case of positive imbalances recorded by the former.

BRP Monthly Information Notice – a monthly information notice prepared by the BE and published on the BE's website, providing general information on the functioning of the balancing market and the settlement of imbalances.

BRP Monthly Settlement Notice – a settlement notice drawn up by BE for each individual BRP, which sets out all payment obligations, respectively the final collection rights must be paid or collected via the bank accounts opened by each BRP and by BE.

2. Object of the Contract

2.1. The object of the Contract is the provision of balancing service by BE and payment for imbalances caused by BRP within the balancing zone of the Republic of Moldova.

2.2. By this Contract BE undertakes to provide the balancing service to BRP and to compensate BRP for payment obligations resulting from positive imbalances of BRP, and BRP undertakes to pay BE the payment for compensation of negative imbalances caused by it within the balancing zone of the Republic of Moldova, determined in accordance with the provisions of the Rules of the Natural Gas Market/Report on the Provisional Balancing Measures by "Moldovatransgaz" LLC/Methodology for Calculation of Daily Imbalance Payments.

2.3. BRP shall be financially responsible to BE for all physical imbalances arising as a result of the differences between the incoming natural gas flows and the outgoing natural gas flows from the natural gas transmission network, allocated to a BRP, on a gas day.

2.4. This Contract sets out the rights and obligations of BE and BRP, the terms and conditions to be respected by BRP and BE in view of the balancing responsibility.

2.5. The proper conclusion, observance and performance of the provisions of this Contract is a precondition for:

- use of transmission capacity at contracted (or sublet) entry/exit points;
- the supply of natural gas to consumers;
- injection of natural gas into the natural gas transport network from production facilities;
- submission of commercial notifications to BE;
- access to the Virtual Trading Point (VTP).

3. Contract term

This Contract is concluded for an indefinite period, shall come into force and apply from 01.07.2023 and shall be valid until its termination in accordance with the provisions of point 14 of this Contract.

4. BE's rights and obligations

4.1. BE has the following rights and obligations:

- a) to register the BRP in the BRP Register, in accordance with the provisions of the Gas Market Rules;
- b) to compensate imbalances of BRP;
- c) to settle imbalances registered by the BRP in accordance with the provisions of the Gas Market Rules and this Contract.
- d) to carry out balancing actions in accordance with the provisions of the applicable legislation;
- e) to inform the BRP of the balancing actions carried out, in accordance with the provisions of the Gas Market Rules and the Gas Network Code;

f) to receive, compare and confirm commercial notifications from the BRP to the VTP in accordance with the provisions of the Gas Market Rules and point 6 of this Contract;

g) to calculate and make available to the BRP the daily imbalance quantity information in accordance with the provisions of point 7 of this Contract;

h) to issue the BE Invoice and collect imbalance payments from the BRP in accordance with the provisions of point 8 of this Contract;

i) have the right to enforce the financial guarant BE lodged by the BRP in the event of non-payment of invoices in accordance with point 9 of this Contract.

j) to pay in full and on time the invoices issued by the BRP in the event of the BRP recording positive imbalances determined in accordance with the BRP's Monthly Settlement Note.

5. BRP rights and obligations

5.1. The BRP has the following rights and obligations:

a) to forecast the natural gas consumption of its final customers and to take measures to keep the inflows and outflows to/from the balancing portfolio balanced for each gas day in order to minimise the need for balancing actions by BE;

b) to provide commercial notifications to BE for any transfer of ownership of natural gas on VTP in accordance with the provisions of the Gas Market Rules and point 6 of this Contract;

c) to request from BE information on the daily quantities allocated and the daily quantities of imbalance recorded in accordance with point 7 of this Contract.

d) to provide a financial guarantee within the limit of the amount established according to the provisions of point 9 of this Contract;

e) to pay BE, in due time, the imbalance payments for the months in which the monthly net payment of the BRP is negative, in accordance with the BE Invoice;

f) to receive from BE the imbalance payments for the months when the BRP's monthly net payment is positive, in accordance with the BRP Invoice, following the BRP Monthly Information Notice.

6. Commercial notifications

6.1. BRP has access to the VTP if it meets the conditions set out in points 56-57 of the Natural Gas Market Rules approved by ANRE Decision No. 534/2019.

6.2. The transfer of natural gas between the balancing portfolios of two or more BRPs with access to VTP shall be carried out by means of commercial notifications sent to BE, for the gas day.

6.3. The BRP may submit the commercial notification to BE, relating to a transaction carried out on the gas day, until the end of the renominatisation period of the gas day in question, notifying BE of the quantities of natural gas it will transfer to another BRP or receive from another BRP at the VTP.

6.4. The BRP may submit the commercial notification on a gas day, irrespective of whether or not it has submitted nominations on the same gas day.

6.5. Commercial Notices shall be transmitted by the BRP to the BE and shall include information and comply with the data exchange rules specified in Section 2, Chapter III of the Gas Market Rules.

6.6. BE shall receive, compare and confirm the trade notifications from BRP in accordance with Section 2, Chapter III of the Gas Market Rules.

7. Calculation of imbalances and provisional imbalance payments

7.1. The quantity of natural gas related to the daily imbalance shall be calculated according to the formula:

$$Q_D = A(i) + T(C) - T(V) - A(e)$$

where:

$A(i)$ - the quantity of natural gas allocated at the Entry points of the transmission system where the BRP has reserved capacity;

$A(e)$ - the quantity of natural gas allocated at the exit points of the transmission system where BRP has reserved capacity;

$T(C)$ - commercial notification to VTP of a purchase transaction made by BRP;

$T(V)$ - commercial notification to VTP of a sale transaction made by BRP.

7.2. The imbalance payment is based on the final imbalance quantity of gas day D-1.

7.3. If the BRP records a **negative imbalance**, falling within the daily tolerance level, the D-1 gas day payment to be invoiced will be calculated according to the formula:

$$P_D = \text{Abs}(Q_D) * P_{cg}$$

where:

P_D - imbalance payment;

Q_D - the daily imbalance quantity of the BRP for gas day D-1;

P_{cg} - the reference price is determined as the minimum of the reference price on the adjacent gas market in neighbouring countries, adjusted by the transportation costs from/to that market, or - the reference price obtained on the basis of the weighted average import price of natural gas of all natural gas suppliers in the previous month, or - the value of balancing services used by BE.

TL - tolerance level for daily-metered customers as defined in paragraph 157 of the Gas Market Rules.

$\text{Abs}()$ - describes the absolute value of the function in brackets.

$\text{Max}\{A(i), A(e)\}$ - the maximum value between the quantity of natural gas allocated at the entry points of the transmission system where the BRP has reserved capacity or the quantity of

natural gas allocated at the exit points of the transmission system where the BRP has reserved capacity;

If the BRP has a negative imbalance and has exceeded the daily tolerance level, the daily imbalance payment on gas day D-1 to be billed shall be calculated according to the formula:

$$P_D = TL * \text{Max} \{A(i), A(e)\} * P_{cg} + (\text{Abs}(Q_D) - TL * \text{Max} \{A(i), A(e)\}) * 1,1 * P_{cg}$$

7.4. If a BRP has positive daily imbalance and falls within the tolerance level, the payment for the daily imbalance of gas day D-1 to be credited to the BRP shall be calculated with the formula:

$$P_D = Q_D * P_{cg}$$

If a BRP has a positive daily imbalance and has exceeded the tolerance level, the payment for the daily imbalance of gas day D-1 to be credited to the BRP shall be calculated according to the formula:

$$P_D = TL * \text{Max} \{A(i), A(e)\} * P_{cg} + (Q_D - TL * \text{Max} \{A(i), A(e)\}) * 0,9 * P_{cg}$$

7.5. If the monthly net imbalance payment of a Balancing Entity is positive, the Balancing Entity shall issue a monthly net imbalance payment invoice to the Balancing Entity, and if the monthly net imbalance payment is negative, the Balancing Entity shall issue a monthly net imbalance payment invoice to the Balancing Entity in accordance with the provisions of the Balancing Contract.

8. Invoicing and payment

8.1. Invoices and notifications of invoicing shall be sent by BE to the BRP by e-mail or fax, according to the contact details set out in point 17 of this Contract, or through an electronic platform, as soon as it is launched. BE's invoice/BRP's Monthly Imbalance Information Note shall be accompanied by BRP's Monthly Imbalance Settlement Note which shows, for each day of the billing month, information on confirmed quantities, imbalance quantities recorded, reference price and BRP's imbalance payment.

8.2. Payment by BRP and BE of invoices shall be made within 10 working days from receipt of the invoice. Payments shall be deemed to have been made if the beneficiary's account is replenished to the full amount of the funds due by 17:00 on the last working day of the set payment deadline. Payments by one party to the other party shall be made by bank transfer to the accounts specified in point 17 of this Contract. During the term of the Contract, either party may choose another bank, provided that the other party is notified in advance at least 30 days before the payment due date.

8.3. Until the payment deadline, as defined in point 8.2, the BRP may submit by e-mail or fax to the contact details set out in point 17 of this Contract, or via an electronic platform, a justified complaint to BE contesting part or all of the BE invoice or billing notices. Within 5 working days of the submission of the complaint by the BRP, BE must provide a justified written response to the BRP accepting or rejecting the complaint. If the complaint is accepted by BE, BE shall reimburse/receive the amount in question to BRP within 5 working days of written acceptance.

8.4. Failure by the BRP to comply with the obligation and/or deadline for payment of invoices as defined in point 8.2 shall result in the application by BE of a late payment penalty of 0.08% per day of the outstanding amount, calculated for each day of delay, starting from the first day after the payment deadline until the date of full performance of the payment obligation. If that BRP fails to fulfill its payment obligations, BE shall be entitled to enforce the bank guarantee letter submitted by BRP up to the amount of the amount due.

9. Payment for neutrality

Neutrality payment to be paid by BRP or BE from the moment of approval by ANRE of the Methodology for calculation of neutrality payments, in accordance with the provisions of Law No. 108/2016 on natural gas.

10. Financial guarantee

10.1. BRP shall establish and maintain a financial guarantee (FG) in favour of BE to mitigate the risk of non-payment by BRP of invoices issued by BE under this Contract.

10.2. Each BRP is required to submit a financial guaranty in favor of BE to mitigate the risk of non-payment by BRP of invoices issued by BE for imbalance payments.

The financial guarantee may be established by BRP in one of the following forms:

- Irrevocable and unconditional bank guarantee, payable at the first request of BE, issued by a reputable bank licensed to operate in the Republic of Moldova,
- cash deposit in a bank account of BE indicated in the balancing contract.

The level of the financial guarantee (FG) will be determined as follows:

a) for the BRPs that had a contractual relationship with BE in the previous gas year:

NG = Maximum countervalue of the deficit imbalances recorded by the BRP in two consecutive months of the previous gas year;

b) for BRPs that did not have a contractual relationship with BE in the previous gas year:

NG = 10% of the value of the transmission services established under the contract for the provision of the natural gas transmission service for the first month of the contract. From the second month of the contract $NG = 2 \times$ the value of the negative imbalances recorded by the respective BRP in the previous month, applicable and updated monthly for the duration of the contract.

10.3. If the FG is to be constituted in the form of a cash deposit in the bank account of the BE, specified in point 17.1., the BRP must submit the FG within 5 working days prior to the signing of this Contract, otherwise BE shall be entitled to refuse to sign the given Contract.

10.4. If BE decides to perform the FG in part or in full as a result of non-performance of the payment obligation by BRP, BE shall notify BRP in writing at least 5 working days prior to the performing of the guarantee, giving the relevant arguments.

10.5. If the FG is constituted in the form of a bank guaranty BE letter, the validity of the bank guaranty BE must cover at least 13 calendar months, calculated from the date of signature of

this Contract. Within 30 days prior to the expiry of the FG, the BRP is obliged to extend the validity period of the FG by at least 13 calendar months beyond the initial validity period, otherwise BE is entitled to unilaterally terminate the Contract in accordance with point 14.

10.6. The FG shall be valid from the date of signature of this Contract and shall expire on the 30th calendar day after the date of termination of the Contract in accordance with point 14.

10.7. Following termination of the Contract and after the expiry of the period referred to in point 10.6, BE shall return the financial guarantee, provided that there are no outstanding invoice payments by BRP. If the BRP has submitted the financial guaranty in the form of a cash deposit in BE's bank account, BE shall transfer the corresponding amount to BRP's bank account, together with interest corresponding to the period during which the financial guarantee has been maintained, less bank account costs and transfer costs. In any case, BE does not owe any interest, tax payments, payments, commissions, etc. to BRP for the period during which the FG has been maintained.

10.8. BE will monitor on a daily basis and will be entitled to request from BRP, if necessary, to supplement/extend the term of the FG.

10.9. Payment of related bank charges is the obligation of the BRP.

11. Confidentiality conditions

11.1. The parties are obliged to maintain the confidentiality of data, documents and information obtained as a result of the performance of the Contract.

11.2. Data, documents and information not subject to the provisions of point 11.1 shall not be subject to this Contract:

- Information that requires and may be disclosed in accordance with the provisions of applicable law. Information which has been disclosed with the written consent of the other Contracting Party;

- Information required by the competent authorities under a legal obligation.

12. Dispute resolution

12.1. Any disputes, disagreements, claims or demands arising in connection with the performance, interpretation, implementation, breach, invalidity or termination of this Contract shall be settled by the competent court of the Republic of Moldova.

12.2. Point 12.1. regarding jurisdiction is binding on the Parties, their authorized representatives and assignees, and the regulatory clauses shall apply both during the validity of the Contract and after its termination.

12.3. The Parties may apply to the National Agency for Energy Regulation of the Republic of Moldova for the settlement of matters falling within the ANRE's jurisdiction.

13. Justification due to an impediment

The Party claiming non-performance due to an impediment beyond the control of the Party is obliged to notify the other Party no later than 48 hours after the commencement of the impediment and to submit to the other Party, no later than 10 working days, documentary evidence of the measures taken to remove the impediment or its consequences. If the impediment is not resolved within 30 calendar days of its occurrence, the Parties shall be entitled to request termination of this Contract.

14. Termination, resolution and suspension of the Contract

14.1. Each party is obliged to inform the other party immediately of any change in its circumstances which would result in the suspension or termination of the Contract.

14.2. The Contract shall terminate in any of the following circumstances:

a) if both Parties have at any time mutually agreed in writing to the termination of the Contract;

b) if either Party terminates the Contract due to breach of the contractual provisions by the other Party in whole or in part. In such a case, the Party claiming the damage shall give the other Party written notice of its intention to terminate the Contract and shall state the reasons therefor; the Contract shall be deemed terminated at least 12 working days after receipt of the notice.

c) in case of restructuring, bankruptcy, liquidation, compulsory administration, cessation of capacity to pay, and in the event of revocation or cancellation of the licence of incorporation or any other licence necessary for the lawful pursuit of the business of either party, the Contract shall automatically terminate on the date on which the aggrieved party has notified the other party in writing of any of the above events;

d) in case of an impediment - in accordance with point 13 of this Contract;

e) if the grounds for suspension set out in point 14.4. of this Contract continue to exist after 6 months from termination, BE may unilaterally terminate the Contract by immediately notifying the BRP in writing to that effect;

f) if the BRP fails to maintain the FG at the required level in accordance with point 10, BE may unilaterally terminate the Contract by immediately notifying the BRP in writing.

14.3. Resolution, or termination of the Contract shall not relieve BRP and BE of their financial responsibilities for payment of imbalances accrued up to the date and time of termination.

14.4. The TSO shall suspend the Contract in any of the following cases:

a) if the BRP repeatedly breaches the provisions of this Contract, the applicable or settlement rules;

b) if the BRP does not fulfil the conditions relating to financial guarantees.

14.5. If the Contract is terminated, BRP shall no longer be entitled to use contracted (or sublet) entry/exit capacity in the transmission system, to supply natural gas to its final customers,

to introduce natural gas from its production facilities into the natural gas transmission system or to send commercial notifications to BE.

15. Communicate

15.1. All notices and communications from one party to the other under this Contract shall be sent by registered mail or e-mail to the following contact details:

BE:

Legal name: "**Vestmoldtransgaz**" LLC

To: _____

Address: 7/E Balcani str., MD-2088,
mun. Chisinau, Republic of Moldova

Tel: (+373) 22 667 291

E-mail: ee@vmtg.md

BRP:

Legal name: " _____ " LLC

Director: _____

Legal address: _____

Tel: _____

E-mail: _____

15.2. The parties undertake to notify each other of any changes to the above contact details within 5 working days of the change being made.

16. Contractual changes

16.1. The terms of this Contract may only be amended by written agreement of the parties.

16.2. Except as provided in point 16.1, the Contract shall be automatically amended or supplemented by any amendments or additions to the applicable legislation. In case of any such amendment or supplement, BE shall notify BRP accordingly within 2 working days of the adoption of the respective amendments/completions to the applicable legislation.

16.3. The Parties agree to revise this Contract upon written request of BRP or BE if:

a) the operational reliability of the natural gas system in the Republic of Moldova is adversely affected by the continued performance of this Contract;

b) new circumstances or a new legal provision arise which directly or indirectly affect the ability of the Parties to implement this Contract.

16.4. If the parties do not accept to amend this Contract after 12 (twelve) working days from the date either party has sent to the other party a written request in accordance with point 16.3, either party may declare the termination of this Contract, where upon the outstanding payment obligations shall become effective immediately or on a date specified by BE or BRP in the declaration of termination.

17. Legal address and bank details of the parties

17.1. The legal address and bank account of BE to which BRP will make payments and submit the FG under this Contract:

Name of the company: "**Vestmoldtransgaz**" LLC.
Legal address: Republica of Moldova mun. Chisinau, 7/E Balcani str.
Tel: (+373) 22 667 291
Fiscal code: 1014600024244
VAT Code: 0508288
Bank: BCR S.A. fil. „nr.2 Puskin” mun. Chisinau
IBAN: MD50RN000000000225120171
BIC: RNCBMD2X504

17.2. Legal address and bank account of the BRP to which payments will be made by the BE under this Contract:

Legal name: " _____ " LLC
Legal address: _____
Tel: _____
Fiscal code: _____
VAT code: _____
Bank: BC _____
IBAN: _____
BIC: _____

18. Final provisions

18.1. The parties undertake to notify each other immediately of any change in the circumstances set out in this Contract.

18.2. This Contract is drawn up in Romanian and English in two identical copies each having equal legal force for both Parties.

BE:

BRP:

_____ Surname /Name

_____ Surname /Name