

ANNEXES to EMERGENCY PLAN

to mitigate and avoid the effects of natural gas supply

disruption

in the Czech Republic

**pursuant to Regulation (EU) 2017/1938 of the European Parliament and of the Council of
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**MINISTRY OF
INDUSTRY AND TRADE**

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ANNEX 1 - RIGHTS AND OBLIGATIONS

RIGHTS AND OBLIGATIONS OF TRANSMISSION SYSTEM OPERATORS

The obligations of the transmission system operator are defined in Section 58 of Act No. 458/2000 Coll., On Business Conditions and on the Exercise of State Administration in the Energy Sectors and on the Amendment to Certain Acts (Energy Act), as amended.

(1) The transmission system operator shall have the right

a) to access the gas storages under the conditions stipulated in this Act for arranging equilibrium between the volume of natural gas entering the gas industry and the volume of natural gas exiting from the gas industry,

b) to information from other participants on the gas market needed to properly fulfil its obligations,

c) to establish and operate an internal telecommunication network for administering, measuring, security and automation of the gas industry operation and for transmitting information needed for the operation of IT and IS,

d) to establish and operate gas facilities on non-own real estate in conformity with the special legislation 4d),

e) to enter and drive on non-own real estate to establish, construct, repair and operate the transmission system,

f) to remove trees and branches and other vegetation, to dispose of removed and cut trees and other vegetation that poses risks for the safe and reliable operation of the transmission system if either the owner or user did not carry out the work after a prior notice and specification of the extent,

g) in conformity with special directives, to enter enclosed spaces and facilities used for the activities and services of the bodies of the Ministry of Defense, Ministry of the Interior, Ministry of Justice, Security Information Service and railway bodies, as well as to enter real estate where special telecommunication equipment is located to the extent and in the way needed to carry out the licensed activity,

h) in emergencies, to use the gas facilities of customers for which the operator transmits gas to the extent required,

i) to either limit or interrupt gas transport in the following cases:

1. if there is an immediate hazard to life, health and property and for mitigating these conditions,
2. in an emergency or for activities immediately preventing an emergency,
3. to carry out and plan construction modifications and scheduled repairs of the transmission system facilities,
4. if faults occur in the transmission system equipment and to remove them,
5. if gas is consumed using devices hazardous to life, health or property,
6. if unauthorized gas consumption or unauthorized gas transport occurs,
7. in the case of gas consumption when the customer repeatedly and without serious reason did not allow access to the measuring device or non-measured sections of the gas consumption device although the customer was demonstrably notified and requested to allow access at least 15 days in advance, to inspect, read, maintain, replace or remove the measuring device,
8. due to limitation or termination of gas transport of the transmission systems interconnected by the operators,

j) to purchase and sell gas to cover losses in the transmission system or for its consumption or for equilibrium between the gas volume entering and exiting the gas industry; this is not regarded as gas trade.

(2) The transmission system operator must create an easement allowing the use of other owners' property or part of it for the purposes referred to in Subsection 1 Clause d) on the basis of a contract concluded with the property's owner; if the owner is not known or identified or is definitely inaccessible or inactive or no contract could be negotiated with the owner, and the conditions for a limitation of the ownership title to land or property according to special legislation 4e), then the appropriate building authority will issue, at the transmission system operator's proposal, a decision on creating an easement.

(3) If the transmission system operator damages the property of a freeholder or leaseholder by exercising its rights as referred to in para 1 Clauses d) to i), or the transmission system operator limits the freeholder or leaseholder's normal use of the property, then the holder will be entitled to a lump sum compensation 5), 10), including the costs of an expert opinion. The compensation claim must be filed with the transmission system operator that damaged the property or limited its use within 6 months from the date the freeholder or leaseholder first learned of the damage or limitation, otherwise the right expires.

(4) In the cases referred to in para 1 Clauses d) to i), the transmission system operator must respect to the maximum extent possible the rights of the owners of the property and must immediately notify them of entering their property. When work is completed, the transmission system operator must return the property to its previous state, and if that is impossible because of the type of work, the operator must bring the property to a state appropriate for its previous purpose or use and must immediately notify the owner of the property of this. When removing or cutting back trees, the transmission system operator must dispose of the trees and cuttings produced at its own expense.

(5) In the cases referred to in para 1 Clause i) Point 3, the transmission system operator must notify the customers for whom the operator transports gas of the commencement and end of the limitation or interruption of gas transmission no later than 30 days in advance.

(6) In the cases referred to in para 1 Clause i), the transmission system operator must resume gas transmission as soon as the causes of the limitation or interruption of gas transmission are removed.

(7) In the cases referred to in para 1 Clause i), no damages and compensation for the loss of profit may be claimed. This provision will not apply if the transmission system operator fails to comply with its reporting duty referred to in Subsection 5.

(8) The transmission system operator is obliged to:

a) secure the safe, reliable, economic operation, maintenance, recovery and development of the transmission system,

b) secure a supply based on concluded contracts ,

c) connect to the transmission system any applicant who/which so requests and meets the connection conditions ,

d) connect to the transmission system any applicant who/which so requests and meets the connection conditions except for demonstrable insufficiency of free capacity for gas transmission or a threat to the safe and reliable operation of the transmission system; a refusal of access to the transmission system must be in writing and justified,

e) provide equal conditions for access to the transmission system under the conditions laid down in this Act,

- f) secure gas measurement in the transmission system including evaluation and providing the measured and evaluated data to the market operator and gas market participants used for gas transport,
- g) provide information needed to mutually secure the operability of their systems to the operators of distribution systems with which the transmission system is interconnected,
- h) maintain and publish the quality parameters of gas supply and related services,
- i) prepare and submit to the Energy Regulatory Office the data needed for decisions on the prices charged for gas transmission ,
- j) keep the separate accounts for gas transmission service for regulatory purposes in accordance with the legal regulation,
- k) prepare a daily, monthly, annual and ten-year balance of the transmission system, review it and provide it to the market operator,
- l) prepare contingency plans for the transmission system within 6 months of being granted a gas transmission license, send them to the Ministry, and update them annually,
- m) notify sufficiently in advance market participants whose gas equipment is directly connected to the transmission system of the extent and dates of down time for gas transmission facilities, and inform them about expected reductions of transmission capacity,
- n) set up and operate a technical dispatching center to be responsible for the central control of the transmission system,
- o) establish and operate gas quality monitoring points,
- p) create technical prerequisites for the provision of gas imports from various sources,
- q) control and manage the gas industry of the Czech Republic in a state of emergency,
- r) protect any proprietary information that is a trade secret that the transmission system operator may

have learned of during its activities,

s) prepare and publish every year the estimated development of the transmission system to the extent according to subsection 58k, clause 3 and publish it after approval; the provisions of subsection 58l, clause 5 will be used accordingly.

t) prepare the Transmission System Operator Order, submit it to the Energy Regulatory Office for approval, ensure publish it and carry out the licensed activity pursuant to the Transmission System Operator Code,

u) in cooperation with the distribution system operators and underground gas storage operators, prepare a gas industry contingency plan, update it annually, and submit it to the Ministry,

v) prepare and submit to the Ministry and the Energy Regulatory Office every year not later than 1 March of the following calendar year a report on the quality and level of maintenance of the transmission system equipment,

w) develop sufficient cross-border capacity in compliance with the transmission system development plan and secure the infrastructure standard according to the directly applicable regulation of the European Union 21),

x) cooperate with other transmission system operators at the regional level covering two or more member states to assign the transmission capacities and exchange information on the secure operation of the transmission system,

y) separately offer entry and exit capacity at individual entry points to the transmission system and exit points from transmission system,

z) separately charge payments for entry and exit capacity at the individual entry points to the transmission system and exit points from transmission system,

aa) register at gas market operator within 30 days of the granting of a license to transport, by registration a transmission system operator becomes a registered market participant

bb) to develop, within 6 months after granting the license for gas transmission and to specify every second year to 31 March the basis for preparation of the Preventive Action Plan and the Emergency Plan and send it to the Ministry,

cc) to pay to the market operator the prices for activities of market operator, according to the Gas Market Rules,

dd) register consumption points and transfer points at the market operator.

(9) A legal entity incorporated for cooperation according to subsection 8, clause x) is obliged to adopt and operate an internal directive on equal treatment if an operator of the transmission system, who is also a part of a vertically integrated gas business company, is involved in incorporation or the activities of the legal entity. The provisions of sections 58i and 58j will apply accordingly.

RIGHTS AND OBLIGATIONS OF DISTRIBUTION SYSTEM OPERATORS

The obligations of a distribution system operator are defined in § 59 of Act No. 458/2000 Coll. on business conditions and public administration in the energy sectors and on amendments to other laws (the "Energy Act"), as amended.

(1) The distribution system operator will have the right

a) to connect to the transmission system or other distribution system if the connection conditions have been met,

b) to information from other participants on the gas market needed to properly fulfil its obligations,

c) to access the transmission system, other distribution system and underground gas storage under the conditions laid down in this Act and to secure equilibrium between the volume of gas entering the distribution system and the volume of gas exiting the distribution system,

d) to establish and operate an internal telecommunication network for administering, measuring, security and automation of the distribution system operation and for transmitting information needed for the operation of IT and IS,

e) to establish and operate gas facilities on non-own real estate in conformity with the special legislation,

f) to enter and drive on non-own real estate to establish, construct, repair and operate the distribution system and gas connections,

g) to remove trees and branches and other vegetation, to dispose of removed and cut trees and other vegetation that poses risks for the safe and reliable operation of the transmission system if either the owner or user did not carry out the work after a prior notice and specification of the extent,

h) in conformity with special directives, to enter enclosed spaces and facilities used for the activities and services of the bodies of the Ministry of Defense, Ministry of the Interior, Ministry of Justice, Security Information Service and railway bodies, as well as to enter real estate where special telecommunication equipment is located to the extent and in the way needed to carry out the licensed activity,

i) in emergencies, to use to the extent required the gas facilities of customers for which the operator distributes gas ,

j) Limit or interrupt gas distribution in the following cases:

1. if there is an immediate hazard to life, health and property and for mitigating these conditions,
2. in an emergency or for activities immediately preventing an emergency,
3. to carry out and plan construction modifications and scheduled repairs of the distribution system facilities,
4. if faults occur in the distribution system equipment and to remove them,
5. if gas is consumed using devices hazardous to life, health or property,
6. if unauthorized gas consumption or unauthorized gas distribution occurs,
7. in the case of gas consumption when the customer repeatedly and without serious reason did not allow access to the measuring device or non-measured sections of the gas consumption device although the customer was demonstrably notified and requested to allow access at least 15 days in advance, to inspect, read, maintain, replace or remove the measuring device,
8. due to limitation or interruption of gas transmission by the transmission system operator,
9. if gas is supplied from a gas production facility with a hazardous effect on the safe and reliable operation of gas devices,

k) to buy gas to cover the losses in the distribution system or for its own consumption; this is not regarded as gas trade,

l) to close the main gas valve to avoid an immediate threat to human life.

(2) The distribution system operator must create an easement allowing the use of other owners' property or part of it for the purposes referred to in para 1 Clause e) on the basis of a contract concluded with the property's owner; if the owner is not known or identified or is definitely inaccessible or inactive or no contract could be negotiated with the owner, and the conditions for a limitation of the ownership title to land or property according to special legislation 4e), then the appropriate building authority will issue, at the distribution system operator's proposal, a decision on

creating an easement.

(3) If the distribution system operator damages the property of a freeholder or leaseholder by exercising its rights as referred to in para 1 Clauses e) to i), or the distribution system operator limits the freeholder or leaseholder's normal use of the property, then the holder will be entitled to an one-off compensation, including the costs of an expert opinion. The compensation claim must be filed with the distribution system operator that damaged the property or limited its use within 2 years from the date the freeholder or leaseholder first learned of the damage or limitation.

(4) In the cases referred to in para 1 Clauses d) to i), the distribution system operator must respect to the maximum possible extent the rights of the owners of the property and must immediately notify them of entering their property. When the work is completed, the distribution system operator must return the property to its previous state, and if that is impossible because of the type of work, the operator must bring the property to a state appropriate for its previous purpose or use and will immediately notify the owner of the property of this. When removing or cutting back trees, the distribution system operator must dispose of the trees and cuttings produced at its own expense.

(5) In the cases referred to in para 1 Clause j) Point 3, the distribution system operator must notify customers for whom the operator distributes and supplies gas of the commencement and end of the limitation or interruption of gas distribution and supply, no later than 15 days in advance, unless a shorter notification period has been agreed. Planned refurbishment, relocation, and repairs between 1 September and 31 May of the following calendar year may only be carried out if the customers concerned are notified of this in writing.

(6) In the cases referred to in para 1 Clause j), Point 6 the distribution system operator must resume gas distribution and supply as soon as the damage caused by unauthorized consumption or gas distribution immediately after removing the causes of the limitation or interruption, have been paid.

(7) In the cases referred to in para 1 Clause j), no damages or compensation for the loss of profit may be claimed. This provision will not apply if the distribution system operator fails to comply with its reporting duty referred to in para 5 or if the failure is demonstrably caused by the distribution system.

(8) The distribution system operator is further obliged to:

a) secure the safe and reliable operation and development of the distribution system in the area delineated in the license,

b) provide a distribution gas service,

c) pay the transmission system operator or operator of another distribution system a given share of the eligible expenses for connection to the transmission system or distribution system,

d) connect to the distribution system any applicant who/which so requests and meets the connection conditions, and announce the date when it will be possible to meet the request for connection; if the connection is not possible for reasons on the part of the distribution system operator than to notify the applicant the reasons for the inability to access,

e) to provide a service of the distribution system any applicant who/which so requests, is connected and meets the connection conditions except for a demonstrable insufficiency of free capacity for gas distribution or a threat to the safe and reliable operation of the distribution system or transmission system; the refusing of gas distribution service must be in writing form and justified.

f) provide equal conditions for access to the distribution system third parties under the conditions laid down in this Act,

g) maintain and publish the quality parameters of gas quality supply and related services, report to ERO compliance with the level of supply and service quality, and publish it in a manner enabling remote access,

h) provide the transmission system operator and the operators of distribution systems and underground gas storage operators and gas producers with information needed to mutually secure the operability of their systems,

i) secure gas measurement in the distribution system including evaluation and provide the measured and evaluated data to the market operator and gas market participants used for gas distribution,

j) prepare and submit to the Energy Regulatory Office the data needed for decisions on the prices charged for gas distribution,

k) keep separate accounts for gas distribution for regulatory purposes in accordance with the legal regulation,

l) provide the service of distribution system to the gas distribution operators not connected directly to the transmission system,

m) prepare a daily, monthly, annual and ten-year balance of the distribution system, assess it and provide it to the distribution system operator,

n) prepare contingency plans for the distribution system within 6 months of being granted a gas distribution license, send them to the Ministry, and update them annually,

o) announce the extent and dates of gas distribution facilities' down time and report the expected reduction of distribution capacity,

n) set up and operate a technical dispatching center to be responsible for the central control of the distribution system,

q) setup and operate points for gas quality monitoring if the points set up and operated by the transmission system operator are insufficient for monitoring gas quality,

r) at the request of a supplier, to provide the ultimate information about a customer and its consumption point to the extent required to secure the ultimate supply,

s) declare a state of emergency within the respective distribution system,

t) prepare and publish every year the estimated development of the distribution system for at least 5 year period,

u) ensure the connection of own gas facility to another distribution system at its own expense,

v) ensuring the protection of confidential information, including ensuring the protection of data transferred to the market operator,

w) prepare and submit the Distribution System Operator Order to the Energy Regulatory Office for approval, publish it and carry out the licensed activity pursuant to the Distribution System Operator Order,

x) prepare and submit to the Ministry and the Energy Regulatory Office every year not later than 1 March of the following calendar year a report on the quality and level of maintenance of the distribution system equipment,

y) ensure the promotion of power engineering services and their offer to customers at competitive prices,

z) at the request of a gas trader or gas producer, interrupt the gas supply in the case of unauthorized gas consumption.

aa) register at gas market operator within 30 days of the granting of the license for gas distribution; by registration a distribution system operator becomes a registered market participant

bb) to develop, within 6 months after granting the license for gas transmission and to specify, every other year to 31 March, the basis for preparation of the Preventive Action Plan and the Emergency Plan and send it to the Ministry,

cc) annually process and transmit by 31 March to TSO data on planned development of capacity of the transfer points between distribution and transmission system in the detail required for processing of ten-year network development plan of the transmission system,

dd) to pay the price for the market operator activities according to the Gas Market Rules,

ee) process and transmit tracking measurement data to market operator for the purposes of making the type diagrams of supply.

(9) If the distribution system operator, which is not directly connected to the transmission system, does not have approved its own Distribution System Operator Order pursuant to paragraph 8 point w), then it is used Distribution System Operator Order of the system which is directly connected to the transmission system, whose delimited area is located on.

RIGHTS AND OBLIGATIONS OF GAS STORAGE OPERATORS

The obligations of an underground gas storage operator are defined in § 60 of Act No. 458/2000 Coll. on business conditions and public administration in the energy sectors and on amendments to other laws (the "Energy Act"), as amended.

(1) The underground gas storage operator will have the right

a) to establish and operate an internal telecommunication network for administering, measuring, security and automation of the gas industry operation and for transmitting information needed for the operation of IT and IS,

b) to establish and operate gas facilities on non-own real estate in conformity with the special legislation,

c) to enter another owner's property with personnel and vehicles to set up and operate an underground gas storage facility,

d) to remove trees and branches and other vegetation, to dispose of removed and cut trees and other vegetation that poses risks for the safe and reliable operation of the transmission system if either the owner or user did not carry out the work after a prior notice and specification of the extent,

e) in conformity with special directives, to enter enclosed spaces and facilities used for the activities and services of the bodies of the Ministry of Defense, Ministry of the Interior, Ministry of Justice, Security Information Service and railway bodies, as well as to enter real estate where special telecommunication equipment is located to the extent and in the way needed to carry out the licensed activity,

f) to restrict or suspend to the necessary extent underground storage of gas activities in the following cases:

1. if there is an immediate hazard to life, health and property and for mitigating these conditions,
2. if an emergency occurs or for activities immediately preventing the emergency,
3. to carry out and plan reconstructions and scheduled repairs of underground gas storage facilities,
4. if faults occur in the underground gas storage equipment and to remove them,
5. in the case of unauthorized gas off-take or unauthorized gas storage,

g) to connect its facility to the transmission system or the distribution system at its own cost and under the conditions specified,

h) to purchase gas to cover losses in the underground gas storage facility or its own consumption or to create and maintain the basic content of the underground gas storage facility and sell gas to the extent of the obligations stipulated herein; this is not regarded as gas trade,

i) to information from other participants on the gas market needed to properly fulfil its obligations,

(2) The underground gas storage operator must create an easement allowing the use of other owners' property or part of it for the purposes referred to in Subsection 1 Clause d) on the basis of a contract concluded with the property's owner; if the owner is not known or identified or is definitely inaccessible or inactive or no contract could be negotiated with the owner, and the conditions for a

limitation of the ownership title to land or property according to special legislation 4e), then the appropriate building authority will issue, at the underground gas storage operator's proposal, a decision on creating an easement.

(3) If the underground gas storage operator damages the property of a freeholder or leaseholder by exercising its rights as referred to in para 1 Clauses a) to e), or the underground gas storage operator limits the freeholder or leaseholder's normal use of the property, then the holder will be entitled to an one-off compensation, including the costs of an expert opinion. The compensation claim must be filed with the underground gas storage operator that damaged the property or limited its use within six months from the date the freeholder or leaseholder first learned of the damage or limitation.

(4) In the cases referred to in para 1 Clauses a) to e), the underground gas storage operator must respect to the maximum possible extent the rights of the owners of the property and must immediately notify them of entering their property. When the work is completed, the underground gas storage operator must return the property to its previous state, and if that is impossible because of the type of work, the operator must bring the property to a state appropriate for its previous purpose or use and will immediately notify the owner of the property of this. When removing or cutting back trees, the underground gas storage operator must dispose of the trees and cuttings produced at its own expense.

(5) In the cases referred to in para 1 Clause f) Point 3, the underground gas storage operator must notify in writing the customers for whom the operator stores gas of the commencement and termination of the limitation or interruption of gas storage activities no later than 30 days in advance.

(6) In the cases referred to in Subsection 1 Clause f), the underground gas storage operator will resume gas storage activities as soon as the causes of the limitation or interruption of gas transmission are removed.

(7) In the cases referred to in para 1 Clause f), no damages or compensation for the loss of profit may be claimed. This provision will not apply if the underground gas storage operator fails to comply with its reporting duty referred to in para 5 or the failure was obviously caused by the underground gas storage operator.

(8) The underground gas storage operator is further obliged to:

a) secure the safe, reliable, economic operation, maintenance, extraction and development of the underground gas storage,

- b) secure a storage based on concluded contracts ,

- c) pay the transmission system operator or operator of another distribution system a share of the eligible expenses for connection the underground gas storage to the transmission system or distribution system,

- d) provide the operator of the transmission system or the operator of the distribution system to which its underground gas storage facility is connected with the information needed to mutually secure the interoperability of their systems and facilities,

- e) keep separate accounts for the underground storage ,

- f) prepare a daily, monthly, annual and ten-year balance of the capacities and performance of the underground gas storage, assess it and provide it to the distribution system operator,

- g) within 6 months of being granted the underground gas storage license, prepare emergency plan for the underground gas storage facilities, send it to the Ministry, and update it annually,

- h) announce the extent and dates of shut-downs at the underground gas storage facility and alert the expected reduction of storage capacity,

- i) set up and operate a technical dispatching center to be responsible for the central control of the underground gas storage facility,

- j) secure equal conditions for access to the underground gas storage under the conditions defined herein and allow access to the underground gas storage to everyone who asks for it and complies with the access conditions except for a demonstrable insufficiency of free capacity or a hazard to the reliable and safe operation of the underground gas storage, any refusal of access to the underground gas storage must be in writing form and justified,

- k) sell the gas of a market participant if the gas stored for reasons of the gas market participant was not withdrawn from the gas storage on the expiry of the contract; this is not considered as a gas trade

- l) declare a state of emergency within the underground gas storage facilities,

m) prepare and publish every year the estimated development of the underground gas storage for at least 5 year period,

n) protect any proprietary information that is a trade secret the transmission system operator may have learned during its activities, ensuring the protection of confidential information, including ensuring the protection of data transferred to the market operator,

o) prepare the Underground Gas Storage Operator Code, submit it to the Energy Regulatory Office for approval, publish it and carry out the licensed activity pursuant to the Underground Gas Storage Operator Code,

p) prepare and submit to the Ministry and the Energy Regulatory Office every year not later than 1 March of the following calendar year a report on the quality and level of maintenance of the underground gas storage equipment,

q) maintain and publish the quality parameters of gas quality supply and related services, report to ERO the level of supply and service quality, and publish in a manner allowing remote access,

r) publish information about the operation of the underground gas storage necessary for effective competition and effective operation of the gas market, which is not a business secret, this does not affect the obligations under point n),

s) register within 30 days of granting the license to operate the gas storage at market operator; After registering the operator of the gas storage becomes a registered market participant

t) within 6 months after granting licenses to gas storage develop materials for processing Preventive Action Plan and the Emergency Plan, and send them to the Ministry and every second year to specify them,

u) annually by 31 March process and transmit data on planned operating volume and maximum injection and withdrawal capacity of gas storage for a period of at least 10 years to TSO for processing of ten-year network development plan of the transmission system.

RIGHTS AND OBLIGATIONS OF GAS TRADERS

The obligations of a gas trader are defined in § 61 of Act No. 458/2000 Coll. on business conditions and public administration in the energy sectors and on amendments to other laws (the "Energy Act"), as amended.

(1) The gas trader will be entitled

- a) to purchase gas and sell it to other gas market participants,
- b) to purchase gas from other countries and sell it to other countries,
- c) to access the transmission system, distribution systems, underground gas storage facilities under the conditions set out herein,
- d) to suspend or terminate the gas supply to a customer if unauthorized gas consumption occurs,
- e) to information from the market operator, transmission system operator, distribution system operators needed to settle the gas supply to customers whose consumption point is connected to the transmission system or distribution system,
- f) to the information from other participants on the gas market needed to properly fulfil its obligations,
- g) to use the services of gas transmission or storage services or service distribution system for the delivery of the agreed amount of gas to customers.

(2) The gas trader is obliged to

- a) prepare daily, monthly, annual and ten-year balances of gas trading, including information on gas exports from and gas imports to the Czech Republic including specifying the gas sources, review them and submit them together with monthly data concerning the number of customers with an annual consumption of less than 4 200 MWh, who changed their gas suppliers, to the market operator and the transmission system operator,
- b) observe the instructions issued by the dispatching centers of the appropriate operators, when a state of emergency is declared,
- c) maintain the balance between the volume of gas entering the gas system and the volume of gas leaving the gas industry at the same time,
- d) ensure a safe and reliable gas supply to end customers to which the trader supplies gas while keeping the safety standards,

e) submit to the transmission system operator, the appropriate distribution system operator or the underground gas storage facility operator information needed for the safe and reliable operation of the gas system,

f) carry out the activities of the supplier of the last resort according to § 12a,

g) keep separate accounts for the gas supply of the last resort,

h) maintain and publish the quality parameters of the gas quality supply and related services,

i) provide the market operator information needed to carry out its obligations according to § 20a,

j) register for gas trade activities with the market operator within 30 days of being licensed for operation; the gas trader becomes a registered market participant when registered,

k) promote power engineering services and their offers to customers at competitive prices,

l) provide its customers with information in a way allowing remote access to the Energy Consumer Checklist developed by the Commission and published by the Energy Regulatory Office,

m) if a customer wants to change gas supplier, inform the customer intending to withdraw from the gas supply contract of the date of terminating the contract if information about the beginning and duration of the notice period is not specified in the business terms and conditions.

n) develop, within 6 months after granting the license for gas trading, the basis for risk assessment for preparation of the Preventive Action Plan and the Emergency Plan, send them to the Ministry and to specify them every second year

o) pay the price for the market operator activities according to the Gas Market Rules,

p) state truthful and complete information by performing acts necessary for making the choice or change of gas supplier and at the request of the Energy Regulatory Office to submit data and documents used for their verification.

The way of safeguarding the security standard of supplies for protected customers is laid down in

§ 11 of the Decree on a state of emergency in the gas industry and safeguarding the security standard of supplies.

- (1) The extent of the security standard for protected customers according to the directly applicable legislation (Reg. 2017/1938) will be stipulated according to appendix No. 3 of the Decree.
- (2) From 1 May of a particular year, the market operator will update and publish input information for calculating the security standard in way allowing remote access. A sample of the input data for calculating the security standard published by the market operator is given in Appendix No. 4 of the Decree.
- (3) From October 1 to March 31, the security standard stated in App. 3 (1) is **at least 30% of the stored gas** in the underground gas storages in the European Union.
- (4) A gas trader who delivers gas to protected customers provides the documents regarding the way of security of supply standard for the upcoming period to the Energy Regulatory Office up to August 31 of that year in writing form.

Information about the extent of the safety standards laid down pursuant to paragraph 1 and about the way of its security is forwarded by gas trader in a form, a model of which is shown in Annex no. 5 hereto, and no later than the 15th day of the following month to the market operator and the Energy Regulatory Office. Provision of the security standard will be demonstrated as follows:

- a) for gas stored in underground gas storages in the Czech Republic, writing confirmation of the amount of stored gas from the underground gas storage operator and a document showing the arrangement of fixed transmission capacity at the entry point of virtual gas storage,
 - b) for gas stored in underground gas storages out of the Czech Republic, a writing evidence of the amount of stored gas from the underground gas storage operator and simultaneously writing evidence of assuring the fixed transmission capacity to the Czech Republic,
 - c) for diversified gas resources, a writing evidence of supply of appropriate amount of gas from a supplier and simultaneously writing evidence of assuring the fixed transmission capacity to the Czech Republic,
 - d) for gas production which is demonstrably recoverable by a contract or a verified copy of a contract or writing confirmation from the appropriate license holder for gas production; the gas production is an equivalent alternative for safeguarding the security of supply according to § 11, sub 3,
 - e) writing confirmation of the protected customer concerned on using alternative fuels and a copy of a gas supply contract through which the gas supply can be interrupted,
 - f) writing confirmation of safeguarding the security standard by another gas market participant. The form of safeguarding is stated in the Annex no 6 of this Decree.
- (5) The gas market participant who undertakes to provide the security standard according to section 4, point f), must include in its gas supply security standard the extent of the security standard of the gas trader or gas producer for whom the confirmation of providing the security standard has been issued.
 - (6) The security standard specified in Appendix No. 3, subsection 1 point c) shall be provided other way than through the gas infrastructure which was defined by the transmission system operator as the single largest gas infrastructure in order to establish the infrastructure standard according to directly applicable European Union rule. Information on the identification of the single largest gas infrastructure TSO publishes on its website by 15 February of a given year.
 - (7) If a gas trader is kept by the DSO as a customer with a consumption point and does not have access to the input data necessary to calculate the safety standard, in the cases where such a supply point
 - a) is not included in the category of protected customers, security of supply standard is not safeguarded for cases according to the directly applicable rule of the European Union,

b) is included in the category of protected customers, security of supply standard is safeguarded and demonstrated by the other market participants with access to the input data of this consumption point for the calculation of the security standard for cases according to the directly applicable rule of the European Union.

Facts, according to a) or b) a gas trader announces the ERO in writing not later than 31 August of a given year.

RIGHTS AND OBLIGATIONS OF INDUSTRIAL CUSTOMERS

The obligations and rights of customers are generally defined in § 62 of Act No. 458/2000 Coll. on business conditions and public administration in the energy sectors and on amendments to other laws (the "Energy Act"), as amended.

(1) The customer will have the right

- a) to have its supply facility connected to the transmission system or the respective distribution system in compliance with the applicable connection conditions, if the customer has the consent of the owner of applicable real estate,
- b) to select and change its gas supplier free,
- c) to have an agreed volume of gas transported, as long as the eligible customer holds a signed contract with the transmission system operator or a distribution system operator and the technical conditions of the transmission system or the respective distribution system allow it,
- d) to establish a direct gas line under the terms and conditions specified herein,
- e) to access the transmission system, distribution system, underground gas storage facilities and free accumulation under the terms and conditions specified herein.
- f) to provide another person consumed gas through its own or operated gas consuming equipment; costs of gas purchase for these persons will be charged only by agreed manner.

(2) The customer shall:

- a) Pay the gas producer or transmission system operator or operator of another distribution system a share of the eligible expenses for connecting the underground gas storage to the transmission system or distribution system to,
- b) Allow the operator of the transmission or distribution system to which the eligible customer is connected to install a metering device,
- c) Provide access to the metering device for the operator of the system to which the eligible customer is connected,
- d) Follow the instructions of the technical dispatching centers of the transmission system operator or distribution system operator,
- e) Deliver monthly data on gas supply to the market operator, if the customer acquires gas from a gas producer, including imported gas
- f) Keep the gas supply facility in a state of repair in which it cannot endanger the life, health or property of people, and if a defect is found, to remove it without undue delay,
- g) When the distribution system, including connection lines, is reconstructed, respect the new place of connection as set out by the relevant distribution system operator, including transferring the main shutoff valve and metering device to a publicly accessible place; the costs of the changes will be paid by the distribution system operator,
- h) If the customer acquires gas by its own means and is not a household, provide the transmission system operator, distribution system operator or underground gas storage facility operator with the information needed for the safe and reliable operation of the gas system;
- i) To pay the supplier of last resort for the gas supply according to § 12a from the moment the supply starts;
- j) When applying the right to choice a supplier according to section 1, point d), to keep the agreed notice period if concluding a contract for an indefinite period of time.

(3) A customer who acquired gas on its own is obliged to:

- a) maintain the balance between the volume of gas entering the gas system and the volume of gas leaving the gas system at the same time;
- b) provide the market operator with the information needed for the market operator to carry out its obligations according to § 20a;

(4) The owner of a property to which gas is supplied contractually to customers in this property is obliged to:

- a) enable this supply to eligible customers;
- b) keep the common gas supply facility used for this supply in a state compliant with the legal regulations, technical standards and technical rules for a safe and reliable gas supply so that it cannot endanger the life, health or property of people, and if a defect is found, remove it without undue delay;
- c) allow the distribution system operator access to the gas supply facility located in the owner property where the non-measured gas flows.

(5) A common gas supply facility for supplying gas within one building (property) must be treated as part of that building (property).

(6) The owner of the gas supply equipment connected to the withdrawal pipeline, to transmission system or distribution system in the event of termination of operation of this gas supply equipment is obliged to pay the respective operator of the withdrawal pipeline, to the transmission system operator or the distribution system operator all costs demonstrably incurred in conjunction with removing the gas supply equipment from withdrawal pipeline, transmission system or distribution system.

Industrial customers shall also follow the applicable decree of the Ministry of Industry and Trade on a state of emergency and the way of safeguarding the security standard and limit their consumption according to the declared control level to avoid a state of emergency or the declaration of a state of emergency.

RIGHTS AND OBLIGATIONS OF MINISTRY OF INDUSTRY AND TRADE

The Ministry as the central public administration body for the energy sector shall inform the Commission of the European Communities (hereinafter the "Commission") of:

1. Measures taken to safeguard the supply of last resort, protect customers, environmental protection and their effect on fair competition;
2. Protective measures taken if an immediate crisis in the energy market occurs, if there is a threat to the safety of people and equipment and a threat to the coherence of energy systems; it must also inform all Member States of the European Union;
3. Electricity imports from the viewpoint of physical flows that occurred during the previous 3 months from third countries, i.e. once every 3 months;
4. Reasons for refusing applications for granting a public authorization;
5. Facts about the combined generation of electricity and heat;
6. Annual statistics on the output of combined generation and the fuel used for this purpose and reporting primary energy savings accomplished by combined generation; electricity market participants, the electricity market operator and the Energy Regulatory Office will provide the Ministry with the information needed for this purpose;
7. Capability of the electricity system to secure supplies covering existing and expected electricity demand;
8. Operational security of the transmission system and distribution systems;
9. Expected balance between the supply and demand during the next five years;
10. Outlook for the security of electricity supplies from five to fifteen years of informing the Commission;
11. Investment plans of the transmission system operator and intentions of other entities known to it and related to providing cross-border interconnection capacity during the next five or more calendar years;
12. Investment projects related to the energy infrastructure;
13. Gas supply contracts with a cross-border dimension and a duration of more than one year

MPO (MIT) is the Competent Authority for implementing measures defined by Regulation No. 2017/1938 on measures to safeguard the security of the gas supply.

REPORTING OBLIGATIONS OF GAS INDUSTRY UNDERTAKINGS

The reporting obligations of individual gas market participants are laid down both in the provision of Act No. 458/2000 Coll. business conditions and public administration in the energy sectors and in amendments to other laws (the "Energy Act") and in addition, they are given in detail in the decree of the Ministry of Industry and Trade No. 344/2012 Coll., on a state of emergency in the gas industry and safeguarding of the security standard.

Gas producer

According to § 57, § 8, point h), a gas producer shall declare a state of emergency within the gas production facility and withdrawal pipelines.

Transmission system operator

According to § 58, § 8, point q), the transmission system operator is obliged to manage the gas system of the Czech Republic in a state of emergency.

Distribution system operator

According to § 59, § 8, point s), a distribution system operator is obliged to declare a state of emergency within its distribution system.

Underground gas storage operator

According to § 60, § 8, point m), an underground gas storage operator is obliged to declare a state of emergency within its underground gas storage.

The decree of the Ministry of Industry and Trade on a state of emergency in the gas industry and the way of safeguarding the security standard defines in detail in its provisions the activities of the gas industry undertakings in preventing of a state of emergency in § 3, in a state of emergency in § 4 and the way of declaring consumption levels in § 6.

ANNEX 2 - CRISIS COMMITTEES AND THEIR TASKS

EMERGENCY COMMITTEES OF GAS UNDERTAKINGS

Transmission system operator

Act No. 458/2000 Coll., on business conditions and public administration in the energy sectors and on amendments to other laws authorizes the transmission system operator to manage the gas industry system of the Czech Republic under a state of emergency in Section 58, subsection 1, point q). The Decentralized emergency committee of the transmission system operator is used to do this, as well as the Central emergency committee of representatives of individual distribution system operators, underground gas storage operators, gas producers, and the Ministry of Industry and Trade.

- **TSO declared a state of emergency in accordance with the Act no. 458/2000 Coll., § 73, para. 3**
- **TSO has the right according to law no. 458/2000 Coll., § 58, para. 1 point. h) in state of emergency to use to the necessary extent gas facilities of customers for whom gas is transmitted.**

The Decentralized emergency committee of the transmission system operator is used to deal with a crisis situation in the gas transmission system, especially:

- solving extraordinary situations on the gas transmission system caused by natural disasters;
- adopting measures to prevent a state of emergency;
- removing extensive accidents in the gas system with a subsequent state of emergency;
- long-term insufficiency of natural gas resources;
- solving a state of emergency, including measures adopted to remove it;
- danger to the integrity of the gas system, its security and reliability;
- identifying, measuring, managing and reporting risks society is exposed to. Risk management is described in a separate document and the Risk management committee becomes an advisory body to the Decentralized emergency committee during a state of emergency.
- threat of terrorist attack.

The task of the Decentralized emergency committee of the transmission system operator is to restore safe natural gas transmission and supplies as soon as possible. The Decentralized emergency committee is directly responsible for dealing with a crisis situation and is superior to the emergency commissions.

The emergency commission of the transmission system operator is an expert advisory body of the Decentralized emergency committee for:

- solving extraordinary situations in the gas system;
- the second phase of removing accidents and failures in declaring a state of emergency;
- adopting measures to prevent a state of emergency.

The task of the emergency commission is to restore the safe supply and transmission of natural gas as soon as possible.

As a chairman of the emergency commission is appointed the Chief Operating Officer.

Emergency commission is convened by the chairman or directly by the chairman of the Decentralized emergency via the technical control center of PPS immediately if the following extraordinary situations occur:

- declaration of a state of emergency for the whole gas system;
- activities to prevent a state of emergency and in a state of emergency;
- spontaneous and forced shutdown of a stretch of gas pipeline due to a natural gas leak or deformations at transitions;
- spontaneous and forced shutdown of a natural gas pipeline in a compression station due to a natural gas leak or deformation of the gas pipeline;
- emergency disruption of any device of the gas system excluding further operation of the device.

Distribution system operators

Emergency commission

The Emergency commission is established to quickly and effectively manage extraordinary situations affecting the safe and reliable operation of gas system facilities and natural gas supplies to customers.

The Emergency commission coordinates the work to remove the consequences of extraordinary situations in the gas system facilities operated by distribution system operators and work to quickly restore the natural gas supply.

The Emergency commission investigates the root causes of these extraordinary situations and publishes statements on discovered facts. All extraordinary situations must be thoroughly investigated and based on it an emergency protocol (extraordinary situation protocol) must be made.

Convening Emergency commission sessions

After analyzing the information about an extraordinary situation the commission chairman decides whether to convene an Emergency commission session.

A session is convened by the Technical Control Centre Service Provider on the instructions of the Emergency commission chairman,

The members of the Emergency commission must immediately attend the session at the venue and actively participate in the activities of the Emergency commission.

The Emergency commission is summoned by phone. The names of the members of the Emergency commission, including their contact details, are given in the emergency plan of the distribution system operator.

All members of the Emergency commission shall immediately inform the legal department manager of the distribution system operator of any changes in the contact data given in the emergency plan.

Obligations and rights of the Emergency commission chairman

- decides to convene the Emergency commission immediately after analyzing information about an extraordinary situation and decides on termination of the activities of the Emergency commission
- sets the agenda of the Emergency commission's session,
- ensures the extraordinary situation is investigated by the relevant bodies if someone is hurt or killed according to government decree No. 494/ 2001 Coll.,
- decides about declaring an accident at gas equipment (GE), proposes declaring or terminating of preventing a state of emergency or a state of emergency and a declaration or change of the consumption level,
- manages the activities of the Emergency commission,

- appoints a manager for liquidation of accidents (the appointment is registered in writing),
- coordinates the organization of work (in cooperation with other members of the Emergency commission) when removing the consequences of an accident or preventing a state of emergency, during a state of emergency or declaring a crisis situation,
- coordinates requests for assistance from foreign gas industry undertakings (para 73 of Act No. 458/2000 Coll., as amended), integrated rescue system etc.
- decides on expanding the Emergency commission with other employees of the Service provider, distribution system operator or external companies for a session of the Emergency commission,
- informs the managers of distribution system operators, managers of the Service provider (or board of directors of the Service provider) and the Central emergency committee about handling an extraordinary situation,
- if he/she is absent, provably appoints his/her representative and informs the provider of the technical control center of this,
- processing the summary evaluation of all resolved extraordinary situations in the year including evaluating all corrective measures adopted (the evaluation must be delivered to the distribution system operator's Distribution Service Management Director by 31 January of the next year at the latest).

The obligations and rights of the vice-chairman of the Emergency commission

- takes all the rights and obligations of the chairman if the chairman of the Emergency commission is absent
- if he/she is absent, provably appoints his/her representative and informs the provider of the technical control centre of this,

The obligations and rights of the secretary of the Emergency commission

- makes the minutes of a meeting of the commission and is responsible for distributing them, keeps administrative and documentation affairs of the commission of an extraordinary situation being discussed (if the secretary is absent, these activities are carried out by another member of the Emergency commission appointed by the chairman),
- verifies the formal and material correctness and completeness of documents to be discussed during the session, modifies and returns them for reprocessing, is responsible for divulging the commission materials to invited employees,
- if he/she is absent, provably appoints his/her representative.

Obligations and rights of members of the Emergency commission

- thoroughly reads all documents to be discussed,
- applies his/her knowledge and experience in solving extraordinary situations,
- carries out tasks imposed by the chairman of the Emergency commission,
- if he/she is absent from the session, provides his/her statement in writing to the secretary of the Emergency commission on request,
- they are bound by confidentiality about the results of the meeting of the commission and the same applies to all invited persons; this liability does not apply to information to be divulged by law,
- cooperates in processing the emergency protocol,
- are authorized to invite an eligible expert from the department managed by them,
- if he/she is absent, provably appoints his/her representative and informs the provider of the technical control center of this,

Obligations and rights of the accident removal manager

- responsible for the quality and speed of all work associated with accident removal while keeping all applicable legislation, technical standards and rules,
- proceeds according to this directive after the accident is classified,
- depending on the nature and extent of the accident, applies and secures what is needed to quickly remove its consequences,
- appoints and removes the intervention manager (in compliance with the applicable internal directive of the Service provider) who directly manages employees on site involved in accident removal,
- if required by the circumstances, requests either independently or in cooperation with the chairman the cooperation of the integrated emergency system units including assistance from foreign gas industry undertakings,
- depending on the seriousness of the accident, adopts arrangements to rescue people and property in danger and to avoid additional damage using all the measures available,
- organizes the necessary measures for operating a gas facility if the accident is of the extent that delay could cause threaten the safety of people, property or GE operation, shuts down the relevant gas facility even without the prior approval of the control centre after considering all the resulting consequences,
- is authorized to ask the Emergency commission for a stand in if he/she is temporarily unable to carry out his/her duties for any reason. In this case, he/she makes a record of handing over the position showing the date and time and informs in detail his/her successor about all measures made and instructions issued,
- continuously submits information about the consequences of removing an accident on to chairman or vice chairman of the Emergency commission,
- is permanently available for communication with the Emergency commission,
- makes sure detailed records about the course of the event are kept, registers all instructions received and made, gets the information and documents needed to investigate the root causes of the accident, processes a draft for the emergency plan and submits it to the chairman of the Emergency commission within the deadline stipulated by the chairman of the Emergency commission.

Until the accident removal manager is appointed by the chairman of the Emergency commission, all activities are carried out by the emergency manager out of working hours and the operations area manager of the Service provider or his/her assistant in working hours.

Emergency protocol

After the work to remove the consequences of the accident or other extraordinary event, the commission will produce the emergency protocol (extraordinary event protocol).

The protocol will include particularly the following data:

- Place of the accident (extraordinary event),
- Time of the accident (extraordinary event),
- Time the accident (extraordinary event) was reported,
- Accident removal manager,
- Time the removal work ended,
- Description of the accident (extraordinary event),
- Description of the course of the work to remove the consequences,
- Root causes of the accident (extraordinary event),

- Corrective measures adopted,
- Amount of damage,
- The signatures of the chairman and vice chairman of the Emergency commission and of a member of the Emergency commission.

Operators of underground gas storage facilities

The basic obligations and rights of the chairman and members of the Emergency commission as well as of the accident removal manager are similar to the transmission system or distribution system operators.

Declaration of preventing a state of emergency, declaration of a state of emergency

The purpose of declaring activities to prevent a state of emergency and declaring a state of emergency is to balance the available resources and natural gas consumption due to an extraordinary situation. The consumption levels for limiting natural gas consumption are used for this. Details are specified in the decree of the Ministry of Industry and Trade No. 344/2012 Coll. on state of emergency in the gas industry and safeguarding the security standard of gas supply.

If a declaration of preventing a state of emergency is issued, the operation of underground gas storage technological facilities is configured so that the available capacity is not limited and the underground gas storage is ready for extraction.

A state of emergency is a situation occurring in the storage system or any part of it due to extraordinary situations. A state of emergency is declared and cancelled according to Act No. 458/2000 Coll. (Energy Act), Section 60, subsection 8, point m):

By the chairman based on a decision of the decentralized emergency committee and in conformity with the emergency plan.

Declaration of a state of emergency

The purpose of declaring a state of emergency is to mobilize employees, the rescue service, suppliers and to carry out measures to remove the accident and restore the operation of the underground gas storage.

- a) A state of emergency for the whole gas storage system is declared by the chairman of the Decentralized emergency committee or his/her representative. The chairman of the Decentralized emergency committee or his/her representative decides about submitting information to the coordinator of the Central emergency committee. If the Central emergency committee is summoned, the next steps are defined in the directive of the Central emergency committee. Declaring a state of emergency is carried out via the coordinator of the Decentralized emergency committee. Communication between the Decentralized emergency committees of the transmission system operator, distribution system operator, underground gas storage operator or the Central emergency committee must be secured when a state of emergency is declared.
- b) The start and end of the underground gas storage accident is determined by the accident removal manager according to decree of ČBÚ No. 71/2002 Coll. as amended.

CENTRAL EMERGENCY COMMITTEE OF GAS SYSTÉM OF THE CZECH REPUBLIC

The Central emergency committee (CEC) was established to handle situations occurring when a state of emergency in the Czech Republic gas system is declared. The members of the Central emergency committee are representatives of:

- the transmission system operator
- distribution system operators
- underground gas storage operators
- gas producers
- the Ministry of Industry and Trade.

The members of the Central emergency committee have decision-making authority in their undertakings.

The Central emergency committee is established based on approval by the transmission system operator, distribution system operators, underground gas storage operators, gas producers and the Ministry of Industry and Trade. Validation of the consent to establish the Central emergency committee is specified in Appendix of the Emergency plan of the gas system of the Czech Republic where individual gas companies appoint their representatives for the Central emergency committee of the Czech Republic.

The Central emergency committee is responsible for restoring natural gas supplies in the gas system of the Czech Republic as soon as possible after a state of emergency is declared from the following reasons:

- Disruption of natural gas supplies to the Czech Republic,
- Natural disasters,
- Terrorist attacks,
- Large scale accidents.

If natural gas supplies are disrupted at all entry points of the Czech Republic and a state of emergency is declared across the gas system of the Czech Republic, the Central emergency committee will be responsible for safely shutting down the gas system of the Czech Republic.

In a state of emergency, the Central emergency committee is summoned automatically according to appendix No. P.5. In status of preventing a state of emergency the Chairman will decide about summoning the Central emergency committee. Each member of the Central emergency committee has the right to ask the chairman to summon the Central emergency committee even if there is no state of emergency. In this case, the chairman decides about summoning it.

The Central emergency committee can be extraordinarily summoned for local states of emergency, a large scale accident, natural disasters etc. on the transmission system, distribution systems, in underground gas storages and gas producers. This situation occurs when the extraordinary situation cannot be handled/resolved by the relevant gas undertakings alone. In this case the chairman of the Central emergency committee can summon only a part of the Central emergency committee with selected representatives of the undertakings needed to solve the situation.

Principles of functioning of Central emergency committee operation

All members of the Central emergency committee must take all measures in their responsible areas needed to deal with a crisis situation. The measures can be informative, strategic, operative, technical or organizational. The measures must be documented and their implementation must be checked by and reported to the Central emergency committee.

Summoning of CEC

The control centre of the transmission system operator summons the Central emergency committee members in a state of emergency. The names and contact details are specified in Appendix No. P.1.

The control centre of the transmission system operator will carry out a primary analysis of the situation. The investigated and verified information is immediately submitted to the chairman of the Decentralized emergency committee of the transmission system operator. Pursuant to the rules of the emergency plan of the gas transmission system, the chairman will summon the Central emergency committee and if the chairman is absent, the agenda will be managed by his/her representative.

When reviewing a crisis situation the following must be considered and checked:

- Veracity of the information
- Current threats
- Credibility of the informant (if terrorist attacks are notified)
- National/international influence

Tasks of the Central emergency committee of the Czech Republic gas system

- Analysing and documenting the situation, assessing the possible development
- Realizing all measures and decisions to limit the damage to an unavoidable minimum in a state of emergency
- Approving or rejecting the basic arrangements for liquidation of extraordinary events, failures and accidents on the gas system which result in declaring a state of emergency throughout the gas system of the Czech Republic
- Discussing and approving emergency protocols
- Determining the communication strategy needed to deal with the crisis and setting out the rules for internal and external communication
- Suitable communication with the public (mass media) when declaring a state of emergency and cancelling it
- Cooperation with the state administration

ANNEX 3 - DESCRIPTION OF PREVENTION MEASURES AND EMERGENCY STATUS

MARKET MEASURES AT ALERT LEVEL (CHAPTER 6.1)

Preventing emergencies §3 Decree No 344/2012

- (1) When preventing a state of emergency in the phase of early warning announced by TSO for the whole state
 - a) transmission system operator uses the accumulation of the transmission system, the distribution system operators use the accumulation of distribution systems,
 - b) underground gas storage operators check the preparedness of the underground gas storage facilities for maximum withdrawal, gas producers check the preparedness for maximized gas production and operation of withdrawal pipelines and inform the transmission system operator about the results of the check without undue delay,
 - c) gas traders check their options of increasing gas imports and submit a report on the results of the check without undue delay to the transmission system operator,
 - d) based on instructions from the transmission system operator, the market operator will immediately communicate the settlement electronically to all entities and registered gas market participants that the next gas day the business settlement of deviations will be launched to prevent an emergency.
- (2) When preventing a state of emergency in the alert phase declared by TSO for the whole state the same market mechanisms are applicable as for the prevention of emergencies at the stage of early warning:
 - a) the contracted gas volume transmission or distribution as well as the contracted gas supply to all consumer points of customer group A to the extent of their possibilities of switching to an alternative fuel via the consumption level 1 are limited,
 - b) unless the measure according to a) is not sufficient, TSO instructs that the contracted gas volume transmission or distribution and the contracted gas volume to all consumer points of customer groups B1, B2, C1, C2 and E (whose the trader notified about preventing a state of emergency due to no gas supply or substantial negative gas supply variations ie. the negative difference between the contracted volumes and really withdrawn volume of gas) are interrupted; for those groups of customers the responsibility is taken by the subjects of settlement with negative preliminary total imbalance for the previous gas day.
- (3) The interruption of contracted gas transportation or distribution of gas and contracted gas supply to all customers consumption points groups B1, B2, C2 and E will gradually proceed from clearing entities with the highest ratio of preliminary total imbalance cleared entity / a total preliminary consumption of customers' consumption points for which this entity settlement takes responsibility for deviation, to the settlement entity, when the cumulative value of the consumption points of customers groups B1, B2, C2 and E for the previous gas day that this procedure was interrupted, reaches the value set by the TSO.
- (4) Identification of the consumption points concerned is announced by market operator immediately after the evaluation of imbalances to transmission system operators or distribution system operators, whom consumption points are connected, as well as the relevant gas traders.
- (5) By the prevention of a state of emergency in early warning phase or alert phase the proceedings are in accordance with the emergency plan of the gas system of the Czech Republic and the emergency plans of the transmission system operators, distribution system operators, gas storage operators and gas producers.
- (6) The transmission system operator or distribution system operator must without undue delay inform connected distribution system operators, underground gas storage operators, gas producers, the market operator and gas traders, who deliver gas to customers in the area, about preventing a state of emergency in the early warning phase by an electronic message or otherwise. No later than one hour after launching activities to prevent a state of emergency in the phase of

early warning the transmission system operator or the respective distribution system operator inform about preventing a state of emergency in the stage of early warning by electronic communication ministry, the Energy Regulatory Office and the Ministry of Interior. The same information is also communicated by TSO to all regional offices and the Prague City Hall and by the DSO to the locally competent regional office or the Prague City Hall by means of an electronic communication. A similar approach is used in the termination of prevention of emergency.

- (7) The prevention of emergency in the alert phase the transmission system operator or the respective distribution system operator informs the same way as in paragraph 6 and further announces it through a nation-wide radio programs pursuant to the Act on Czech Radio. A similar approach is used in the termination of prevention of emergency. The TSO informs about the procedure pursuant to paragraph 2. b) paragraphs 3 and 4, the same way how it informs about the prevention of emergency in the alert phase.

NON-MARKET MEASURES IN A STATE OF EMERGENCY AND THEIR EFFECTS (CHAPTER 6.2)

State of emergency - §4 Decree No 344/2012

State of emergency is stated in § 73 of the "Energy Act" no 458/2000 Coll.

- (1) In a state of emergency, the agreed transmission or gas distribution and the agreed natural gas supply to all customers can only be limited or suspended by declaring the consumption level. State of emergency can be declared even without prior notice to some of the phases to prevent emergencies, when it is clear that the situation on the gas system or its parts can not be handled by any of the measures referred to in § 3.
- (2) When preventing emergencies if there is reduction or interruption of contracted gas transmission or distribution and contracted gas supplies to supply points of some groups of customers under § 3 para. 2, the restrictions or interruption remain in force even after the declaration of a state of emergency.
- (3) The consumption levels are declared so that a higher consumption level can be declared without prior declaration of a lower consumption level.
- (4) A state of emergency is declared by the transmission system operator or distribution system operator via Czech Radio, ČRo 1 – Radiožurnál station and in a way allowing remote access or using other mass media and without undue delay TSO informs the relevant licensed gas trader, operators of connected distribution systems, underground gas storage operators, the market operator, the Ministry, Energy Regulatory Office and Ministry of the Interior, the local regional authority or Prague Municipality Office. The distribution system operator announces a state of emergency to concerned local regional authority of Prague City Hall using electronic communication. Similar procedures will be used to terminate the state of emergency.
- (5) State of emergency activities are carried out in the following order:
 - a) the consumption levels for limiting the natural gas supply are declared,
 - b) the consumption levels for suspending the natural gas supply are declared,
 - c) the emergency consumption level is declared, which suspends the natural gas supply to all customers.
- (6) When removing the consequences of a state of emergency, the emergency plan of the gas system of the Czech Republic is followed as well as the emergency plans of gas producers, transmission system operator, distribution systems operator and underground gas storage operators.

CONSUMPTION LEVELS - § 6 DECREE NO 344/2012

(1) The Transmission System Operator declares consumption levels for the entire territory of the state through the Czech Radio Broadcasting, ČRo 1 - Radiožurnál station in regular daily sessions at 6.00 and 13.00 hours after the termination of the news session and on the website of the operator, the transmission system, or other mass media. In the case of a declaration other than the basic consumption level, the declaration is more often done, depending on the seriousness of the situation.

(2) The distribution system operators shall declare other than basic consumption level for a certain part of the territory of the state through the Czech Radio broadcasting nationwide program, radio stations ČRo 1 - Radiožurnál according to the seriousness of the situation and on the website of the market operator, the respective distribution system operator or other mass media.

(3) The transmission system operator or the operator of the relevant distribution system shall notify the relevant distribution system operators, gas storage operators, gas producers, the Ministry, the Energy Regulatory Office, the Ministry of the Interior, the local competent authority or the City of Prague Municipality, the relevant municipalities, The Police of the Czech Republic. The Transmission System Operator shall also announce the declaration of an emergency consumption level to the General Directorate of the Fire Brigade of the Czech Republic and the operator of the respective distribution system shall announce the declaration of the emergency consumption level to the respective fire brigade of the region. At the end of the emergency consumption level the procedure is similar.

The consumption levels are divided into:

- a) basic level i.e. unlimited consumption of the contractually agreed daily gas consumption,
- b) consumption levels for limited gas supplies:
 1. consumption level 1, i.e. limited gas supply for the consumption points of customer group A to the extent of their possibilities of switching to an alternative fuel,
 2. consumption level 2, i.e. limited gas supply for the consumption points of customer group A to the extent of their possibilities of switching to an alternative fuel and limited daily gas consumption on the consumption points of customer group B1 to the value of the permitted daily consumption,
 3. consumption level 3, i.e. limited gas supply for the consumption points of customer group A to the extent of their possibilities of switching to an alternative fuel and limited daily gas consumption on the consumption points of customer groups B1 and B2 to the value of the permitted daily consumption,
 4. consumption level 4, i.e. limited gas supply for the consumption points of customer group A to the extent of their possibilities of switching to an alternative fuel and limited daily gas consumption on the consumption points of customer groups B1 and B2 to the value of the permitted daily consumption, and reduced daily gas consumption on the consumption points of customer group C2 by 70% compared to the daily value of the previous business day,
 5. consumption level 5, i.e. limited gas supply for the consumption points of customer group A to the extent of their possibilities of switching to an alternative fuel and limited daily gas consumption on the consumption points of customer groups B1 and B2 to the value of the permitted daily consumption, and reduced daily gas consumption on the consumption points of customer group C2 by 70% compared to the daily value of the previous business day, and reduced daily gas consumption on the consumption points of customer group E by 20% compared to the value specified in the gas distribution contract,

- c) consumption levels for disruption of gas supplies:
1. consumption level 6, i.e. disrupted natural gas supply to the consumption points of customer group B1, limited daily gas consumption to the consumption points of customer group B2 to the value of the permitted daily consumption, limited gas supply for the consumption points of customer group A to the extent of their possibilities of switching to an alternative fuel and reduced daily gas consumption on the consumption points of customer group C2 by 70% compared to the daily value of the previous business day, and reduced daily gas consumption on the consumption points of customer group E by 20% compared to the value specified in the gas distribution contract,
 2. consumption level 7, i.e. disrupted gas supply for the consumption points of customer groups B1 and B2, reduced daily gas consumption on the consumption points of customer group C2 by 70% compared to the daily value of the previous business day, reduced gas supply to the consumption points of customer group A to the extent of their possibilities of switching to an alternative fuel and reduced daily gas consumption on the consumption points of customer group E by 20% compared to the value specified in the gas distribution contract,
 3. consumption level 8, i.e. disrupted gas supply for the consumption points of customer groups A, B1, B2, C2 and reduced daily gas consumption on the consumption points of customer group C1 by 20% compared to the daily value of the previous business day and reduced daily gas consumption on the consumption points of customer group E by 20% compared to the value specified in the gas distribution contract,
 4. consumption level 9, i.e. disrupted gas supply for the consumption points of customer groups A, B1, B2, C2 and E and reduced daily gas consumption on the consumption points of customer group C1 by 20% compared to the daily value of the previous business day,
 5. consumption level 9, i.e. disrupted transmission, distribution and supply of natural gas to the consumption points of customer groups A, B1, B2, C1, C2, D and E,
- d) emergency consumption level, i.e. disrupted natural gas supply to all consumption points of customers including consumption points of customer group F.
- (1) fire brigade. At the end of the emergency consumption level, steps are taken accordingly.

GAS SUPPLIES IN A STATE OF EMERGENCY

Regional state of emergency

A regional state of emergency is declared by the relevant distribution system operator via Czech Radio, ČRo 1 – Radiožurnál station in a way allowing remote access or using other mass media communication and without undue delay, informs the relevant licensed gas trader, operators of connected distribution systems, underground gas storage operators, market operator, the Ministry, Energy Regulatory Office, Ministry of the Interior, the local regional authority or Prague Municipality Office using electronic communication. Similar procedures will be used to end the state of emergency.

National state of emergency

A national state of emergency is declared by the transmission system operator via Czech Radio, ČRo 1 Radiožurnál station and in a way allowing remote access or using other mass media communication and without undue delay TSO informs the relevant licensed gas trader, operators of connected distribution systems, underground gas storage operators, market operator, the Ministry, Energy Regulatory Office, Ministry of the Interior, the local regional authority or Prague Municipality Office using electronic communication. Similar procedures will be used to end the state of emergency.

Activities in a state of emergency

The activities of different gas market participants in declaring a state of emergency are laid down in the provisions of Act No. 458/2000 Coll. business conditions and public administration in the energy sectors and on amendments to other laws (the "Energy Act") and in addition, they are stated in detail in the decree of the Ministry of Industry and Trade Nr. 344/2012 Coll. on a state of emergency in the gas industry and the provision of the security standard.

Obligations laid down in the Energy Act

Gas producer

The gas producer has the right according to para 57 of Energy Act:

c) to limit or interrupt the operation of the gas production plant and gas withdrawal pipelines to the extent necessary in the following cases:

1. if there is an immediate hazard to life, health and property and for mitigating these conditions,
2. in an emergency or activities immediately preventing an emergency,
3. if there are defects in gas upstream pipelines or facilities used for gas production or extraction and removing them
4. to carry out scheduled construction modifications and repairs of gas upstream pipelines or facilities used for gas production or withdrawal,

The transmission system operator

The transmission system operator has the right according to Section 58 of Energy Act:

h) in emergencies, to the extent required use the gas facilities of customers for which the operator transmits gas,

i) to either limit or interrupt gas transport in the following cases:

1. if there is an immediate hazard to life, health and property and for mitigating these conditions,
2. in an emergency or activities immediately preventing an emergency,

3. to carry out and plan construction modifications and scheduled repairs of the transmission system facilities,
4. if there are faults in the transmission system equipment and to remove them,
5. if gas is consumed using devices hazardous to life, health or property,
6. in the case of unauthorized gas consumption or unauthorized gas transport,
7. in the case of gas consumption when the customer repeatedly and without serious reason did not allow access to the measurement device or non-measured sections of the gas consumption device although the customer was demonstrably notified and requested to allow access at least 15 days in advance to inspect, read, maintain, replace or remove the measurement device,
8. due to limited or disrupted gas transport by the operators of the interconnected transmission systems.

Distribution system operator

The distribution system operator has the right according to Section 59 of Energy Act:

- i) in emergencies, to the extent required use the gas facilities of customers for which the operator distributes gas,
- j) Limit or interrupt gas distribution in the following cases:
 1. if there is an immediate hazard to life, health and property and for mitigating these conditions,
 2. in an emergency or activities immediately preventing an emergency,
 3. to carry out and plan construction modifications, relocations and scheduled repairs of the distribution system facilities,
 4. if there are faults in the distribution system equipment and to remove them,
 5. if gas is consumed using devices hazardous to life, health or property,
 6. in the case of unauthorised gas off-take or unauthorised gas distribution,
 7. in the case of gas consumption when the customer repeatedly and without serious reason did not allow access to the measurement device or non-measured sections of the gas consumption device although the customer was demonstrably notified and requested to allow access at least 15 days in advance to inspect, read, maintain, replace or remove the measurement device,
 8. due to limited or interrupted gas transmission by the transmission system operator,
 9. if gas is supplied from a gas production facility threatening the safe and reliable operation of gas devices,

Underground gas storage operator

An underground gas storage operator has the right according to para 60 of Energy Act:

f) to restrict or suspend to the necessary extent the activities of the underground storage of gas in the following cases:

1. there is an immediate hazard to life, health and property and for mitigating these conditions,
2. in an emergency or activities immediately preventing an emergency,
3. to carry out and plan reconstructions and scheduled repairs of the underground gas storage facilities,
4. if there are faults in the underground gas storage equipment and to remove them,
5. in case of unauthorized gas off-take or unauthorized gas storage,

Gas trader

A gas producer is obliged according to para 61 of Energy Act to:

- b) keep the instructions issued by the dispatching centres of the appropriate operators, when a state of emergency is declared,
- f) carry out the activities of the supplier of the last resort according to § 12a,

The Decree of the Ministry of Industry and Trade on a state of emergency in the gas industry and the provision of the security standard sets out in detail the activities of the gas industry undertakings in a state of emergency - § 4, the consumption levels - § 5, the way of declaring the consumption levels - § 6 and the way of safeguarding the security standard of supplies for protected customers - § 11.

Obligations from the decree Nr. 344/2012 Coll., on a state of emergency in the gas industry and the way of safeguarding the security supply standard.

ANNEX 4 - METHODS OF SAFEGUARDING THE SECURITY STANDARD

Ways of safeguarding a security standard - § 11 of Decree No. 344/2012

- (1) The extent of the security standard for protected customers for cases according to the directly applicable legislation will be laid down according to appendix No. 3 of the Decree.
- (2) As of 1 May of a given year the market operator will update and publish input information for calculating the security standard in a way allowing remote access. A form for the input data for calculating the security standard published by the market operator is specified in Appendix No. 4 of the Decree.
- (3) From October 1 to March 31, the security standard is at least from 30% safeguarded by the stored gas in the underground gas storages of the European Union.
- (4) Gas traders and gas producers, who deliver gas to protected customers, prove the market operator and Energy Regulatory Office about the extent of the security standard specified according to clause 1 and the provision thereof by the 15th day of the following month; the ensuring of the security standard will be demonstrated as follows:
 - a. for gas stored in underground gas storages in the Czech Republic, confirmation of the stored gas volume from the underground gas storage operator and a document that demonstrates the arrangement of fixed transmission capacity at the entry point of virtual gas storage,
 - b. for gas stored in underground gas storages outside the Czech Republic, a copy of a gas storage contract or confirmation of the stored gas volume from the underground gas storage operator and a document that demonstrates the arrangement of fixed transmission capacity to the Czech Republic,
 - c. for diversified gas resources, a copy of a contract for the specified gas volume or confirmation from a foreign supplier for this gas supply as well as a document that proves the provision of fixed transmission capacity from the supply point to the Czech Republic,
 - d. for an increased volume of gas production, a copy of a contract or confirmation from the relevant gas producer,
 - e. confirmation of the involved protected customer on possibility of using alternative fuels and a copy of the gas supply contract based on which the gas supply can be interrupted,
 - f. confirmation of the ensuring of the security standard by another gas market participant.
- (5) A gas market participant who undertakes the ensuring of the security standard according to section 4, point f), shall include in its gas supply security standard the extent of the security standard of the gas trader or gas producer for whom the confirmation of the ensuring of the security standard has been issued.
- (6) The security standard specified in Appendix No. 3, subsection 1 point c) must be provided otherwise than through the gas infrastructure used by the gas trader for the largest portion of his supplies in the month for which the extent of the security standard is determined. If a virtual sale point is used by the gas trader for the greatest proportion of his supplies, the security standard must be demonstrated according to clause 4.