

APPROVED by  
AB Amber Grid CEO's  
Order No 1-13 as of 20 February 2018

APPROVED by the  
National Commission  
for Energy Control and Prices  
Resolution No O3E-48 as of 15 February 2018

**PROCEDURE FOR THE CONNECTION OF NEW NATURAL GAS SYSTEMS, DIRECT GAS PIPELINES AND  
BIOGAS PRODUCTION PLANTS TO AB AMBER GRID'S GAS TRANSMISSION SYSTEM**

1. The present Procedure sets forth procedural steps to be followed by entities engaged in the installation of new natural gas systems, direct gas pipelines and/or biogas production plants (hereinafter referred to as "Entities Under Connection") to AB Amber Grid's (hereinafter referred to as the "Company") gas transmission system and respective procedural steps of the settlement for the connection services provided by the Company.
2. In the process for the connection of new gas systems to the Company's gas transmission system, the Company shall be guided by:
  - 2.1. Description of the Procedure, Terms and Conditions of the Connection of New Natural Gas Systems, Direct Gas Pipelines and Biogas Production Facilities to the Natural Gas Transmission or Distribution Systems in Operation, as approved by the Republic of Lithuania Minister of Energy's Order No 1-115 as of 18 June 2012 "On Approval of the Description of the Procedure and Terms and Conditions of the Connection of New Natural Gas Systems, Direct Gas Pipelines and Biogas Production Facilities to Natural Gas Transmission or Distribution Systems in Operation" (hereinafter referred to as the "*Description of the Connection Procedure*");
  - 2.2. Description of the Procedure for the Installation of New Gas Transmission or Distribution Systems in Areas so far Unconnected to the Gas Grid, for Connection of New Consumers of Natural Gas Systems to Transmission or Distribution Systems and Installation of Consumers' Natural Gas Systems as approved by the Republic of Lithuania Minister of Energy's Order No 1-261 as 11 December 2012 "On Approval of the Description of the Procedure for the Installation of New Transmission or Distribution Systems in Territories so far Unconnected to the Gas Grid, Connection of New Consumers Natural Gas Systems to the Transmission or Distribution Systems and Installation of Consumers Natural Gas Systems Systems" (hereinafter referred to as the "*Description of Procedure for the Introduction of Gas*");
  - 2.3. Methodology for the Setting of Rates of Connection Fees for New Natural Gas Consumers, New Natural Gas Systems and Biogas Production Plants (hereinafter referred to as the "Methodology") as approved by the National Control Commission for Prices and Energy Resolution No O3-187 as of 17 November 2008 "On Approval of the Methodology for the Calculating Rates of Natural Gas Users Connection Fees" (hereinafter referred to as the "Methodology");

- 2.4. Other legal acts of the Republic of Lithuania regulating the connection of new natural gas systems to the existing natural gas transmission systems.
3. Connection of facilities of an Entity Under Connection to the Company's gas transmission systems shall be deemed to be the Company's service to a New Gas Company. The connection service shall be provided to the Entity Under Connection exclusively upon the conclusion of a connection service contract between the Entity Under Connection and the Company.
4. An Entity Under Connection that intends to connect its gas system to the Company's gas transmission system shall fill in a form of Application for the Connection of a New Natural Gas System, a Direct Gas Pipeline, an LNG Terminal Connector or a Biogas Production Facility to AB Amber Grid's Gas System (hereinafter referred to as the "Application", Appendix 1).
5. Together with the Application, an Entity Under Connection shall submit the following documents:
  - 5.1. A copy of the site layout plan including the indication of the desired connection point;
  - 5.2. A copy of the Entity's registration certificate;
  - 5.3. A certificate issued by the State Enterprise Centre of Registers / an extract from the central data bank of the real estate register about ownership of the registered structures (where they were registered) or a construction permit.
6. The Company shall examine the Application and issue a written notification to the Entity Under Connection about the Company's positive/negative decision regarding the gas system's connection/no connection within 30 calendar days, and in cases where it is possible to grant the connection, it shall also provide Preliminary Connection Terms and Conditions (Connection Offer) consisting of a set of technical and economic connection terms and conditions as provided for by the *Description of the Connection Procedure* or the *Description of Procedure for the Introduction of Gas*. In case of gas systems connection, where the original Application that was submitted is subsequently revised and additional documents and / or data are provided, the connection term shall be calculated as from the date of receipt of the additional data as registered by the Company.
7. In order to ensure the fulfilment of obligations under the Connection Agreement, the Company shall be entitled to require from the Entity Under Connection submission of its latest financial statements and other information relevant for the assessment of the financial situation of the Entity Under Connection in order to make a decision as to its creditworthiness. In assessing the creditworthiness, the factors to be taken into account include the Entity's Under Connection financial results, their sustainability, liquidity, profitability and debt ratios, and, in cases where these data are deemed insufficient, also other financial data shall be taken into account. Upon the assessment of the risks related to the creditworthiness of the Entity Under Connection, the Company shall be entitled to demand a contract performance security.
8. Provisional Connection Terms and Conditions issued by the Company shall be valid for 12 months.
9. Upon receipt of a connection offer, the Entity Under Connection shall issue a written notification to the Company stating whether it agrees to the proposed connection terms or, alternatively, the Entity Under Connection shall provide its comments on the proposed connection terms.
10. After the agreement between the Company and the Entity Under Connection on the preliminary connection terms is reached, within 60 calendar days of the registration of the final version of the Application, the Company shall draft the *Agreement on the Connection of the Entity Under Connection to the Company's Gas System* (hereinafter referred to as the "Connection Agreement")

- and shall submit it to the Entity Under Connection for reconciliation. Upon reaching an agreement on the provisions of the Connection Agreement, the *Connection Agreement* shall be signed.
11. The Entity Under Connection shall sign the Connection Agreement and shall pay the connection fee as specified in the Connection Agreement and as calculated in accordance with the Methodology and /or shall provide connection fee payment security in cases where the connection payment is made in instalments.
  12. Upon receipt of the connection fee (or when the conditions stipulated by the Connection Agreement are fulfilled), the Company shall arrange for the Company's gas system's engineering design and construction works , i.e. shall arrange a tender for the selection of a contractor or contractors. The contractor (-s) shall perform the Company's gas system's engineering design and / or construction works and shall submit to the Company documents confirming the completion of the construction works.
  13. In accordance with the terms and conditions as stipulated by the Connection Agreement the Entity Under Connection shall at its own expense arrange for the engineering design and installation of its gas system following with the Description of the Technical Terms of the Connection as supplied by the Company and shall submit to the Company documents proving the completion of the construction of the New Gas Company's Gas System as stipulated by *the Description of Procedure for the Introduction of Gas*. The Entity's Under Connection system may be started to be installed not earlier than the time period as specified in the Connection Agreement, i.e. from the moment of the receipt by the Company of a document permitting the construction of a new gas system to the gas company's system. The engineering design and installation of a new gas system of the Entity Under Connection shall only be performed by persons meeting the qualification requirements as per Description of Procedure for the Introduction of Gas.
  14. The Company shall consider the documents submitted by the contractor (-s) that did the engineering design and constructed the Company's gas system up to the gas system of the Entity Under Connection, and in cases where the Company finds that the connection fee needs to be adjusted, the Company shall recalculate any such connection fee anew. The Entity Under Connection shall pay or the Company shall return to the Entity Under Connection the balance between the connection fee calculated on the basis of the actual value of the investments that were actually made and the preliminary connection fee amount based of the estimated value.
  15. Before the actual connection of the Company's system with the gas system of the Entity Under Connection, first of all, *a Gas Systems Separation and Responsibility Limitation Deed* shall be signed. The Deed shall be executed in duplicate. One copy of the Deed shall be submitted to the Entity Under Connection, and it shall be accompanied by a certificate that shall be issued in respect of the Entity Under Connection about the readiness to connect the gas transmission system with the gas system of the Entity Under Connection.
  16. At the request of the Entity Under Connection, the Company shall also submit a *Draft Contract for the Provision of Gas Transmission Services*.
  17. In the event where at the stage of the issuance of the Connection Terms and Conditions there were provisions set forth for any future obligations on the part of the Entity Under Connection to pay for the minimum capacity of the transmission system and for the transportation of minimum quantities,

- the Company shall be entitled to demand from the Entity Under Connection submission of a contract performance security.
18. Where during the course of the validity of the Connection Agreement, the Company comes to identify a changed (increased) degree in the risk related to the solvency of the Entity Under Connection and/or where the Company has reasons to believe that the contractual obligations may not be fulfilled, the Company shall be entitled to demand from the Entity Under Connection submission of a contract performance security.
  19. The Entity Under Connection shall contact to the Company regarding the interconnection of the gas systems.
  20. Gas accounting:
    - 20.1. for the purpose of the settlement for gas transmission services, the quantities of gas transmitted shall be accounted for in units of energy;
    - 20.2. during the gas systems interconnection, in cases where the gas transmission is arranged from the Company's system, the gas metering system shall be installed by the Company. The cost of the gas metering system shall be included in the total amount of investments required for the connection of the new natural gas system;
    - 20.3. in cases where gas transmission is made to the Company's system, the gas metering systems (gas metering equipment) shall be installed and operated by the Entity Under Connection at its own expense. Where the Entity Under Connection is a biogas plant, any such Entity Under Connection must also install chromatographs for metering gas quantities in energy units.
  21. The gas systems shall be interconnected only after a full settlement with the Company for the connection of the Entity's Under Connection gas system's connection service or after the submission on the part of the Entity Under Connection of the contract performance security as stipulated in the Connection Agreement.
  22. The connection of the Entity's Under Connection gas system with the Company's gas system and commissioning (first inlet of gas supplies) to the gas system of the Entity Under Commission shall be carried out in accordance with the provisions of *the Description of Procedure for the Introduction of Gas* and *Description of the Connection Procedure*.
  23. The Entity Under Connection shall use of the Company's gas system that was constructed in accordance with applicable legislative provisions valid in the Republic of Lithuania, *the Connection Agreement and the Transmission Service Agreement*.

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ANNEXES

Annex No 1. *Application for the Connection of a New Natural Gas System, a Direct Gas Pipeline, an LNG Terminal Connection or a Biogas Production Facility to AB Amber Grid's Gas System.*