REQUEST
OF GAS TRANSMISSION OPERATOR GAZ-SYSTEM S.A.
SUPPORTED BY NET4GAS, S.R.O FOR AMENDMENT OF THE GRANT AGREEMENT UNDER THE CONNECTING EUROPE FACILITY (CEF) – ENERGY SECTOR

GRANT AGREEMENT No INEA/CEF/ENER/M2014/0023 AS AMENDED, CONCERNING THE ACTION:

GAZ-SYSTEM, supported by NET4GAS, is hereby submitting a request for amendment of the Grant Agreement No. INEA/CEF/ENER/M2014/0023 (as amended) regarding the Action No 6.1.1-0054-CZPL-S-M-14 “Preparatory studies for the Poland-Czech Republic interconnection [known as Stork II] between Libhošt' (CZ)- Hat' (CZ-PL) – Kędzierzyn (PL)” in the field of the Connecting Europe Facility (CEF).

GENERAL JUSTIFICATION OF THE NEED FOR AMENDMENT:

I. TIME SCHEDULE

During the implementation of Activity 1, GAZ-SYSTEM encountered difficulties in two aspects of the project, which affect the end date:

1. During the studies, archeological site was encountered which is located on the planned route of the pipeline (section of approx. 1km in Borucin). As a result, additional studies have to be performed in this section of the pipeline. Also, this section will require a separate set of administrative decisions. The procedure of environmental decision obtainment is now in progress, localization decision and building permit are to be obtained afterwards. Also, necessary changes will need to be introduced in basic and detailed engineering for the pipeline.

GAZ-SYSTEM was not aware of the location of archeological site on the route of the pipeline and therefore, could not address this issue in the previous request for amendment of the grant agreement.
The risk of delay occurred on 13th January 2017, when Voivodship Conservator of Monuments issued a letter refusing to issue opinion necessary to continue permit granting process. Following this decision, due to the need to address the requests of Voivodship Conservator of Monuments and after assessing the possible timeframe for implementation of the activity, on 4th June 2017 the Contractor requested an annex to the contract. According to the request, application for building permit should be submitted approximately on 20th September 2017 and decision should be obtained approximately on 31st October 2017. The annex is now being discussed and will be signed in August 2017.

2. Amendment to environmental protection law in Poland has been introduced and it results in the necessity to verify and update a part of environmental inventory which will last until the end of August 2017. Unfortunately, the scope of the required update includes documents which are required to apply for building permit and therefore, it can result in delay in obtaining the last milestone of the activity. This obstacle would result in overall estimated delay of 2 months.

II. BANK ACCOUNT NUMBER

As a result of change in public finance law in Poland, GAZ-SYSTEM had to request the amendment of the grant agreement so that the funds were to be transferred to the National Bank account (Amendment no 1). Recently, there was another change in public finance law resulting in returning to the initial provisions. Currently, applying new provisions of public finance law, Polish Ministry of Energy requires that all CEF funds have to be transferred to beneficiary’s bank accounts. This is the same bank account number as it was included in the original version of the Grant Agreement.

RISK ASSESSMENT
The updated Gantt chart has been attached to this request (Annex III).

**REQUESTED CHANGES:**

**ARTICLE 2 – ENTRY INTO FORCE OF THE AGREEMENT AND DURATION OF THE ACTION**

2.2 The action shall run from 01/09/2014 ("the starting date") until 31/12/2017 ("the completion date").

**ARTICLE 5 - BANK ACCOUNT FOR PAYMENTS**

Polish back account shall be changed to the following details:

- for Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A.:
  - Name of bank: 
  - Address of branch: 
  - Precise denomination of the account holder: 
  - Full account number (including bank codes): 
  - IBAN code: 

**ANNEX I - DESCRIPTION OF THE ACTION**
ARTICLE I.4 – ACTIVITIES

I.4.1 Activities timetable

<table>
<thead>
<tr>
<th>Activity number</th>
<th>Activity title</th>
<th>Indicative start date</th>
<th>Indicative end date</th>
<th>Milestone number</th>
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<tbody>
<tr>
<td>1</td>
<td>Pre-investment studies for the gas pipeline Kędzierzyn – Hat’, metering station and auxiliary installations on the Polish side</td>
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<tr>
<td>2</td>
<td>Pre-investment studies for the compressor station in Kędzierzyn on the Polish side</td>
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ARTICLE I.5 – MILESTONES AND MEANS OF VERIFICATION

<table>
<thead>
<tr>
<th>Milestone number</th>
<th>Milestone description</th>
<th>Indicative completion date</th>
<th>Means of verification</th>
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ANNEXES:
Annex I Justification of delays in implementation of the project and cconsequences regarding eligibility of costs
Annex II Grant Agreement in track-changes mode
Annex III Updated Gantt chart