Dear potential liquefied natural gas Terminal Users,

These slides are the summary of the most important document regulating the LNG Terminal activity – Regulations for Use of the Liquefied Natural Gas Terminal. The purpose of the presentation is to help you understand quickly the structure of the Regulations, their essential provisions and to prepare better for Terminal capacity allocation procedure and operational activity.

Terminal’s launching is scheduled to be started in December, 2014, so we aimed to select the most important parts of the Regulations to clarify them as much understandably. For your convenience, each topic contains a link to the original Regulations document.

In case of any questions concerning the use of the Terminal, you are always welcome to contact us by e-mail: paslaugos@sgd.lt.

Sincerely,

Rokas Masiulis
General Manager
AB „Klaipėdos nafta“
## Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Terminal Use</td>
<td>Use of the Terminal Capacities when they are simultaneously used by more than one Terminal User.</td>
</tr>
<tr>
<td>Returned Amount of LNG</td>
<td>Borrowed LNG returned by an LNG Borrower to an LNG Lender.</td>
</tr>
<tr>
<td>Regasification</td>
<td>Conversion of a respective amount of LNG into gas form.</td>
</tr>
<tr>
<td>Cargo</td>
<td>Transported, delivered, or reloaded amount of LNG being in a LNG Carrier or in the Terminal.</td>
</tr>
<tr>
<td>Invitation</td>
<td>An invitation made publicly available on the Operator's Internet website inviting Terminal Capacity Allocation Requests for Foundation and/or Seasonal Terminal Capacities.</td>
</tr>
<tr>
<td>Annual Schedule</td>
<td>Service schedule for a Gas Year.</td>
</tr>
<tr>
<td>Monthly Schedule</td>
<td>Service schedule for a month of a Gas Year.</td>
</tr>
<tr>
<td>Operator</td>
<td>SC Klaipedos Nafta, also referred to as the Project Implementation Company.</td>
</tr>
<tr>
<td>Applicant</td>
<td>A person complying with the requirements applied to the Terminal User set forth in the legal acts and seeking to obtain requested Terminal Capacities.</td>
</tr>
<tr>
<td>Lent Amount of LNG</td>
<td>Amount of LNG including LNG consumed for technological needs automatically lent by an LNG Lender to an LNG Borrower in accordance with an approved Service Schedule of a Terminal User.</td>
</tr>
<tr>
<td>Request</td>
<td>Terminal Capacity Allocation Request (Regulations Annex No. 4) filed by an Applicant in accordance with the form established by the Operator.</td>
</tr>
<tr>
<td>LNG Reload</td>
<td>Unloading of Cargo from the Terminal into a LNG Carrier.</td>
</tr>
<tr>
<td>Terminal Capacities</td>
<td>Terminal's capacity for LNG Reload and LNG Regasification that is limited by the Terminal's Technological Capacity.</td>
</tr>
<tr>
<td>Terminal User</td>
<td>A person having entered into a Terminal User's Contract and Inter-User Terminal Contract to whom Terminal Capacities are or can be allocated in accordance with the procedure set forth in the Regulations.</td>
</tr>
<tr>
<td>Terminal Services</td>
<td>Services offered by the Operator for LNG regasification and/or LNG reload and other services as specified in clause 16 of the Regulations.</td>
</tr>
</tbody>
</table>
## 1. Terminal Services and Tariffs

Terminal Capacities – regasified or reloaded LNG quantity, expressed in MWh. After Terminal User reserves capacities, Terminal renders:

- LNG Regasification services and/or;
- LNG Reloading services.

<table>
<thead>
<tr>
<th>Service</th>
<th>LNG Regasification service</th>
<th>LNG Reloading service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berthing</td>
<td><img src="image" alt=" " /></td>
<td><img src="image" alt=" " /></td>
</tr>
<tr>
<td>Loading</td>
<td><img src="image" alt=" " /></td>
<td><img src="image" alt=" " /></td>
</tr>
<tr>
<td>Temporary storage</td>
<td><img src="image" alt=" " /></td>
<td><img src="image" alt=" " /></td>
</tr>
<tr>
<td>LNG regasification</td>
<td><img src="image" alt=" " /></td>
<td><img src="image" alt=" " /></td>
</tr>
<tr>
<td>LNG Reloading</td>
<td><img src="image" alt=" " /></td>
<td><img src="image" alt=" " /></td>
</tr>
</tbody>
</table>

Max allowable unloading/reloading time (laytime) – 48 hours, 2 days carrier arrival period.

Loading range up to 9,000 m³/h of LNG.

Up to 2 months.

According to the agreed Schedule, as consistent with technological characteristics.

According to the agreed Schedule, as consistent with technological characteristics.

Find out more in 3. Terminal’s Technical Characteristics and Provided Services.
1. Terminal Services and Tariffs

Tariffs for Terminal Services are regulated, their particular values/price caps are set by National Commission for Energy Control and Prices (Lith. VKEKK), according to the methodology of State regulated prices calculation in Gas sector.

It is planned, that by Autumn of 2014, VKEKK will fix the price cap for the LNG Regasification Service as well as concrete price for LNG Reloading Service.

SC „Klaipėdos nafta“ expects, that the methodology of the said prices calculation will not change and provides preliminary prices for Terminal Services:

- **LNG Regasification Service** (is adjusted each year)
  
  0 Lt/MWh (excl. VAT)

- **LNG Reloading Service** (is being fixed for 5 years)
  
  3,45-5,6 Lt/MWh (excl. VAT)

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Important note:

Fixed operating costs of LNG Terminal are being covered by Gas Transmission System users via security supplement to transmission system tariffs. Revenues for LNG reloading services shall reduce security supplement, as a result reducing costs of the natural gas transmission system users, assigned to the LNG terminal maintenance.
1. Terminal Services and Tariffs

While using the Terminal, Terminal Users take upon LNG amount consumed for technological needs of the Terminal.

LNG Regasification at the Terminal can be performed in two ways:

- Open loop LNG Regasification – FSRU regasification regime during warm period of the year;
- Closed loop LNG Regasification – FSRU regasification regime during cold period of the year.

While Terminal operating on nominal 230 000 Nm3/h Regasification mode, LNG amount consumed for technological need of the Terminal is:

- While operating by open loop system – approx. 0,5%
- While operating by closed loop system – approx. 2,1%

! Important note:

LNG consumption for technological needs of the Terminal correlates directly to Regasification mode, water temperature and other conditions. Norms of LNG consumption for technological needs as well as their calculation are set in Annex No. 2 of the Regulations.
1. Terminal Services: Description of Capacities

Terminal User can reserve Capacities only for LNG Regasification, only for LNG Reloading or for LNG Regasification and Reloading. It is important to note, that certain terminal Capacities cannot be replaced by others.

In order to ensure uninterruptable Terminal operations, acquired Terminal Capacities are under the sanctions. However, Terminal Users can concede the Terminal Capacities to other Terminal Users for the fee which is equal to capacities purchase price.

<table>
<thead>
<tr>
<th>LNG Regasification Capacities</th>
<th>LNG Reloading Capacities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation Capacities</strong></td>
<td></td>
</tr>
<tr>
<td>Capacities assigned to continuous LNG Regasification to natural gas transmission system.</td>
<td></td>
</tr>
<tr>
<td>Priority during Capacities allocation: 1</td>
<td></td>
</tr>
<tr>
<td><strong>Seasonal Capacities</strong></td>
<td></td>
</tr>
<tr>
<td>Capacities which shall be used not less than twice per Gas year.</td>
<td></td>
</tr>
<tr>
<td>Priority during Capacities allocation: 2</td>
<td></td>
</tr>
<tr>
<td><strong>Spot Capacities</strong></td>
<td></td>
</tr>
<tr>
<td>Capacities which shall be used once per Gas year (i.e. one Cargo).</td>
<td></td>
</tr>
<tr>
<td>Priority during Capacities allocation: 4</td>
<td></td>
</tr>
<tr>
<td><strong>Seasonal Capacities</strong></td>
<td></td>
</tr>
<tr>
<td>Capacities which shall be used not less than twice per Gas year.</td>
<td></td>
</tr>
<tr>
<td>Priority during Capacities allocation: 3</td>
<td></td>
</tr>
<tr>
<td><strong>Spot Capacities</strong></td>
<td></td>
</tr>
<tr>
<td>Capacities which shall be used once per Gas year (i.e. one Cargo).</td>
<td></td>
</tr>
<tr>
<td>Priority during Capacities allocation: 5</td>
<td></td>
</tr>
</tbody>
</table>
## 2. Terminal Technical Characteristics

### Regasification System Characteristics

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum LNG regasification rate</td>
<td>460,000 Nm³/h</td>
</tr>
<tr>
<td>Nominal LNG regasification rate</td>
<td>230,000 Nm³/h</td>
</tr>
<tr>
<td>Minimum LNG regasification rate</td>
<td>61,300 Nm³/h</td>
</tr>
<tr>
<td>Layout pressure of natural gas</td>
<td>60 bar g</td>
</tr>
<tr>
<td>Maximum loading range</td>
<td>9,000 m³ LNG/h via all flexible hoses</td>
</tr>
<tr>
<td>Cargo manifolds</td>
<td>(L-L-V-L-L)</td>
</tr>
<tr>
<td>LNG connection</td>
<td>4x16” ANSI 150 RF type</td>
</tr>
<tr>
<td>Vapor connection</td>
<td>1x16” ANSI 150 RF type</td>
</tr>
</tbody>
</table>

*Note: All parameters calculated under +20°C*

### LNG Temporary Storage System Characteristics

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo tank No. 1</td>
<td>26,510 m³</td>
</tr>
<tr>
<td>Cargo tanks No. 2, 3, 4</td>
<td>47,830 m³ each</td>
</tr>
<tr>
<td>Total tank capacity:</td>
<td>170,000 m³</td>
</tr>
<tr>
<td>Cargo tanks filling level (under 70kPag)</td>
<td>98%</td>
</tr>
<tr>
<td>Minimum allowable LNG temperature</td>
<td>-163 °C</td>
</tr>
</tbody>
</table>

### LNG Carriers

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum capacity of an LNG Carrier performing LNG loading, unless agreed otherwise</td>
<td>160,000 m³</td>
</tr>
<tr>
<td>Minimum capacity of an LNG Carrier performing LNG loading, unless agreed otherwise</td>
<td>65,000 m³</td>
</tr>
<tr>
<td>Maximum capacity of an LNG Carrier performing LNG reloading, unless agreed otherwise</td>
<td>65,000 m³</td>
</tr>
<tr>
<td>Minimum capacity of an LNG Carrier performing LNG reloading, unless agreed otherwise</td>
<td>5,000 m³</td>
</tr>
</tbody>
</table>

Find out more in Operators Technical Conditions
3. Capacity Allocation and Contracts Signing

1. Capacity Allocation Start
Operator allocates Foundation and (or) Seasonal Terminal capacities each Gas year.

Invitation specifies:
- total amount of the Terminal Capacities for allocation;
- Terminal Capacities allocation start and end dates (if determined);
- Request submission form and ways;
- Term for the Applications submission.

Spot Terminal Capacities are being allocated during the current Gas year.

2. Application Submission
Applicant provides:
- Copies of legal entity's registration certificate and articles of association (or other founding documents);
- Natural gas supply license (in case of supply activity);
- LNG supply evidences (it can be, e.g. letters of intention, sellers confirmation, etc.);
- Bank Guarantee to Secure the Validity of the Proposal in the form established by the Operator (Regulations Annex No. 8),
- Requested Preliminary Services Schedule (Regulations Annex No. 5)
- Financial reports.

3. Capacities Allocation Priorities
Seasonal Regasification Capacities, with greatest average Regasification rates throughout the entire period. (calculation formula is determined by clause 37.1 of the Regulations);

- If average Regasification rates of several Applicants coincide, Capacities are provided to the Applicant who has requested the bigger amount of LNG Regasification Capacities;
- If amount of LNG Regasification Capacities coincide - according to the first-come-first-served principle;
- When allocating Seasonal Reloading Capacities, priority is given to Applicants who intend to reload the biggest amount of LNG throughout the entire period.

4. Contracts Signing
Applicants who had been granted with Terminal Capacities must sign:
- Terminal User's Contract and
- Inter-Use Terminal Contract (Regulations Annexes No. 6 and No. 1).

- In case Applicant does not sign the aforementioned contracts, under Operator's decision he:
  - Loose his right to allocated Terminal Capacities;
  - Must pay to the Operator penalty calculated according to the respective formula determined by the Annex No. 7.
3. Capacity Allocation and Contracts Signing

LNG Terminal Capacities can be allocated in primary and secondary markets:

Primary market – Terminal Capacities allocated by the Operator;
Secondary market – Unused Terminal Capacities conceded by the Terminal User.

Maximum Capacities to be allocated (MWh) → Unallocated Capacities (MWh) → Allocated Capacities (MWh)

Unallocated Capacities (MWh) → Unused Capacities (MWh) → Used Capacities (MWh)

Free Capacities (MWh) → Capacities sold in the secondary market (MWh)

Find out more in 4. Terminal’s Capacities and their Distribution
4. Scheduling – Annual Schedule

Not later than 4 (four) months before the beginning of a Gas Year [for the first year of Terminal operation, up to 15 September], each Terminal User shall provide the Operator with its proposed Annual Schedule draft (based on the form attached as Regulations Annex No. 10):

**Schedule presentation**

Annual schedule draft must indicate:
- exact monthly and preliminary daily LNG Regasification amounts; and (or)
- exact monthly LNG Reloading amounts;
- Requested Arrival Periods for LNG Carriers, max 6 days;
- Exact number and size of the Cargoes;

If it is known on the day of submission:
- LNG Carriers names;
- Their technical characteristics; and (or)
- In case LNG Carrier is registered at the Terminal and registration is valid – LNG Carrier’s registration date.

**Schedule combining**

Having joined all Annual Schedule drafts submitted by the Terminal Users the Operator evaluates whether they:
- are compatible with the Terminal's Technical Characteristics
- LNG Carrier arrival periods are mutually compatible.
- In case of Annual Schedule drafts satisfy aforementioned conditions, Operator:
  - Confirms joint Annual Schedule;

If not:
- suggests to the Terminal Users to coordinate the Annual Schedule drafts among themselves within 7 calendar days.

**Schedule coordination**

In case Terminal Users fail to agree Annual schedule among themselves, Operator establishes annual schedule itself.

Priorities:
- Foundation Regasification Capacities;
- Seasonal Regasification Capacities;
- Seasonal Reloading Capacities.

**Schedule confirmation**

After the Operator approves the annual schedules, these are sent to the Users and the annual schedule is published online.

Terminal users have right to submit individual proposals to the Operator regarding correction of approved Annual Schedules.

In 2015 Annual Schedule shall be announced until the 15th of October.
In any other year - three months before the beginning of the Gas Year.
4. Scheduling – Monthly Schedule

Terminal User provides Monthly Schedule to the Operator and specifies:
- Exact daily LNG Regasification and LNG Reloading amounts;
- Arrival Periods for LNG Carriers, narrowed to the 2 days period (which the Operator has the right to shift in the 6 days interval, mentioned in the annual schedule);
- Information about LNG Carriers;
- Information about the Cargo (estimated LNG quality, etc.);
- Agent details.

Joint Monthly Schedule shall be announced latest 12 calendar days after Monthly Schedule coordination start:
- Period of the Terminal use;
- Lent amount of LNG and lending period;
- Returnable amount of LNG and terms of its return, as set in the section 7.4. of the Regulations.

In accordance with the Joint Monthly Schedule, Operator assigns to Terminal Users:
- Lent Amount of LNG;
- Returnable Amount of LNG; and determines their lending and returning terms.

The beginning of the month when Capacities to be used

M-60  M-30  M

No later than within 7 calendar days the Operator combines Monthly Schedule drafts into a Joint Monthly Terminal Schedule and adjusts the LNG Carriers Arrival Periods within the limits of a 6 days’ interval.

Within the 5 calendar days Terminal Users provide adjusted Monthly Schedule drafts.

Should Terminal Users fail to submit Monthly Schedule drafts the Operator has the right to establish Joint Monthly Terminal Schedule in accordance to the information specified in the approved Annual Schedules of these Terminal Users.

Find out more in 6. Compilation of Terminal Use Schedules.
5. Joint Terminal Use

Joint Terminal Use – the way of Terminal exploitation, when Terminal users are lending to each other LNG to be regasified or reloaded. This operation is necessary to ensure that Terminal will be used by as many as possible Terminal Users in order to maximize the exploitation of limited capacity of Terminal LNG tanks.

Advantages of Joint Terminal Use:
- Terminal can be use by more than one Terminal User;
- Terminal has a flexibility when accepts Cargoes and renders Services;
- Due to Joint Terminal Use regasification rate increases as well as Terminal's efficiency.

Lending process:
- When coordinating Monthly Schedule Terminal Users indicate Borrowed/Returned LNG Amount;
- Terminal Users provides respective guarantees (Annex No. 2 of the Inter-Use Terminal Contract);
- Operator establishes Borrowed/Returned LNG Amount;
- Borrowing/Returning is being performed automatically.

Indicative Schedule of Joint Terminal Use

Balance in the tanks, m³

Regasification rate, Nm³/h

Terminal User No. 1 delivers LNG and lends it

Terminal User No. 2 delivers LNG and returns it

Terminalo naudotojas Nr. 1 (LNG Lender)

Terminalo naudotojas Nr. 2 (LNG Borrower)
6. Key Dates and Next Steps

**Capacity Allocation start date**
- April

**The 30th of April**
- Invitation to provide Applications

**The 30th of May**
- Evaluation of Applications

**June**
- Capacities allocation

**Contracts signing**
- June-July

**Coordination procedures**

**The 15th of September**
- Annual scheduling start

**The 15th of October**
- Confirmed schedule for 2015

**Terminal launching date**
- December
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