

Pursuant to Article 92 paragraph 3 of the Gas Market Act (“Official Gazette of the Republic of Croatia”, number 18/18 and 23/20) and the Decision on Approval of the Croatian Energy Regulatory Agency, class: 310-26/21-01/1, Reg. No.: 371-04-21-6, dated 26 May 2021, the gas storage system operator Podzemno skladište plin d.o.o. <Underground Gas Storage Ltd.> hereby adopts the following:

## AMENDMENTS TO THE STORAGE CODE

### Article 1

In the Storage Code (“Official Gazette”, number 50/18, 26/20), Article 4, paragraph 2, new items 1 and 2 are added and read:

“1. *auction* - tendering for the purpose of allocation of standard bundled unit (hereinafter: SBU);

“2. *auction premium* - percentage increase in the amount of the tariff for SBU, rounded up to two decimal places;”

The former items 1 to 30 shall become items 3 to 32.

After the former item 30, which becomes item 32, a new item 33 is added, which reads:

“33. *applicable SBU price* - SBU tariff increased by the resulting auction premium”

The former items 31 to 36 shall become items 34 to 39.

After the former item 36, which becomes item 39, a new item 40 is added, which reads:

“40. *the resulting auction premium* - the premium in the auction procedure from the reservation request for the SBU of the lowest ranked request to which the SBU is allocated;

The former items 37 to 49 shall become items 41 to 53.

### Article 2

In Article 29, paragraph 1, the words “(hereinafter: SBU)” are deleted.

### Article 3

In Article 37 paragraph 5, after subparagraph 3, a new subparagraph 4 is added, and reads:

“- the resulting auction premium;”

The former subparagraph 4 becomes subparagraph 5.

### Article 4

Paragraph 40 is amended to read:

“(1) The energy entity which achieves the right to access the gas storage system under the Act (hereinafter: Applicant) submits to the gas storage system operator a request for the reservation of a certain number of standard bundled units (hereinafter: Request).

(2) The Operator shall publish an invitation for the submission of the Request in the period from 1 April to 20 May of the current storage year on their website.

(3) The invitation shall be published for a period of at least one storage year and a maximum of five storage years, for the period beginning on 1 April of the following storage year, with the number of available SBUs for each storage year.

(4) The Request on an annual level shall be submitted only by registered mail, with the deadline for receiving the Request at the Operator's address no later than the 20<sup>th</sup> day from the day of publishing the invitation for the submission of the Request.

(5) The request shall be submitted on the form published by the Operator on their website.

(6) The submission of the Request is a binding offer of the Applicant.

(7) The Request shall contain in particular:

- the name of the Applicant, including official and operational contacts;
- the requested number of SBUs for each storage year for which the Request is submitted;
- the amount of the auction premium for each storage year for which the Request is submitted, and for which the Applicant offers an auction premium.

(8) The Request must be accompanied by:

- an excerpt from the court register or appropriate evidence that the person is authorized to act on behalf of the Applicant;
- a copy of a valid license for performing energy activity by virtue of which they would exercise the right of access to the storage;
- BON 1 and BON 2 solvency forms not older than 30 days for companies with headquarters in the Republic of Croatia;
- by way of derogation from subparagraph 3 of this paragraph, for companies with headquarters outside the Republic of Croatia, a certified translations into Croatian of financial statements for the past three years or other relevant evidence proving the financial standing in accordance with the regulations of the Applicant's country of residence or a creditworthiness evaluation from a rating agency acceptable to the Operator.

(9) The Applicant is obliged to submit to the Operator, along with each individual Request, the bid bond in the form of a bank guarantee or a cash deposit in the amount of:

- HRK 750,000.00 for the Request in total up to five SBUs,
- HRK 1,500,000.00 for the Request in total up to five SBUs,
- HRK 3,000,000.00 for the Request in total from 11 up to 20 SBUs,
- HRK 4,500,000.00 for the Request in total from 21 up to 30 SBUs,
- HRK 6,000,000.00 for the Request in total from 31 up to 40 SBUs,
- HRK 10,000,000.00 for the Request in total for more than 40 SBUs,

and which the Operator shall return to the Applicant within eight days from the day of receipt of the means of payment security referred to in the Certificate of Contracted Service.

(10) By way of derogation from paragraph 9 of this Article, the Applicant may also submit a regular debenture, which the Operator shall return to the Applicant within eight days from the receipt of the means of payment security referred to in the Certificate of Contracted Service, only in the event of a written approval of the Operator after the creditworthiness evaluation based pm the inquiry of the Applicant and the previously submitted BON 1 and BON 2 solvency forms, and at least five business days before the deadline for submission of the Request.

(11) By way of derogation from the provisions of paragraphs 2 and 3 of this Article, and Article 29, paragraph 1 of the Storage Code, in case the Operator has unallocated/non-contracted SBUs at their disposal or in case of extraordinary circumstances such as termination of the Agreement or occurrence of legal consequences that would lead to the termination of the Agreement, the Operator may publish information on the offer of the available SBUs even beyond the deadlines prescribed, and in doing so they are obliged to

publish: a deadline for which the service of SBUs is offered, a deadline for receiving Requests and a deadline for submitting notifications on the number of SBUs allocated based on the Requests received.

(12) The Operator shall reject Requests for which no bid bond has been submitted in accordance with paragraph 9 and paragraph 10 of this Article or Requests submitted after the deadline prescribed.

(13) In the allocation procedure on the basis of Addendum 2 to this Code, an individual Applicant may participate with one or more Requests.“

### **Article 5**

In Article 44, paragraphs 2 and 3 are amended to read:

“(2) Following the SBU allocation procedure, the Operator shall notify the Applicant on an annual and multi-annual level of the number of SBUs allocated to them and of the resulting auction premium for each storage year based on the Application received no later than 15 days from the deadline for submission of the Request for the current storage year.

(3) The Operator shall submit to the Applicant the Agreement with the corresponding Certificate of Contracted Service within ten days from the day of delivery of the notification on the number of allocated SBUs, which the Applicant is obliged to sign and return to the Operator within ten days from the day of receipt.“

### **Article 6**

In Addendum 1, Article 7, after paragraph 1, a new paragraph 2 is added, which reads:

“(2) The User to whom the SBU has been allocated in the auction procedure is obliged to pay the Operator a fee for the use of the gas storage system in accordance with the applicable price of the SBU.”

The former paragraphs 2 and 3 shall become paragraphs 3 and 4.

### **Article 7**

In Addendum 1, Article 8, after paragraph 1, a new paragraph 2 is added, which reads:

“(2) For the User to whom the SBU has been allocated in the auction procedure, the fee referred to in paragraph 1 of this Article shall be increased by the product of the resulting auction premium, tariff for the contracted SBU on an annual level and number of SBUs for a particular storage year.“

The former paragraphs 2, 3, 4, 5 and 6 become paragraphs 3, 4, 5, 6 and 7.

### **Article 8**

In Addendum 1, Article 9, paragraphs 6, 7 and 8 are amended to read:

“(6) Means of payment security for contracted services on an annual and multi-annual level is a bank guarantee or a cash deposit in the amount up to 40% (forty percent) of the annual fee value for a particular storage year for the use of contracted capacity of the gas storage system, plus VAT.

(7) By way of derogation from the provisions of paragraph 6 of this Article, in the event that the Operator, in accordance with the creditworthiness evaluation of the User and the payment risk assessment, requests from the User to deliver a regular debenture issued in accordance

with the provisions of the Enforcement Act, it may not be issued for a value less than 50% (fifty percent) of the annual fee value for a particular storage year for the use of the contracted capacity of the gas storage system, plus VAT, whereby the User grants their consent to confiscate all the accounts of the User they have opened with legal entities performing payment transactions and to perform payments from those accounts to the Operator, that is, to perform direct enforcement of the entire property of the User in order to settle the claims of the Operator in the amount indicated on the regular debenture.

(8) Aside from the means of payment security pursuant to paragraphs 6 and 7 of this Article, the Operator may, in accordance with the User creditworthiness evaluation and payment risk assessment, before the conclusion and during the term of the Agreement, request, and the User is obliged to deliver the requested following additional payment security instrument:

- bank guarantee or cash deposit for the amount up to 30% (thirty percent) of the annual contracted fee for a particular storage year for the use of the gas storage system, increased by the VAT.“

### **Article 9**

- (1) In Addendum 2, Article 1, paragraph 2 is amended to read: “The Request is submitted to the Operator only by registered mail, whereby it shall be deemed that the Request was received on the day of delivery of the Request to the address of the Operator.”
- (2) In paragraph 3, after the number “7”, the numbers “8 and 9” and the word “these” are added, while the words “use of the gas storage system” shall be deleted after the word “Code”.

### **Article 10**

In Addendum 2, Article 2 is amended to read:

”Article 2

#### **GENERAL RULES OF ALLOCATION OF THE SBU**

- (1) The Operator shall allocate the SBU through the auction procedure, separately for each particular storage year.
- (2) In each Request, the Applicant shall state the auction premium separately for each storage year, in a percentage rounded up to two decimal places. The Request in which the highest amount of the premium for a particular storage year is offered in the auction procedure has priority in the allocation procedure of the SBUs for that year.
- (3) Upon completion of the auction procedure and allocation of the SBUs, the Operator shall define the resulting auction premium, which shall be equal and applicable to all the Requests for a particular storage year.
- (4) For each storage year during the allocation procedure of the SBUs, the rule of conducting the auction procedure for the allocation of the SBUs referred to in Article 3 of Addendum 2 to this Code shall apply.
- (5) In the auction procedure, the Operator shall allocate the SBU to the Applicant up to the amount of the requested number of SBUs from the Applicant's Request.
- (6) The condition for participation in the auction is the submission of a bid bond for each particular Request in accordance with the provisions of Article 40 of this Code.“

## Article 11

In Addendum 2, paragraph 3 is amended to read:

“Article 3

### RULES OF ALLOCATION OF SBUs IN THE AUCTION PROCEDURE

(1) If the total number of available SBUs is greater than or equal to the total requested number of SBUs for a particular storage year, the Operator shall allocate the available number of SBUs in accordance with the Applicant's Requests. The minimum amount of the premium from the submitted Requests is applied to all Requests.

(2) If the total number of available SBUs is less than the total requested number of SBUs for a particular storage year, the Operator ranks Requests in accordance with the premium amount criterion, i.e. the rule by which the Requests with higher premium amount have priority over the Requests with lower premium amounts is applied, regardless of the number of requested SBUs for a particular storage year, and the Operator shall allocate the available number of SBUs in accordance with the following steps:

1. In the first step of SBU allocation, the Requests with higher premium amount, that together do not exceed the total available number of SBUs, are taken into account, i.e. the first of the other Requests ranked lower as per the amount of premium enters the auction procedure of the allocation of SBUs, without which the number of available SBUs would not be fully allocated and with which the total number of requested SBUs would exceed the total number of available SBUs. The Operator shall allocate the number of SBUs, up to the amount of the total available number of SBUs, to the first of the other lower ranked Requests.

If there are two or more lower ranked Requests with the same amount of auction premium, and without which the available number of SBUs would not be fully allocated, the second step of allocation of the SBUs shall be taken.

2. In the second step of the allocation of SBUs, the remaining requested SBUs from the lower ranked Requests with the same premium amount are allocated in accordance with the proportionality rule in relation to their requested number of SBUs, applying the rounding method to a lower integer value.

If, by virtue of the proportionality rule, it is not possible to fully allocate the remaining number of available SBUs, the third step of allocation of the SBUs shall be taken.

3. In the third step of the allocation of SBUs, one additional SBU shall be allocated to each Request from the second step in accordance with rule stipulating that the larger requested number of SBUs shall have priority in relation to the smaller requested number, until the allocation of the total available number of SBUs is complete.

If two or more Requests participating in the third SBU allocation step relate to the same number of SBUs requested and to the same premium amount, and if the remaining number of unallocated SBUs is not sufficient to allocate one additional SBU to each of them, then the additional SBU shall not be allocated to any of the abovementioned Requests, but the fourth step of allocation of the remaining SBUs shall be taken.

4. In the fourth step of the allocation of SBUs, one additional SBU shall be allocated to the Requests from the second step according to the date and time of its delivery to the postal service provider; therefore the Request that was received earlier by the postal

service provider shall be given priority. If unallocated SBUs remain after the allocation of SBUs in this step, the rule of this step shall be applied until the remaining SBUs are allocated.

(3) After the auction procedure, the resulting auction premium shall be determined, which shall be applied for a particular storage year for all Requests to which the SBU has been allocated.“

### **Article 12**

(1) In Addendum 2, Articles 4, 5, 6, 7 and 8 are deleted.

(2) In Article 9, paragraph 1 is amended to read:

“(1) If a certain number of SBUs has been allocated to the Applicant on the basis of the allocation procedure, the Operator shall provide the Applicant on an annual and multi-annual level with a notification on the SBU number allocated to them and the resulting auction premium and the Gas Storage Agreement, along with the corresponding Certificate of Contracted Service, in accordance with the deadlines prescribed in these Amendments, and the Applicant is obliged to sign the Agreement and the Certificate and return it to the Operator within ten days from the date of receipt.”

### **Article 13**

#### **TRANSITIONAL AND FINAL PROVISIONS of the Amendments to the STORAGE CODE**

(1) By way of derogation from Article 4 of these Amendments, the Operator shall publish an invitation on their website for submission of the Request for the period from 1 April 2022 no later than on the first business day after the entry into force of these Amendments.

(2) By way of derogation from Articles 4 and 5 of these Amendments, the Request on an annual level for the period from 1 April 2022 shall be submitted only by registered mail, and the Request shall be received at the Operator's address no later than on 17 June 2021.

(3) By way of derogation from Article 5 of these Amendments, following the SBU allocation procedure, the Operator shall notify the Applicant on an annual and multiannual level of the number of SBUs allocated to them and of the resulting auction premium for each storage year on the basis of the Request received no later than 25 June 2021.

### **Article 14**

These Amendments to the Storage Code shall enter into force on the first day after the date of publication thereof in the “Official Gazette”.

Number: UPR-80/2021

Zagreb, 26 May 2021

Director

Vlado Vlašić B. Sc. Econ.