

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: 310-26/20-01/1, Reg. No.: 371-04-20-5 dated 9 March 2020, the gas storage system operator Podzemno skladište plina 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), Article 11, paragraphs 5 and 6 are amended to read:

“(5) In the event of gas sale, the Operator sells the available gas quantities in a transparent and non-discriminatory manner and according to the market principles.

(6) The Operator announces the tender for the sale of gas on their website. “

Article 2

In Article 21, paragraph 5 is amended to read:

“(5) The Operator is obliged to publish the tender for the procurement of gas for the purposes described in paragraph 2 of this Article on their website. “

Article 3

In Article 40 paragraph 7, subparagraphs 5 and 6 are amended to read:

“- proof of payment of a cash deposit or a bank bid bond in the amount equal to 10% of the storage service value from the submitted request, provided that the amount cannot be less than HRK 100,000.00 or greater than HRK 1,300,000.00, and which shall be returned by the Operator to the applicant within eight days from the date of receipt of the means of payment security referred to in the Contracted Service Confirmation.

- by way of derogation from subparagraph 5 of this paragraph, 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 Contracted Service Confirmation, only in the case of a written approval of the Operator after the creditworthiness evaluation upon the inquiry of the applicant and the previously submitted BON 1 and BON 2 solvency forms at least 5 business days before the deadline for submitting the reservation request.“

Article 4

In Article 49 paragraph 7, subparagraph 10 is amended to read:

“- extraordinary renominations are also possible during the gas day D in the period between 22:00 and 03:00 o'clock if the conditions defined by this Code have been met, and are granted to all Users, unless the transmission system operator/connected operator designates the Users for whom the Operator should approve the extraordinary renomination”

In Article 49 paragraph 7, after subparagraph 10, new subparagraph 11 is added, which reads:

“- the closing of the extraordinary renomination period shall be no more than 30 minutes after the opening. “

Article 5

After Article 72, new Articles 72.a, 72.b, 72.c are added, which read:

“Article 72.a

- (1) Pursuant to Article 19 of the Act on Amendments to the Gas Market Act, the gas storage system operator shall, in accordance with the data on gas consumption referred to in Article 19 paragraph 2 of the subject act, allocate the storage capacities available for the needs of the public gas supply service in the period from 1 April 2020 to 31 March 2021.
- (2) For the allocated storage capacities referred to in paragraph 1 of this Article, the Operator shall conclude a Gas Storage Agreement with the supplier in the public service obligation.
- (3) Pursuant to Article 19 paragraph 4 of the Act on Amendments to the Gas Market Act, a supplier in the public service obligation may, with a signed and certified Statement, assign their right to lease storage capacity to a supplier of the wholesale gas market or to a gas supplier or gas trader from whom they procure gas for supply to the category of household consumers who are using the public gas supply service.
- (4) The Statement referred to in paragraph 3 of this Article shall be signed by the supplier in the public service obligation, the Operator and the supplier of the wholesale gas market or the gas supplier or the gas trader.
- (5) In the event of contracting storage service on the basis of the assigned lease right, the supplier of the wholesale gas market or the gas supplier or the gas trader shall submit to the Operator, no later than by 20th of March 2020, a request for contracting the Gas Storage Agreement, to which one original of all Statements shall be enclosed signed in the capacity of the acquirer of the contracting right.
- (6) The contractor of the storage service concluding the Gas Storage Agreement for the capacities allocated to the supplier in the public service obligation on the basis of the results of the allocation referred to in paragraph 1 of this Article shall be obliged to lease them in full.
- (7) The Gas Storage Agreement for the purposes of the public gas supply service referred to in paragraph 2 of this Article shall be concluded for a period of one year, i.e. from 1 April 2020 to 31 March 2021.
- (8) In case the storage service contractor fails to provide the means of payment security specified in the Contracted Service Conformation for the Standard Bundled Unit (hereinafter: SBU Conformation) until the deadline set by the Operator upon submission of the SBU Conformation, the Operator shall offer the subject storage capacities in the market.

Method of allocation of the SBUs for the purposes of public supply service

Article 72.b

On the basis of the working volume available for the needs of public supply service in the period from 1 April 2020 to 31 March 2021, the Operator shall allocate the available number of SBUs to the suppliers in the public service obligation on a proportional basis, i.e. based

on the data provided by the transmission system operator, pursuant to Article 19 paragraph 2 of the Act on the Amendments to the Gas Market Act (hereinafter: winter consumption), in the following manner:

- by determining the share of the average five-year winter consumption for each supplier in the public service obligation in the total average five-year winter consumption of all the suppliers in the public service obligation;
- on the basis of the share referred to in subparagraph 1 of this paragraph, rounded to eight decimal places, allocate to each supplier in the public service obligation the corresponding amount of working volume referred to in paragraph 1 of this Article;
- on the basis of the corresponding amount of working volume referred to in subparagraph 2 of this paragraph, expressed in kWh, calculate the number of SBUs by dividing the allocated working volume by an amount of 50,000,000 kWh;
- In the event that the number of SBUs referred to in subparagraph 3 of this paragraph is not an integer, the supplier in the public service obligation shall be allocated an aliquot portion of the SBU or working volume with the associated injection capacity and associated withdrawal capacity based on the decimal remainder rounded to six decimal places.

Article 72.c

By way of derogation from the provisions of Article 29 and Article 40 of the Storage Code, for contracting the storage capacities in 2020 for the period beginning on 1 April 2021, the Operator shall publish on their website the available number of SBUs, the deadline for which the lease service of available SBUs is offered, deadline for submitting the SBU reservation requests, as well as the deadline for notification on the number of SBUs allocated based on the requests received.“

Article 6

In Addendum 1: General terms and conditions for the use of the gas storage system, in Article 9, paragraph 2 is amended to read:

“(2) Means of payment security are:

- bank guarantee in kuna, which has to be unconditional, irrevocable, without objection and payable at first call, and issued by a bank which is acceptable to the Operator;
- cash deposit in kuna paid to the Operator’s account;
- regular debenture. “

Paragraph 6 is amended to read:

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

Paragraph 7 is amended to read:

(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 value of the annual fee for the use of the contracted

capacity of the gas storage system, increased by VAT, whereby the User grants their consent to confiscate all 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.“

Paragraph 8 is amended to read:

“(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 the use of the gas storage system, increased by the VAT. “

Paragraph 11 is amended to read:

“(11) Means of payment security referred to in this Article shall form an integral part of the Agreement, with the deadline thereof specified by the Operator. “

Paragraph 13 is amended to read:

“(13) The User is obliged under the condition of Agreement termination, for the activated (used) means of payment security, to deliver to the Operator new means of payment security within 5 (five) days from the day the means of payment security were activated or 10 (ten) days before the validity deadline of the means of payment security expires, respectively, which are identical to the used means of payment security or to the means of payment security whose validity deadline is expiring. In the event that the means of payment security whose validity deadline is expiring are not replaced with new means of payment security with the deadline, content and amount in accordance with these GTs, the Operator has the right to charge the means of payment security before their deadline expires and to deposit the money collected in such a way on an account (without the obligation of the Operator to receive interest on the deposit amount at the financial institution which holds the deposit, and without the obligation of the Operator to pay the User any kind of interest on the deposit, and in the event that the Operator receives interest on the deposit, those interest will not automatically be calculated as fulfilment of the User's obligation under the Agreement, but rather they will be added to the total deposit amount) and use it under the same conditions under which the Operator is authorised to use means of payment security in accordance with these GT.

Paragraph 14 is amended to read:

“(14) If the Operator considers that the means of payment security which were given to the Operator under the Agreement are not sufficient to ensure claims (for example: the User's or the bank guarantee issuer's creditworthiness is compromised, the User has contracted additional storage services, there has been an increase of the tariffs), at the request of the Operator, the User is obliged to deliver, under the condition of Agreement termination, to the Operator additional and/or substitute means of payment security, in accordance with the Operator's choice and within the deadline set by the Operator, which will ensure the Operator's risk of claim collection.“

Article 7

In Article 9, new paragraph 16 is added, which reads:

“(16) The User is obliged to submit the requested financial statements for the entire term of the Agreement at the request of the Operator, for the purpose of creditworthiness evaluation. “

Article 8

In Article 24, paragraph 2 is amended to read:

“(2) If certain provisions of these GTs demand amendments, the Operator will, on their own suggestion or at the request of the Agency, make amendments and act in accordance with Article 73 of the Storage Code. “

Article 9

In Addendum 2 Standard bundled unit allocation procedure, Article 1 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 (hereinafter: Operator) a request for the reservation of a certain number of standard bundled units (hereinafter: Request) within the deadlines prescribed by the Storage Code. After receiving the Request, the Operator performs the allocation of the annually available number of standard bundled units (hereinafter: SBU) Standard bundled unit) on an annual level for a period of at least one storage year and no more than five storage years. The Operator determines the number of available SBU for each individual year.

(2) The request shall be submitted to the Operator only by registered mail, whereby the Operator shall be deemed to have received the Request at the time of submission thereof in the post office.

(3) The Operator shall reject the Requests for which the Applicants have not submitted the attachments referred to in Article 40 paragraph 7 of the Storage Code, as well as those not submitted pursuant to paragraph 2 of this Article. “

Article 10

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

In Zagreb, 9 March 2020

Director of the Company

Ratimir Orešković, BSc. Eng.