

Pursuant to Article 86 Paragraph 3 of the Law on Gas Market ("Official Gazette", no. 28/2013) and the Decision on granting approval by the Croatian Energy Regulatory Agency, Class: 310-05/14-02/235, Registration number: 371-01/14-03 from 23rd of December 2014 the Storage System Operator Podzemno skladište plina d.o.o. adopts the

STORAGE CODE

I. GENERAL PROVISIONS

Subject

Article 1.

This Storage Code regulates the description of the Gas Storage System (hereinafter: Storage), development, construction and maintenance of the Storage, management and supervision of the Storage, the reservation and capacity usage procedure of the Storage, nomination of usage of the Storage, trading with the Storage capacities, connections with other parts of the gas system, services of Storage System Operator (hereinafter: Operator), rights and obligations of the Operator and the Storage System User (hereinafter: User), contractual relations and general terms and conditions for the Use of the Storage, compensation for damages, publication of data and exchange of information as well as metering rules and allocation rules regarding gas storage.

Article 2.

The Operator, Users, Transmission System Operator, Distribution System Operator, Gas Market Operator, Natural Gas Producer and the Balance Group Responsible are obliged to apply the Storage Code.

Article 3.

The Operator is obliged to ensure unbiased, equal and transparent terms of access to the Storage, keeping in mind the safety of gas supply, development of the storage system and the economically efficient usage of the Storage.

Definition of Terms

Article 4.

(1) The terms which are used within this Storage Code have a certain meaning which is determined by laws which govern the energy sector, regulation of energy activity, gas market, mining and metrology, as well as provisions and acts which were adopted pursuant to those laws.

(2) In this Storage Code certain terms are used which have the following meaning within this Storage Code:

1. *well* – a mining facility which connects the reservoir with the surface facilities and allows for the gas to be injected into the reservoir and withdrawn from the reservoir (operating well), or has the function for the monitoring of storage operations (control and/or metering well);

2. *balance account* – records on the daily transactions in the primary and secondary capacity market of the Gas Storage System with the initial and final quantity of gas in kWh for each individual User of the Gas Storage System.
3. *withdraw cycle* – period in which typically the gas is withdrawn from the Gas Storage System and which lasts from the 1st of October until 31st of March of the applicable storage year ± 30 days;
4. *injection cycle* – period in which typically the gas is injected into the Gas Storage System and which lasts from the 1st of March until the 30th of September of the applicable storage year ± 30 days;
5. *long-term service* – a service which is provided by the Storage System Operator for the period of one or more years;
6. *information platform* – information system of the Storage System Operator which acts as a support for the implementation of processes and procedures for the provision of gas storage services;
7. *website* – website of the Storage System Operator www.psp.hr;
8. *storage exit* – location of the physical connection between the Gas Storage System and transmission or distribution system during the withdrawal cycle
9. *withdraw capacity* – quantity of gas which can be withdrawn from storage in a unit of time, expressed in kWh/day;
10. *injection capacity* – quantity of gas which can be injected into storage in a unit of time, expressed in kWh/day;
11. *Storage System User* – gas supplier, gas trader and producer of natural gas who uses the Storage pursuant to the Gas Storage Agreement;
12. *short-term service* – service which is provided by the Storage System Operator for a period shorter than 12 months;
13. *withdraw curve* – a graphical or mathematical depiction of dependence of the firm capacity of withdraw on the stored gas volume at a certain point;
14. *injection curve* – a graphical or mathematical depiction of dependence of the firm capacity of injection on the stored gas volume at a certain point;
15. *m³ gas* – quantity of natural gas which at temperature of T=288,15 K and pressure P=101. 325 Pa occupies a volume of one cubic meter;
16. *minimal binding capacity* - minimal number of standard bundled units above which the request for reservation is binding, and under which the Storage System User is not interested in contracting the storage service.
17. *not-nominated capacity* – the contracted capacity which the Storage System User has not nominated for use ;
18. *nomination* – announcement of the amount of natural gas which the Storage System User intends to inject or withdraw from the Storage;
19. *operational plan for the activation of balancing energy* – a written order of the Transmission System Operator to the Gas Storage Operator on the use of gas storage capacity at the storage entry/storage exit
20. *Storage System Operator* – company Podzemno skladište plina d.o.o.;
21. *gas day* – a period of 24 hours which begins at 06:00 o'clock and lasts until 06:00 o'clock of the following day;
22. *cushion gas* – the volume of gas in a reservoir necessary for storage management and for maintaining the adequate minimal pressure in the storage;
23. *initial reservoir pressure* – initial pressure found in porous formations, at the reference depth, before the reservoir has been put in operation
24. *unbundled service* – the use of working volume, injection capacity and withdraw capacity as separate services;

25. *withdraw*– operating mode in which the gas is physically delivered from the Gas Storage System into the transmission system;
26. *interruption not-nominated injection capacity on a daily level* – a service which allows the Gas Storage User to gain the right to nominate injection capacities above contracted, and whose usage the Storage System Operator can limit partially or completely.
27. *interruption not-nominated withdraw capacity on a daily level* – a service which allows the Gas Storage User to gain the right to nominate withdraw capacities above contracted, and whose usage the Storage System Operator can limit partially or completely for a certain time period;
28. *transitional operating mode* – operating mode in which the nominated gas flow is achieved in fewer hours during the gas day;
29. *primary market* – market in which the Storage System Operator trades with Gas Storage System capacities;
30. *working volume*– the volume of gas in the storage which doesn't include the gas cushion volume which can be injected or withdrawn by using installed underground or surface facilities, according to legal and technical limitations, in one storage operating cycle.;
31. *available injection capacity* – part of the injection capacity which has not been encompassed by the agreements applicable at a certain moment and which is available to be contracted to other Storage System Users;
32. *available withdraw capacity* – part of the injection capacity which has not been encompassed by the agreements applicable at a certain moment and which is available to be contracted to other Storage System Users;
33. *available working volume* – working volume which has not been contracted at a certain moment and which is available to be contracted to other Storage System Users;
34. *available storage capacities* – part of the Storage capacity which has not been contracted at a certain moment and which is available to be contracted to other Storage System Users;
35. *storage year* – a period which begins at 06:00 o'clock on the 1st of April of the current year and lasts until 06:00 o'clock on the 1st of April of the following year;
36. *standby*– operating mode in which there is no physical flow between the Gas Storage System and the transmission system;
37. *firm injection capacity* – individual service on the basis of which the Storage System User acquires the right to use the contracted injection capacities whose usage the Storage System Operator cannot terminate or restrict, other than as provided by the applicable legislation;
38. *firm withdraw capacity* –individual service on the basis of which the Storage System User acquires the right to use the contracted withdraw capacities whose usage the Storage System Operator cannot terminate or restrict time and cannot terminate or restrict it, other than as provided by the applicable legislation;
39. *standard bundled unit* –bundle of working volume in the amount of 50 GWh with the associated dependence curves of withdraw and injection capacity on the gas volume stored in a certain moment;
40. *technical storage capacity*– maximum working volume, injection and withdraw capacity which the Storage System Operator can offer to the Storage System Users, depending on the physical characteristics of the facility and on the technical conditions at the *storage entry* and *storage exit*;
41. *Gas Storage Agreement* – agreement concluded between the Storage System User and the Storage System Operator, with which mutual rights and obligations are prescribed;
42. *contracted working volume* – part of the Storage working volume which as a firm service is leased by the Storage System User from the Storage System Operator for a certain period of time;
43. *storage entry* – location of the physical connection between the Gas Storage System and transmission or distribution system during the injection cycle

44. *injection*– operating mode in which the gas is physically taken from the transmission system into the Storage;
45. *virtual nomination*- announcement of the quantity of natural gas which the Storage System User intends to inject into the Storage during the withdraw *operation mode*, or withdraw from the Storage during the injection operation mode;
46. *Law* – Law on Gas Market.

II. DESCRIPTION OF THE GAS STORAGE SYSTEM

Article 5.

(1) The Storage consists of mining facilities: reservoirs where the gas is stored, operational wells, control-measuring wells, surface facility and connecting gas pipelines.

(2) The surface facility from Paragraph 1 of this Article consists of:

- a compressor station with a determined number of compressor units and corresponding equipment designed for the injection of gas during the injection cycle;
- a facility for the preparation of the withdrawn gas before it is delivered into the transmission system with the basic functions: separation of water and condensate, reduction of pressure, dehydration of gas and quantity provision;
- measuring devices with which the quantity of injected or rather withdrawn gas is measured;
- a control-management centre from which the operation of the Storage is monitored by tracking technological parameters and the operation of all facilities is managed.

(3) The basic parameters for the gas storage plant are defined by the corresponding technical documentation in accordance with the applicable legislation.

(4) Due to the operational safety of the Storage the allowed maximum depression is prescribed for each well, or the difference between reservoir pressure and the dynamic pressure at the bottom of the well respectively, on the basis of reservoir characteristics and installed well equipment. This determines the maximum quantity of gas which can be withdrawn or rather injected at each individual well.

(5) The technical storage capacity and the injection curve and the withdraw curve are harmonised with the valid mining project.

(6) At the end of each withdraw and injection cycle it is necessary to ensure the required reservoir resting time and to conduct hydrodynamic measurements in certain wells. The interpretation of these measurements provides the data necessary for verification and redefinition of the parameters for the plant storage system.

(7) Gas storage is conducted at the hydrocarbon exploitation field PSP Okoli, which is envisaged for seasonal balancing of the gas system due to the physical characteristics of the reservoir and where it is possible to achieve one cycle of charging and discharging throughout the storage year.

Article 6.

(1) The Storage is connected to the transmission system which is operated by the Transmission System Operator.

(2) The injection or withdrawal of gas is conducted at injection or rather withdraw points in the manner as has been prescribed by this Storage Code and the Gas Storage Agreement (hereinafter: Agreement).

III. CONNECTING THE GAS STORAGE SYSTEM WITH OTHER PARTS OF THE GAS SYSTEM

Article 7.

(1) The connection of the Storage with the transmission and/or distribution systems is done in order to create prerequisites for safe and reliable delivery of gas to system Users.

(2) The Operator will ensure the exchange of information with interconnected Operators, while respecting the rules for data exchange as prescribed by the Network Code of the Transmission System and Network Code of the Gas Distribution System.

Connecting the Gas Storage System with the transmission system

Article 8.

(1) The connection to the transmission system or the increase of the connection capacity is conducted in accordance with the provisions as set out in the Network Code of the Transmission System.

(2) The Operator and the Transmission System Operator will regulate mutual rights and obligations and the manner of data exchange, in order to ensure efficient and reliable operation, development and maintenance planning of interconnected systems, and will conclude an agreement on mutual rights and obligations.

Connecting the Gas Storage System with the distribution system

Article 9.

(1) The connection to the distribution system or the increase of the connection capacity is conducted in accordance with the provisions as set out in the Network Code of the Gas Distribution System.

(2) The Operator and the Distribution System Operator will regulate mutual rights and obligations and the manner of data exchange, in order to ensure efficient and reliable operation, development and maintenance planning of interconnected systems, and will conclude an agreement on mutual rights and obligations.

IV. DEVELOPMENT, CONSTRUCTION AND MAINTENANCE OF THE GAS STORAGE SYSTEM

Planning the development of the Gas Storage System

Article 10.

- (1) The Operator manages, maintains and develops a safe, reliable and efficient Storage.
- (2) The Storage development encompasses the construction of a new system, as well as an increase in the injection capacity, withdraw capacity and/or the working volume of the existing system, increase in the security and operational reliability and the decrease of negative environmental impact.
- (3) The Operator develops a plan for the development of the Storage during which the planned construction and reconstruction investments have to be technically justified and economically efficient as well as ensure a corresponding level of gas supply security.
- (4) The Operator has to plan the development of the Storage in such a way that it is adequately dimensioned for the purpose of carrying the contracted or planned gas storage services while fully meeting all of the legal obligations.
- (5) A solution should be chosen during the preparation of the development plans which completely satisfies the technical criteria while at the same time respects the principle of minimum expenditure.
- (6) The development plan has to be in accordance with the Energy Development Strategy and the Strategy Implementation Programme of Energy Development of the Republic of Croatia, while taking into account the economic conditions.

Storage System construction and maintenance

Article 11.

- (1) The Operator builds new facilities, reconstructs, upgrades and modernises the existing storage system facilities on the basis of the approved Storage development plan.
- (2) The activities from Paragraph 1 of this Article are carried out in accordance with the provisions of the law and regulations which govern the field of mining.
- (3) The planning, construction, operation and maintenance of the mining facilities and plants is carried out in accordance with valid technical-technological solutions while completely adhering to all legal obligations.
- (4) The Operator has the right to sell the gas which was obtained during the execution of mining works which are carried out in order to explore the mineral raw materials whose purpose is to ascertain the possibility of storing the hydrocarbon in the geological structure and conditions of exploitation.
- (5) In the event of gas sale, the Operator sells the available gas quantities based on the open sale procedure.
- (6) The Operator announces the tender for the sale of gas on his website and in at least one public newspaper.

Article 12.

- (1) In order to ensure regular operation the Operator undertakes maintenance activities in order to ensure the highest possible level of security, reliability, availability and efficiency of the Storage.
- (2) The Operator undertakes preventive testing and inspections which are provided by law, protects the Storage from harmful effects and supervises the activities of third parties within his premises.

(3) Storage maintenance is carried out systematically, with planned execution of regular Storage maintenance work, or rather its parts and by removing faults or defects.

(4) Faults and defects from Paragraph 3 of this Article imply damages, oversights, equipment malfunction and all other circumstances which cause or could cause a threat to the life and health of people or cause material property damage, cause greater or new faults and defects, as well as pollute the environment.

(5) Planned activities on the Storage which don't have an impact on the gas storage or rather on the storage capacity and can be carried out at any time without notifying the Users beforehand.

V. MANAGEMENT AND SUPERVISION OF THE GAS STORAGE SYSTEM

The control centre of the Gas Storage System

Article 11.

(1) For the purpose of efficient and reliable management and maintenance of the Storage the Operator is obliged to supervise the operation of the Storage, the measurement of input and output flows, gas quality parameters and also reliability of gas delivery..

(2) Supervision of operation and the Storage management is performed constantly from the control centre of the Operator, as well as by systematic operational system supervision.

(3) The Operator will manage the system in such a manner as to meet the conditions prescribed by verified project documentation while adhering to technical and operating limitations of the system.

(4) Technical and operational limitations of the Storage are based on the maximum allowed pressure of the reservoir and the surface facility and on the minimal pressure of the reservoir as well as pressure of the system to which it is connected.

(5) The Operator's control centre will cooperate and exchange information with the Transmission System Operator, Balance Group Responsibles and Users in matters concerning nominations, balancing of the transmission system, cooperation during disruption of storage activities or transmission and also during crisis, and in accordance with applicable legislation.

(6) In order to maintain contact with the Operator the User needs to manage the following communication tools and constantly keep them in function during each gas day:

- a computer connected to the internet with the option of sending and receiving e-mails;
- telephone connection 0-24;
- a device for receiving and sending fax messages.

Article 12.

In order to manage the Storage, for the purposes of ensuring safety and reliability of its operation and supervision of Storage plant, the control centre of the Operator has to have access to the measurement, information and telecommunication system which enables him to:

- keep continuous supervision of the technological parameters and management of key facilities; of the Storage in real time;
- notice disruptions in the technological gas storage process;

- measuring, recording and centralised data gathering on the achieved gas flow at the entry into the Storage and exit from the Storage;
- communicate with the Transmission System Operators' dispatcher centre for the purpose of exchanging process data;
- exchange data and operational communication with the Balance Group Responsibles and the Gas Market Operator;
- achieve operational communication with Users;
- report on the Storage usage.

Article 13.

For the purpose of ensuring the safety and reliability of Gas Storage System operations, aside from what has been mentioned in Article 14 of this Storage Code, the Operator is obliged to organise permanent readiness for the emergency repair of defects or faults in the Storage, or rather to undertake measures to lessen their impact on the Storage operations.

Determining the technical storage capacity

Article 14.

(1) The procedure for determining the technical storage capacity guarantees that the nominations of the Users do not exceed the technical capabilities of the Storage. The technical storage capacity is defined by the maximum operating volume of the Storage, the maximum daily injection capacity and the maximum daily withdraw capacity which are dependent on the level of occupancy of the Storage, and is determined by the Operator.

(2) Storage is also limited by the minimal withdraw capacity and the minimal injection capacity of gas as follows, which is determined by the technical characteristics of the Storage:

(3) Minimal hourly gas withdraw capacity (MinQph) is 200 000 kWh/h and the minimal daily gas withdraw capacity (MinQpd) is 2 000 000 kWh/day.

(4) The Operator during the transitional mode in the withdraw cycle shall operate only if the withdraw with MinQph lasts continuously for at least 10 hours during a gas day.

(5) The minimal hourly gas injection capacity (MinQuh) amounts to 300 000 kWh/h and the minimal daily gas injection capacity (MinQud) amounts to 2 400 000 kWh/day. The Operator shall operate only if the injection with a MinQuh lasts continuously for at least 8 hours during a gas day during the transitional mode in the injection cycle.

(6) In order to ensure safety and reliability of the Storage operation the Operator will refuse User's nominations and will switch to standby operation mode if the nominated withdraw capacity of all Users is less than MinQpd or if the nominated injection capacity of all Users is less than MinQud respectively.

Managing the capacities of the Gas Storage System

Article 15.

(1) The gas injection cycle lasts from the gas day 1st of April until the gas day 30th of September \pm 30 days, while the withdraw cycle lasts from the gas day 1st of October until the gas day 31st of March \pm 30 days.

(2) The Operator notifies the Users on the regular cycle change date from Paragraph 1 of this Article by posting a notification on his website at least seven days in advance with the confirmation of the final cycle change date at least 24 hours in advance.

(3) As an exception from Paragraph 1 of this Article the cycle change is also possible due to an occurrence of an extraordinary situation on connected systems if the Operator assesses that a cycle change is possible within the scope of his operational possibilities.

(4) The Operator notifies the Users via e-mail at least 12 hours in advance on the extraordinary cycle change and delivers to them a summons which contains a deadline for the obligatory delivery of a new nomination.

Storage System operation mode

Article 16.

(1) The Operator determines the Storage's operation mode, depending on the Storage's cycle mode and received daily nominations as well as the effect the change of operation mode has on the deposit and facility characteristics.

(2) Storage can be in one of the following operation modes:

- withdraw;
- injection;
- standby;
- transitional operating mode.

Article 17.

Due to the technical-technological characteristics of the Storage System the minimal time required in the event of transitioning from the injection operation mode to withdraw operation mode is 8 hours, and in the event of transitioning from the withdraw operation mode to injection operation mode it amounts to 16 hours.

Change of operation mode

Article 18.

(1) the following rules apply during the withdraw cycle:

- If the sum of nominated hourly gas quantities from all the delivered nominations is greater than the MinQph:
 - the Operator will accept all of the nominations which are delivered in accordance with contracted capacities and continue with the withdraw operating mode.
- If the sum of nominated daily gas quantities from all the delivered nominations is greater than the MinQpd, and the sum of nominated hourly gas quantities from all the delivered nominations is less than MinQph:
 - the Operator will accept all of the nominations which are delivered in accordance with the contracted capacities and will operate in the transitional operating mode
- If the sum of nominated daily gas quantities from all the delivered nominations is less than MinQpd, and the sum of nominated daily gas quantities from the delivered nominations for withdraw is greater than MinQpd:

- the Operator will accept all of the nominations for withdraw which are delivered in accordance with contracted capacities.
- the Operator will proportionally reduce the virtual nominations for injection in such a way that the sum of all nominated daily quantities is greater than MinQpd and will operate in the transitional operating mode.
- If the sum of nominated daily gas quantities from all the delivered nominations is less than the MinQpd and the sum of nominated daily gas quantities from all the delivered nominations for withdraw is also less than the MinQpd:
 - the Operator will refuse the received nominations and will change the operation mode to standby.

(2) During the injection cycle the following rules apply:

- If the sum of nominated hourly gas quantities from all the delivered nominations is greater than the MinQuh:
 - the Operator will accept all of the nominations which are delivered in accordance with the contracted capacities and will continue with the injection operating mode.
- If the sum of nominated daily gas quantities from all of the delivered nominations is greater than MinQud, and the sum of nominated hourly gas quantities from all of the delivered nominations is less than MinQuh:
 - the Operator will accept all of the nominations which are delivered in accordance with contracted capacities and will operate in the transitional operating mode.
- If the sum of nominated daily gas quantities from all the delivered nominations is less than the MinQud, and the sum of all nominated daily gas quantities from delivered nominations for injection is greater than the MinQud:
 - the Operator will accept all of the injection nominations which are delivered in accordance with the contracted capacities
 - the Operator will proportionally reduce the virtual nominations for withdraw in such a way that the sum of all nominated daily quantities is greater than the MinQud and will operate in the transitional operating mode.
- If the sum of nominated daily gas quantities from all the delivered nominations is less than the MinQud and the sum of nominated daily gas quantities from the delivered nominations for injection is also less than the MinQud:
 - the Operator will refuse the received nominations and will switch to standby operation mode.

Own gas consumption and losses

Article 19.

(1) The measurement of gas consumption for the needs of the Operator will be performed with the measuring device which is owned by the Operator for which he possesses all of the required documentation in accordance with the metrological requirements (certificates, test reports).

(2) The Operator is obliged to ensure sufficient gas quantities required to feed the compressor, technological consumption, to cover the losses and to supplement the gas cushion.

(3) The gas intended for the purposes described in Paragraph 2 of this Article is acquired by the Operator based on market principles while also defining the dynamic and location of delivery.

- (4) The Operator acquires the gas at the storage entry or in the storage itself.
- (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 his website and in at least one public newspaper.
- (6) The basic criteria for choosing the most favourable tender is the lowest unit gas price.
- (7) On the basis of the most favourable tender, the Operator and the chosen supplier conclude a Gas Supply Agreement.
- (8) In case of dissatisfaction with the conduct of the Operator in the gas procurement proceedings, the supplier has the right to lodge an appeal to the Croatian Energy Regulatory Agency (hereinafter: Agency).

Temporary restriction and termination of service

Article 20.

- (1) The Operator has the right to temporarily restrict or terminate the injection or withdraw of gas for regular maintenance of the facility and installations, performing necessary hydrodynamic measurements, inspections, system tests, system upgrades or reconstructions and for other reasons as prescribed by this Storage Code, the Law and by other current legal and sublegal regulations.
- (2) The Operator develops and implements planned annual works from Paragraph 1 of this Article in as short a time period as possible.
- (3) The Operator publishes on his website the planned deadlines for the termination of service before the beginning of the storage year, and if necessary he revises them monthly and ultimately confirms it to the Users by delivering a notification at least 48 hours in advance.
- (4) Due to performing hydrodynamic measurements, the Operator has the right to terminate the injection and withdraw service twice a year in the duration of 96 hours. The Operator will carry out the abovementioned measurements in agreement with the Users and the operator of the connected system, and he will carry them out no later than 15 days after the completion of the injection or rather the withdraw cycle respectively.
- (5) In the event that the restriction or termination of storage service has lasted in accordance with the announced deadlines or was prolonged due to reasons which the Operator couldn't foresee and/or prevent, the Operator is not obliged to reimburse the Users for possible damages or expenses that may have occurred as the result of restriction or termination of the storage service.

Article 21.

After the announced operations from Article 22 of this Storage Code are completed the Operator will immediately notify the User and continue with the provision of contracted services.

Management and procedures during extraordinary circumstances

Article 22.

(1) An extraordinary situation with regards to managing the Storage is any event which is not avoidable or foreseeable, and whose consequences directly endanger the safety of people and property from uncontrolled gas discharge, cause restriction or termination of Storage capacity usage and endanger the reliability of gas supply.

(2) Extraordinary situations described in Paragraph 1 of this Article in terms of managing the Storage also include extraordinary circumstances on connected systems.

(3) In the event of an extraordinary situation at the Storage the Operator will undertake measures without delay which will ensure the preservation of the storage system viability and will decrease the impact the disruption has on the possibility of Storage capacity usage and the reliability of gas supply. The abovementioned measures encompass the following:

- notification of competent public authorities and bodies;
- control of the Storage operation through the control centre in accordance with internal instructions, for the purpose of surmounting the arisen circumstances;
- elimination of the cause of danger for the safety of people and property;
- termination or restriction of the Storage capacity usage.

Article 23.

(1) In the event of a malfunction or breakdown at the Storage which endangers the safety of people and property, the Operator has the right to immediately terminate or restrict the gas storage service, along with a telephone notice to the User and the operator of a connected system and a subsequent written notice.

(2) In the event of a malfunction or breakdown at a connected system, the operator of the connected system sends a notice by telephone and subsequently in writing about the malfunction on the connected system to the Operator as well as a request for the termination or restriction of the storage system service. After receiving the notice, the Operator will notify the Users who are affected by the restriction or termination of service on the time of the gas storage service termination or restriction.

(3) In the event of a malfunction or breakdown on the connected system, for which the Operator is aware could threaten people's lives or health or cause material property damage, the Operator will terminate or restrict the gas storage service without delay.

(4) In the event that the termination or restriction of the gas storage service is caused by a malfunction at the Storage or at the connected system which would result in the endangerment of people's safety and property, the Operator is not obliged to reimburse Users the potential damages or expenses caused as a result of the restriction or termination of the gas storage service.

(5) The Operator will request Users to deliver extraordinary nominations during the termination or restriction of the storage service in accordance with the provisions of this Article.

Management and procedures during crisis

Article 24.

(1) During a crisis the Operator manages the Storage based on the measures prescribed by the Resolution (EC) 994/2010 of the European Parliament and of the Council (hereinafter: Resolution on security of gas supply) and provisions adopted on the basis of Resolution on Gas Supply Security.

(2) Depending on the technical possibilities and available capacities of the Storage the Operator will undertake measures to mitigate the resulting situation within the scope of his responsibilities.

(3) On the basis of the Decision on the adoption of the intervention plan on measures to protect the security of gas supply in Croatia, the Operator prepares the Plan for crisis situations, and has an obligation to inform the Ministry in charge of Energy in the event of early warning crisis levels, alerting and state of emergency on the level of stored gas, and implement measures in accordance with the Crisis Team's order.

VI. SERVICES OF THE STORAGE SYSTEM OPERATOR

Article 25.

In accordance with the Law and provisions of the Regulation (EC) no. 715/2009 the Operator will place at the disposal of the Users under equal conditions the total capacities of the Storage taking into consideration the technical limitations and the security of the system.

Overview of the offered services

Article 26.

(1) The Operator provides the services defined in this Article on the basis of the Agreement concluded between the Operator and the User and under the conditions as determined by this Storage Code.

(2) The Operator will offer the following services to the Users:

1. standard bundled unit;
2. unbundled services: firm and interruptible;
3. non-standard services.

Standard bundled unit

Article 27.

(1) The Operator offers the standard bundled unit on an annual basis for a period of no more than five storage years.

(2) Within the framework of the contracted standard bundled unit, and in accordance with the associated injection curve and withdraw curve the User achieves the right to:

- nominate the contracted firm injection capacity in the injection cycle or the withdraw capacity in the withdraw cycle depending on the volume of gas stored at a certain moment;
- nomination up to the amount of the contracted maximum injection capacity or the withdraw capacity wherein the right to use the capacity beyond the point on the associated curve will be realised on an interruptible basis;

- virtual nomination up to the amount of the contracted maximum injection capacity or maximum withdraw capacity, during which the right to use the capacity is realised on an interruptible basis.

(3) The appropriate injection and withdraw curve for each User will be contained within the Contracted Service Confirmation which is an addendum and an integral part of the Agreement.

(4) The contracted working volume is the maximum quantity of natural gas expressed in kWh which can be stored throughout the duration of the contracted service.

(5) The contracted injection capacity is the maximum quantity of gas expressed in kWh/day which can be injected in a gas day in accordance with the conditions from Article 20 Paragraph 2 of this Storage Code, depending on the applicable quantity of stored gas of each individual User, which is defined by the Contracted Service Confirmation.

(6) The contracted injection capacity is the maximum quantity of gas expressed in kWh/day which can be withdrawn in a gas day in accordance with the conditions from Article 20 Paragraph 1 of this Storage Code, depending on the applicable quantity of stored gas of each individual User, which is defined by the Contracted Service Confirmation.

Unbundled services

Article 28.

During the storage year for the purposes of optimising the Storage usage, the Operator can also offer unbundled services which can be firm or interruptible.

Article 29.

(1) The Operator can offer the following unbundled firm services:

- firm working volume;
- firm injection capacity;
- firm withdraw capacity;

(2) Additional unbundled firm service of contracted working volume doesn't change the initial value of the previously contracted maximum daily injection capacity or maximum daily withdraw capacity.

(3) The Operator will, after contracting an unbundled service of firm working volume with an existing User, update the original withdraw and injection curves which are dependent on the gas volume stored at a certain moment and the aforementioned will be defined in the Contracted Service Confirmations.

(4) Additionally contracted unbundled service of firm injection capacity and/or firm withdraw capacity does change the initial value of the previously contracted daily injection capacity and/or maximum daily withdraw capacity.

(5) The Operator will, after contracting the unbundled service of firm injection and/or withdraw capacity with an existing User, update the original withdraw and/or injection capacity curves which are dependent on the gas volume stored at a certain moment and the aforementioned will be defined in the Contracted Service Confirmations.

Article 30.

- (1) The Operator will offer to the existing Users the following interruptible services:
 - interruptible not-nominated injection capacity on a daily basis;
 - interruptible not-nominated withdraw capacity on a daily basis;
- (2) By contracting the interruptible not-nominated injection capacity or not-nominated withdraw capacity on a daily basis the User achieves the right to nominate non-contracted injection capacities or non-contracted withdraw capacities.
- (3) The Operator has the right to terminate or restrict execution of unbundled interruptible services.
- (4) The Operator will grant the right to use the interruptible not-nominated injection capacity or interruptible not-nominated withdraw capacity on a daily basis after accepting the nominations for the use of contracted firm services.

Cost of standard services

Article 31.

- (1) The fees for the use of the Storage are determined by the Methodology of determining the amount of tariff items for gas storage.
- (2) Services described in Article 28, Paragraph 2, sub-Paragraph 1 and sub-Paragraph 2 of this Storage Code, are accounted by the Operator on the basis of the Decision on the amount of tariff items for gas storage.

Non-standard services

Article 32.

- (1) The Operator offers the following non-standard services:
 - sale of gas not-withdrawn;
 - control testing of the gas meter accuracy and of other measuring equipment at the request of the User in an authorised service centre accompanied by the expertise of the State Office for Metrology or at a legal entity authorised for gas meter certification;
 - gas quality control at the request of the User;
 - trade recording for the seller in the secondary market;
 - trade recording for the buyer in the secondary market;
 - opening a balance account for the buyer in the secondary market;
 - managing a balance account for the buyer in the secondary market;

Cost of non-standard services

Article 33.

- (1) The price list of the non-standard services of the Operator will be in accordance with the Methodology of determining the price of non-standard services for the transport of gas, distribution of gas, storage of gas and public service of gas supply which is adopted by the Agency.
- (2) The non-standard services described in Article 34 of this Storage Code will be accounted by the Operator on the basis of the non-standard service price list of the Operator which the Operator is obliged to publish on his website.

(3) The invoice for the rendered non-standard services will be delivered by the Operator to the User no later than the 15th day of the current month for the previous month, which the User is obliged to pay no later than the 25th day of the month in which the invoice was issued.

VII. CONTRACTUAL RELATIONSHIPS AND GENERAL TERMS OF USE OF THE GAS STORAGE SYSTEM

Article 34.

(1) The Operator will conclude the Agreement in written form with the energy entity who has the right by Law to access the Storage and to whom the bundled unit was awarded under the conditions as set forth in this Storage Code.

(2) The Operator will conclude the Agreement in written form with the User whose request for contracting an unbundled service has been accepted under the conditions as set forth in this Storage Code.

(3) As an exception to the provisions set forth in Paragraph 2 of this Article the Operator will not conclude a new Agreement for the purpose of contracting a new unbundled service with the User with whom he already has concluded a valid Agreement, however he will deliver to him a new Contracted Service Confirmation for him to sign.

Article 35.

Gas Storage Agreement

(1) With the Agreement, the Operator and the User will regulate the subject, duration of the Agreement and all other mutual rights and obligations of the contracting parties.

(2) Integral parts of the Agreement are as follows:

- General Terms and Conditions for the Use of the Storage
- Contracted Service Confirmation

(3) The Operator publishes the standard Agreement on his website.

(4) General Terms and Conditions for the Use of the Storage can be found in Addendum 1 of this Storage Code.

(5) The Contracted Service Confirmation among other things defines the following:

- type of service;
- duration of service;
- contracted Storage capacity;
- and the required payment security instruments.

Article 36.

This Storage Code and other legal and sub-legal normative deeds which govern the Gas Market are to be applied to the Agreement.

VIII. RESERVATION AND USE OF THE GAS STORAGE SYSTEM CAPACITY

Article 37.

After contracting the storage service the User is obliged to reserve the capacity for the exit from the transmission system which is also the entry into the Storage as well as the entry capacity into the transmission system which is also the exit from the storage system.

Reservation of the standard bundled unit

Article 38.

(1) The energy entity which is entitled to access the Storage pursuant to the Law, submits to the Operator the request for the reservation of the standard bundled unit.

(2) The request for the reservation of the standard bundled unit is submitted on an annual basis, for the period of at least one storage year and no more than five storage years.

(3) The request for the reservation of the standard bundled unit on an annual basis is submitted on the 15th of January of the current storage year at the latest for the following storage year or the following storage years.

(4) The request for the reservation of the standard bundled unit is submitted through a form which the Operator will publish on his website.

(5) The delivery of the request for the reservation of the standard bundled unit is a binding offer by the User for contracting the service of the standard bundled unit in the part which exceeds the minimum binding capacity which the User specifies in the request for the reservation of the standard bundled unit.

(6) The request for the reservation of the standard bundled unit contains the following:

- name of the applicant, including the official and operational contacts;
- the requested number of standard bundled units for each storage year for which the request is submitted
- the amount of minimal binding capacity;
- period to which the request applies.

(7) The request for the reservation of a standard bundled unit must be accompanied by the following:

- excerpt from the court registry or suitable evidence which proves that the person is authorised to act on the behalf of the applicant;
- copy of the license for carrying out energy activities which entitles him to access the Storage;
- form of solvency BON 1 and BON 2 which are not older than 30 days for companies which have their headquarters located in the Republic of Croatia,

financial reports for the previous three years for companies which have their headquarters located outside of the Republic of Croatia, or other relevant proof of financial capability in accordance with the provisions of the country where the applicant's headquarters are located respectively.

(8) The Operator will reject requests which don't have enclosed the documents from Paragraph 7 of this Article or requests which were delivered after the deadlines prescribed by this Storage Code.

Reservation of firm unbundled services

Article 39.

(1) The Operator publishes on his website all of the necessary information on firm unbundled services which he plans to offer:

- description of offered service;
- beginning and the period during which the unbundled service is offered;
- the reservation procedure;
- allocation rules.

(2) If the Operator intends to offer firm unbundled services on an annual basis the necessary information will be published no later than the 28th of February of the current year for the following storage year.

(3) If the Operator intends to offer firm unbundled services on a monthly basis the necessary information will be published no later than the fifth day of the applicable month for the following month or the following months until the end of the storage year respectively.

(4) If the Operator intends to offer firm unbundled services on a daily basis the necessary information will be published no later than the 09:00 o'clock of the applicable day for the following day or the following days until the end of the month respectively.

(5) The request for the reservation of the offered firm unbundled service on an annual basis is submitted no later than the 10th of March of the current storage year for the following storage year.

(6) The request for the reservation of the offered firm unbundled service on a monthly basis is submitted no later than the tenth day of the current month for the following month or following months, and for a maximum period until the end of the storage year.

(7) The request for the reservation of the offered firm unbundled service on a daily basis is submitted no later than 09:30 o'clock of the current day for the following gas day.

(8) As an exception to Paragraph 7 of this Article, the request for the reservation of firm unbundled service during the holiday(s) and the first following business day after the holidays is submitted during the business day immediately preceding the holiday(s).

Article 40.

(1) The request for the reservation of the firm unbundled service described in Article 31 of this Storage Code is submitted through a form which the Operator will publish on his website.

(2) The request for the reservation of the firm unbundled service represents a binding offer by the User for contracting the requested contracted unbundled service.

(3) The request for the reservation of firm unbundled service contains the following:

- name of the applicant, including the official and operational contacts;
- period to which the request applies;
- requested working volume expressed in kWh;
- requested injection capacity expressed in kWh/day;
- requested withdraw capacity expressed in kWh/day;

(4) The Users who are not in a contractual relationship with the Operator at the time the application is submitted are obliged to enclose with it the documentation described in Article 40 Paragraph 7 of these Storage Code.

(5) The User will reject requests which don't have the documents from Article 40 Paragraph 7 enclosed as well as requests which were delivered after the deadline prescribed by this Storage Code.

Reservation of interruptible not-nominated injection capacity

*or interruptible not-nominated withdraw
capacity on a daily basis*

Article 41.

- (1) The request for the reservation of the interruptible not-nominated injection capacity or interruptible withdraw capacity on a daily basis is submitted through the information platform of the Operator which is accessed through a form which the Operator will publish on his website.
- (2) The User who wishes to use the interruptible not-nominated injection capacity or the interruptible not-nominated withdraw capacity on a daily basis submits a request for the reservation of interruptible not-nominated injection capacity or the interruptible not-nominated withdraw capacity on a daily level for the period specified in the request, which will not exceed the duration of the contracted standard bundle service.
- (3) The User who wishes to use the interruptible not-nominated injection capacity or the interruptible withdraw capacity on a daily basis can submit the request for reservation at any time if he has already contracted the standard bundled unit with the Agreement.
- (4) For contracting purposes the User has to submit the request for reservation of interruptible not-nominated injection capacity or the interruptible not-nominated withdraw capacity on a daily basis at least five business days before the commencement of use of the requested service.
- (5) The delivery of the request for the reservation of interruptible not-nominated injection capacity or interruptible not-nominated withdraw capacity on a daily basis represents a binding offer by the User for contracting the interruptible not-nominated capacity service.

Allocation of the standard bundled units

Article 42.

- (1) The Operator is obliged to ensure to the Transmission System Operator a sufficient number of the requested Storage capacities for the use of operational stock.
- (2) After the allocation of the bundled units for the use of operational stock, the Operator is obliged to allocate the remaining bundled units to other Users according to Standard bundled unit allocation procedure which is an integral part and Addendum 2 to this Storage Code. The Operator is obliged to publish all of the necessary information on his website on the rules of allocation of standard bundled units on an annual or perennial basis no later than one month before the standard bundled unit's reservation deadline.
- (3) If the performed allocation results in awarding a number of standard bundled units to an individual applicant for the reservation of standard bundled unit which is less than the minimal binding capacity stated in the request which was submitted by that applicant, it will be considered that the applicant does not wish to conclude the Agreement and a reallocation will be carried out for that number of bundled units to other Users.
- (4) The Operator is obliged to inform the User who has submitted a request for the reservation of a standard bundled unit on an annual or perennial basis on the allocation of the Storage capacity no later than 15th of February of the current storage year.
- (5) If the number of allocated standard bundled units is equal to the demand as well as equal or greater than the Minimal binding capacity, the Operator will deliver to the User the Agreement with the corresponding Contracted Service Confirmation along with the notification on the allocation of the Storage capacities which the User is obliged to sign and return to the Operator within five days.

(6) If there are any unallocated standard bundled units on an annual basis the Operator will offer the aforementioned capacities on the market as a firm service or as a new product package. (7) The Operator is obliged to notify the Agency on the results of the standard bundled units allocation.

Allocation of firm unbundled services

Article 43.

(1) After contracting the bundled unit and receiving the request for the reservation of firm unbundled services the Operator carries out the allocation of the requests for firm unbundled services described in Article 42 Paragraph 1 of this Storage Code.

(2) The Operator is obliged to notify the User on the allocation of firm unbundled services for the following storage year and deliver to him the Agreement and/or the Contracted Service Confirmations no later than the 15th of March of the following storage year.

(3) The Operator is obliged to notify the User on the allocation of firm unbundled services for the following month or following months and in the event of contracting deliver to him the Agreement and/or the Contracted Service Confirmations no later than the 15th day of the current month.

(4) The Operator is obliged to notify the User on the allocation of firm unbundled services for the following day or following days and in the event of contracting deliver to him the Agreement and/or the Contracted Service Confirmations no later than 10:00 o'clock of the current day.

(5) The Operator is obliged to notify the Agency on the allocation of firm unbundled services.

Article 44.

Allocation of interruptible not-nominated injection capacity and withdraw capacity on a daily basis

(1) The Operator awards the interruptible not-nominated injection capacity or the not-nominated withdraw capacity on a daily basis to each User who has submitted an application for contracting the service of interruptible capacity under the condition that the User has contracted a standard bundled unit or an unbundled firm service of working volume.

(2) The Operator is obliged to notify the User on the awarding of interruptible not-nominated injection capacity or of interruptible not-nominated withdraw capacity on a daily basis two days before the commencement of service and deliver to him a Contracted Service Confirmation.

(3) On the basis of the Contracted Service Confirmation the User achieves the right to nominate the interruptible not-nominated injection capacity or interruptible not-nominated withdraw capacity on a daily basis.

Weekly notifications of Storage System Users

Article 45.

(1) The User is obliged to deliver the weekly notification through the information platform by 12:00 o'clock Thursday in which he nominates the expected required gas quantities which he intends to take over from or deliver to the Storage for each day of the following week.

(2) In the event of significant change of expected demand in the following week the User is obliged to update the delivered weekly notification data.

(3) If necessary the Operator can also request the extraordinary delivery of weekly notification data.

(4) Nominations from the weekly notification can be changed without restriction up until the gas day D-2, and after that in accordance with the deadlines from Article 49 of this Storage Code.

Nomination of Gas Storage System capacity usage

Article 46.

(1) Nominations for the use of the Storage's contracted capacity are possible in accordance with the Agreement and Contracted Service Confirmations, and in accordance with the procedures as prescribed in this Storage Code.

(2) The Operator before approving the nomination performs the following:

- a procedure for the verification of mode of operation on the basis of which he accepts, restricts or rejects nominations, and in accordance with the rules from Article 20 of this Storage Code;
- verification procedure of the nominations and the technical storage capacity harmonisation;
- capacity verification procedure during which the nominations are verified whether they are in accordance with the Agreement and the Contracted Service Confirmation.

(3) If the nomination sum exceeds the technical storage capacity, the Operator will proportionately reduce the received nominations on an interruptible basis according to the following schedule:

1. nominations received on the basis of contracting the service of interruptible not-nominated injection capacities or interruptible not-nominated withdraw capacities on a daily basis;
2. nominations received on the basis of contracting a standard bundled unit and firm unbundled services.

Article 47.

(1) The User is obliged during the submission of the request for reservation of the Storage capacity, during the submission of the request for the contracting of any unbundled service and during any change to deliver to the Operator the data on the Balance Group Responsible who will deliver to the Operator the nominations for the storage entry and storage exit.

(2) The User is obliged to deliver to the Operator on a daily basis the nominations for injection or withdraw of gas. The nomination has to contain the planned quantity of gas expressed in kWh, elaborated for each hour for the following gas day with the condition that the nominated hourly quantity of gas represents 1/24 of the nominated daily quantity.

(3) The nomination from Paragraph 2 of this Article cannot be greater than the sum of contracted capacity from all of the Contracted Service Confirmations valid for that gas day.

(4) As an exception to the provisions from Paragraph 3 of this Article, the User has the right to nominate the injection capacities or nominate withdraw capacities above the contracted capacity, if he has contracted the service to use interruptible not-nominated injection capacities or interruptible not-nominated withdraw capacities on a daily basis respectively.

(5) With a renomination the User cannot change the delivered nomination for injection into withdraw nor a delivered nomination for withdraw into injection.

(6) The User is obliged to deliver a nomination to the Operator for the following D day until 11:30 o'clock of the current day.

(7) The User has the right to change the delivered nomination from Paragraph 6 of this Article through three renominations:

- a renomination on day D-1 until 22:00 o'clock can change the information for the entire gas day D;
- a renomination on day D until 11:00 o'clock can change the information for the period from 14:00 hours until the end of the gas day D;
- a renomination on day D until 14:00 o'clock can change the information for the period from 17:00 o'clock until the end of the gas day D.

Renominated hourly gas quantities have to be equal for all of the hours until the end of the gas day.

(8) After the expiration of the nomination/renomination receipt deadline from Paragraph 6 and Paragraph 7 of this Article the Operator notifies the User and the Transport System Operator on the amount of accepted nominations.

(9) The exchange of all information in relation to this Article is carried out through the information platform of the Operator.

(10) The nomination or the last re-nomination for a certain gas day which is accepted by the Operator becomes binding for the User and the Operator.

Article 48.

(1) In the event of an extraordinary disruption in the operation of the Storage, the Operator will immediately inform the Transmission System Operator of the said disruption, User who is affected by the disruption and the included Balance Group Responsible and will allow him to carry out an extraordinary alteration of the accepted daily nomination, or an extraordinary renomination respectively.

(2) The deadline for the nomination from Paragraph 1 of this Article is determined by the Operator.

Article 49.

(1) If the User is also the balancing energy provider at the entry into the transmission system which is also the exit from the Storage or at the exit from the transmission system which is also the entry into the Storage respectively the User is obliged to nominate to the Operator the gas amount from the offer of balancing energy delivered to the Gas market Operator through the information platform exclusively within the framework of the leased firm storage capacity in such a way that in addition to the basic nomination he also submits positive and / or negative balancing energy nominations.

- (2) The User nominates the positive balancing energy at the storage entry as a decrease of gas quantity nominated for injection, up to the amount of basic nomination / renomination.
- (3) The User nominates the negative balancing energy at the storage entry as an increase of gas quantity nominated for injection, up to the amount of contracted firm injection capacity.
- (4) The User nominates the positive balancing energy at the storage exit as an increase of gas quantities nominated for withdrawal, up to the amount of basic nomination / renomination
- (5) The User nominates the negative balancing energy at the storage exit as a decrease of gas quantities nominated for withdrawal, up to the amount of basic nomination / renomination.
- (6) The order for the use of balancing energy during the gas day D is given to Operator by the Transmission System Operator by way of submitting the operational plan of balancing energy activation in accordance with the provisions of the Rules on the Natural Gas Market Organization.
- (7) The total daily gas amount from the operational plan of balancing energy activation cannot be less than zero or greater than the technical storage capacity
- (8) Operator updates the Users balance sheet account on the basis of the report of the Transmission System Operator in accordance with the provisions of the Network Code of the Transmission System for the activated balancing energy.

IX. TRADING WITH GAS AND THE CAPACITIES OF THE GAS STORAGE SYSTEM

Article 50.

- (1) The Users, have the right to:
 - trade on the secondary market with previously contracted services with energy subjects who have access to storage on the basis of the Gas Market Act;
 - trade with stored gas.
- (2) The recording of trade for the seller in the secondary market and the recording of trade for the buyer in the secondary market is charged by the Operator in accordance with the price list for non-standard services of the Operator.
- (3) The Users govern their rights and obligations regarding trade in the secondary market by mutual agreements.

Advertising supply and demand for the Gas Storage System's capacities on the secondary market

Article 51.

- (1) The Operator will allow the publishing of supply and demand requests for services, or rather capacities which are to be traded in the secondary market on his website.

Forms for supply, demand and trade in the secondary Storage capacities market are prescribed by the Operator, and the especially contain the following data:

- name of the seller or the buyer of the Storage capacity in the secondary market;
- type and volume of the service which is sold or bought;
- the period for which the Storage capacity is sold or bought in the secondary market.

(3) The Operator publishes the received supply and demand forms on his website on the first business day after the receipt of the duly completed form.

(4) The Users can also advertise supply and demand for the Storage's capacity through the information platform of the Operator.

Trading with the Gas Storage System's capacities on the secondary market

Article 54

(1) The User can, partially or wholly, sell purchased services or rather capacities to another User or purchase services or rather capacities from another User on the secondary market, only with the approval of the Operator. Only the whole number of leased standard bundled units can be traded when trading with the standard bundled unit service,

(2) During the sale of Storage capacities on the secondary market the obligations of the User based on the Agreement are unchanged, or rather he remains the contracting party and the bearer of all rights and all obligations from the concluded Agreement, aside from the right to use the sold storage capacities.

(3) After reaching an agreement on the trade on the secondary market the Users are obliged to request approval from the Operator through a form published on the website of the Operator.

(4) The request from Paragraph 3 of this Article is considered to be a request for a non-standard Operator service.

(5) After the Operator gives his approval the transaction is deemed to be concluded.

Article 55

(1) The User can only sell the contracted service in the secondary market.

(2) The Storage capacity buyer in the secondary market does not become a Storage System User on the basis of the purchased capacity but rather he achieves the right to use the purchased capacity.

(3) The Storage capacity buyer in the secondary market has the right on the basis of purchased capacity to nominate in the amount of purchased capacity, and the right of nomination of the Storage capacity seller in the secondary market is reduced by the same amount.

(4) The Operator will keep a separate balance account for the capacity buyer in the secondary market, if he is not the User. The reimbursement for the opening of the balance account and the reimbursement for managing the balance account will be charged in accordance with the non-standard Operator services' price list.

(5) In the event that the Agreement in the primary market is prematurely terminated for any reason, the agreement concluded in the secondary market will be automatically terminated.

Article 56

(1) The Operator has the right to refuse trading on the secondary market, especially if the request cannot be implemented technically or causes changes in the original relations of technical parameters of an individual service and if it is contrary to this Storage Code and/or other legal regulations.

(2) The Operator is obliged to notify the applicants in writing no later than two days after receiving the approval request and state the reason for refusal.

Assignment of the Storage Agreement

Article 57

(1) By assigning the Agreement the User assigns his rights and obligations from the concluded Agreement onto a third party who becomes a User and the contracting party of the Agreement in question.

(2) The Operator can deny consent for the conclusion of agreement on the transfer of the Agreement in the following events:

- if one of the contracting parties fails to meet the legal requirements for a User;
- in the event of a due and outstanding debt of one of the contracting parties to the Operator;
- in the event that the contracting party to whom the Agreement is transferred to does not deliver to the Operator the requested means of payment security.

Trading with stored gas

Article 58

(1) The Users can trade with the gas in the Storage.

(2) The Users can advertise supply and demand for gas and trade with stored gas through the information platform of the Operator.

(3) The Users are responsible for the consequences which occur from the input of data through the information platform.

(4) After the agreement on the gas trade, the Operator are obliged, at least one business day before the date the transaction is recorded, to deliver to the Operator a mutually signed order for recording the change of ownership over the stored gas, based on which the Operator will give its approval to the transaction which was previously approved by Users through the Operator's information platform.

(5) After the delivery of the signed order for recording the change of ownership over the stored gas, the Users are obliged to record through the information platform of the Operator the trade transaction of the stored gas.

(6) The order for recording the change of ownership over stored gas is prescribed by the Operator and he publishes it on his website.

(7) After receiving the order from Paragraph 4 of this Article the Operator only records the change in gas quantity on the User's balance accounts.

(8) The User who sells gas or transfers the ownership of gas in his possession at the Storage respectively has to have at least the quantity of gas in his balance account on the day of transaction which is equal to the quantity of gas which is being transferred. After the transaction has been completed, the quantity in the balance account of the User who is transferring the gas ownership is reduced for the amount of gas quantity which is being transferred.. .

(9) The User who is purchasing the gas or acquiring ownership of the gas in storage respectively has to, on the day of transaction, have at his disposal the contracted working volume for at least the quantity of gas which is the subject of the transaction. After the transfer of ownership has been completed, the quantity in the balance account of the User who is acquiring ownership of the gas is increased, for the amount of gas quantity which is being transferred .

(10) The Operator is not obliged to record the transfer of ownership of the stored gas recorded on the User's balance accounts unless the User who is giving the order for the transfer of ownership has due and outstanding debts towards the Operator. If the Operator refuses to record the transfer of ownership of the gas in storage, he is obliged to notify in writing the Users who have submitted the request for the transfer of ownership of the gas and state the reasons why the request was refused.

X. RIGHTS AND OBLIGATIONS OF THE STORAGE SYSTEM OPERATOR AND THE STORAGE SYSTEM USER

Rights of the Storage System Operator

Article 59

In accordance with the terms and conditions of this Storage Code, the Operator has the right, without limitation to:

- a) deny access to the Storage to a third party as prescribed by Law;
- b) refuse the request for the reservation of the Storage capacity in the event:
 - that it is contrary to the Law and this Storage Code;
 - that the Operator does not offer the requested service at that time;
- c) restrict or temporarily terminate the contracted service:
 - in the event of immediate threat to life and health of people or property and for the purpose of eliminating such dangers;
 - due to planned maintenance or reconstruction of the Storage;
 - due to planned hydrodynamic measurements;
 - due to removing faults in the Storage;
 - in the events when the User does not adhere to his contractual obligations;
 - and in other events as prescribed by the Law and these Storage Code;
- d) dispose with the not-withdrawn gas which remains on the User's account in the storage after the expiration of the Agreement, in accordance with this Storage Code;
- e) refuse or restrict the nominations or re-nominations of the User in accordance with the technical conditions of the Storage;
- f) refuse nominations for non-compliance with the provisions of the contracted Agreement.

Obligations of the Storage System Operator

Article 60

In accordance with the terms and conditions of this Storage Code, the Operator is obliged to:

- ensure objective, equal and transparent conditions for access to the Storage, in accordance with the Law, this Storage Code and the Agreement.

- store gas on the basis of concluded Agreements and the Contracted Service Confirmation;
- ensure access to firm and interruptible Storage capacities in accordance with the provisions of this Storage Code;
- manage the Storage in a technically justifiable and economically efficient manner, ensure a suitable level of Gas Supply Security;
- ensure the protection of data confidentiality which he obtained in the performance of activities;
- ensure the exchange of information with the mutually connected system operators;
- ensure the information necessary for accessing the Storage to the participants in the gas market;
- distribute the capacities in accordance with this Storage Code;
- provide a non-standard service from Article 34 this Storage Code, upon the request of the User.

Rights of the Storage System User

Article 61

In accordance with the terms and conditions of this Storage Code, the User has the right to:

- a) access the Storage in accordance with the Law and this Storage Code;
- b) information on the status of his own balance account
- c) use, under regulated conditions, the Operator's services on the basis of contracted Agreements and the Contracted Service Confirmation;
- d)
- e) use non-standard services of the Operator in accordance with the conditions as set out in this Storage Code.

Obligations of the Storage System User

Article 62

In accordance with the terms and conditions of this Storage Code, the User is obliged to:

- deliver the quantity of gas nominated for injection into the Storage and take possession of the quantity of gas nominated for withdraw from the storage, in accordance with the Agreement, Contracted Service Confirmation and accepted nominations;
- adhere to instructions given by the Operator's control centre during an extraordinary event;
- pay the regulated price for the services provided by the Operator on the basis of the Agreement;
- upon the request of the Operator, provide information which is required by the Operator to fulfil his legal obligations;
- ensure the technical conditions necessary for communication with the Storage System Operator in accordance with this Storage Code;
- pay for the non-standard services to the Operator in accordance to the non-standard Operator services price list.

XI. MEASURING RULES AND ALLOCATION RIGHTS

Article 63

The measuring of the quantity and quality of gas is carried out for the purpose of ensuring the technical prerequisites for the safe storage of gas (injection of gas into the Storage and withdrawing of gas from the Storage), safe management of the Storage, use of the contracted injection capacity and withdraw capacity, determining the quantity of gas injected into the system and the quantity of gas withdrawn from the Storage, determining the quality of gas, determining the loss of gas in the Storage, and the calculation of fees and expenses with regards to the usage of the Storage.

Measuring the quantity of gas

Article 64

(1) The Operator measures the gas quantity at his own measuring audit point at the entry to the Storage and at the exit from the Storage simultaneously for all Users.

(2) Basic units of measurement are:

- volume of natural gas which flows through the measuring audit point in operational conditions, expressed in m³;
- natural gas pressure at the measuring audit point, expressed in Pa;
- natural gas temperature at the measuring audit point, expressed in °C;
- the composition of the natural gas needed for the calculation gas net calorific value.

(3) Basic calculated units are the:

- natural gas energy which flows through the measuring audit point, expressed in kWh and rounded to a whole number;
- net calorific value of gas for a specific point, expressed in kWh/m³, under standard conditions expressed as a decimal number rounded to 6 decimal places.

(4) The measuring of the gas flow is performed constantly, in accordance with the metrology provisions, and at the measuring audit point and gauges whose technical and operational characteristics are in accordance with the requirements of the Law on Metrology and provisions which have been adopted on the same basis and the requirements of the corresponding standards which have been accepted by the Croatian Standards Institute.

(5) The Operator is responsible for performing regular control and maintenance of the gas meter and other measuring equipment, in accordance with applicable metrology provisions.

Determining the quality of gas

Article 65

(1) The quality of gas refers to the chemical composition of the gas and the heating value of the gas, and to the standard gas quality parameters respectively.

(2) The standard gas quality is prescribed by the General Conditions for Natural Gas Supply.

(3) At the entry point into the Storage which is also the exit from the transmission system or at the exit from the Storage which is also the entry point into the transmission system respectively the quality of gas is ascertained in accordance with the provisions of the Network Code of the Transmission System by continuously using equipment which is built in at the measuring audit point for determining the composition of gas or by taking a gas sample and analysing it in a laboratory accredited for testing gas quality features

(4) In the event of failure of the equipment for determining the gas composition, referred to in paragraph 2 of this Article, the Operator will use gas quality data for the specific point of the transmission system PSP Okoli which is published on its website by the Transmission System Operator.

(5) At the entry point into the Storage which is also the exit from the distribution system or at the exit from the Storage which is also the entry point into the distribution system respectively the quality of gas is ascertained in accordance with the provisions of the Network Code of the gas distribution System.

Article 66

(1) The Storage System User or the Operator of the connected system can request for justifiable reasons the control testing of the accuracy of the gas meter and other measuring equipment.

(2) The Operator is obliged within 5 business days from the day when he received the request from Paragraph 1 of this Article to organise control testing of the accuracy of the gas metre and other measuring equipment at an authorised service along with the expert evaluation of the Croatian Standards Institute or at a legal entity authorised for the certification of gas meters and other measuring equipment.

(3) If the control testing shows that the gas meter or other measuring equipment is inaccurate, the cost of the control testing and replacement of the equipment is borne by the Operator, and if the gas meter and other measuring equipment is accurate the cost of the control testing is borne by the applicant who requested control testing, in accordance with the non-standard services price list.

Article 67

(1) The User or the Operator of the connected system has the right to submit to the Operator a complaint on the gas quality at the storage exit.

(2) The Operator is obliged to organise the sampling of the gas within five business days from the day the complaint was received from Paragraph 1 of this Article.

(3) The sampling from Paragraph 2 of this Article has to be carried out in accordance with the corresponding standards for gas sampling, and the applicant has the right to attend the sampling.

(4) The Operator is obliged to organise the gas sampling from Paragraph 3 of this Article in a laboratory which is accredited for testing the quality of gas, and to deliver the results of the analysis to the applicant within five business days after receiving the analysis.

(5) If the request of the applicant is founded, the sampling and gas quality testing costs are borne by the Operator, and if they are not founded, the costs are born by the applicant in accordance with the non-standard service price list.

Determining the energy of the injected and withdrawn gas

Article 68

- (1) The injected or withdrawn quantity of gas respectively, based on the measurements at the entry point into the Storage which is also the exit point from the transmission system or at the exit point from the Storage which is also the entry point into the transmission system respectively represents the volume of natural gas and is expressed in m^3 .
- (2) The injected or withdrawn quantity of gas energy respectively is expressed as an integer in kWh.
- (3) The Operator and the Transmission System Operator for storage exit or storage entry keep an account of operational balance at the .
- (4) The difference in the quantity of nominated and actually injected or withdrawn gas in a gas day will be recorded in kWh in the operational balance account.
- (5) During the allocation the gas quantities from the last accepted nomination/renomination are subtracted or added to the balance sheet account and the results of the final calculation of injected or withdrawn gas have no bearing on the status of the User's balance account but rather on the status of the operating balance account.

Balance account

Article 69

- (1) The Operator keeps and maintains a separate balance account for each Storage System User with whom any service from Article 28 of this Storage Code has been contracted and for each energy entity which has purchased Storage capacity in the secondary market and received approval for that transaction from the Operator, which contains the following:
 - data on the quantity of stored gas on the gas day basis;
 - data on achieved injection/withdraw capacities on a daily basis.
- (2) The balance account is kept in kWh, and the data shown in m^3 at standard temperature and pressure conditions (15 °C, 101 325 Pa) is for informational purposes.
- (3) The balance account contains the daily data on the primary and secondary market with the initial and final state in the balance account of the User as well as the calorific value data.
- (4) The User has access to the balance account through the Operator's information platform.
- (5) For each gas day the quantity of gas which the Operator accepts from the Users at the storage entry will be added to the balance account of the User in kWh in accordance to the accepted nominations and re-nominations, and the informative gas quantities expressed in m^3 will be calculated on the basis of the nominated energy in kWh at the storage entry and net calorific value expressed in kWh/m^3 .
- (6) For each gas day the quantity of gas which the Operator delivers to the User from the storage system at the storage exit will be removed from the balance account of the User in kWh in accordance to the accepted nominations and re-nominations, and the informative gas quantities expressed in m^3 will be calculated on the basis of the nominated energy in kWh at the storage exit and net calorific value expressed in kWh/m^3 .
- (7) By the end of the month the data from the balance account is updated and represents the monthly protocol on the executed storage service.
- (8) The Operator will deliver to the User the monthly protocol for the previous month which contains the daily data on the quantity of gas in storage, injected or withdrawn gas quantities no later than the fifth business day of each month.

*Determining the energy of the injected and withdrawn gas for
the Storage System User*

Article 70

(1) The injected or withdrawn gas quantity for each individual User for each gas day is ascertained in the amount of the last accepted User's nomination or re-nomination.

(2) The injected or withdrawn amount of gas of the activated balancing energy for the individual User for each gas day is determined by the provisions of the Rules on the Natural Gas Market Organization.

(3) The injected or withdrawn quantity of gas for the use of operational stock for each gas day is ascertained in the amount of the last accepted nomination or re-nomination of operational stock usage.

XII. DATA PUBLISHING AND EXCHANGE OF INFORMATION

Article 71

(1) The Operator is obliged to execute the requests for transparency within the energy activity of gas storage as determined by the Law and Regulation (EC) no. 715/2009.

(2) The Operator will publish and regularly update the following information in English and Croatian on his website:

- overview of services and a detailed description of the standard bundled unit;
- maintenance plan;
- deadlines for the delivery of reservations for the contracting of storage services (annually, monthly and daily);
- clear description of capacity allocation and congestion management;
- calculation of tariffs;
- contact information;
- overview of non-standard services
- non-standard services price list; overview of relevant regulations
- detailed information for Users in the event of unscheduled interruptions
- information on the planned changes to the technical characteristics of the storage.

XIII. NOT-WITHDRAWN GAS

Article 72

(1) The User is obliged to notify the Operator on the manner of disposal of the stored not-withdrawn natural gas which remains in the storage recorded on the User's balance account after Agreement expires at least one month before the expiry of the contracted service.

(2) The User is obliged to withdraw the entire quantity of gas from storage before the contracted service expires.

(3) If the User does not withdraw the entire quantity of gas from the Storage, the Operator will, in the name and on behalf of the user's account sell to the highest bidder, on the basis of open sale procedure, the quantity of gas which has not been withdrawn.

(4) The sale of not-withdrawn gas is considered a non-standard service, and is charged in accordance to the non-standard services price list of the Operator.

XIV. DAMAGES

Article 73

(1) The Operator is only responsible for damages caused with intent or negligence of the Operator.

(2) The User who has delivered a gas of non-standard quality into the Storage is obliged to reimburse all of the expenses and damages caused to the Operator and the other Users, as the result of delivery of non-standard quality gas.

(3) On the request of the User who has suffered damages due to the non-standard quality gas, The User will notify the aforementioned User on the Transmission System User or the producer of the natural gas connected to the transmission system who has delivered the gas of non-standard quality into the Transmission System.

(4) If it is necessary the Operator will demand information on the Transmission System User or producer of natural gas connected to the transmission system who has delivered the gas of non-standard quality into the transmission system from the Transmission System Operator and place it at the disposal of the applicant from Paragraph 3 of this Article.

XV. TRANSITIONAL AND FINAL PROVISIONS

Article 74

This Storage Code is also applied on all valid Agreements which were contracted before entry into force of this Storage Code .

Article 75

(1) As an exception from the provisions of Article 29 Paragraph 1 of this Storage Code in order to harmonise with the duration of the first regulation period, the Operator offers the service of the standard bundled unit on an annual level for the storage years 2014/2015, 2015/2016 and 2016/2017.

(2) Operator is obliged until 30th September 2015 to conclude agreements on mutual rights and obligations from articles 8.2. and 9.2. of this Storage Code.

Article 76

Amendments to this Storage Code are implemented on the proposal of the Operator or at the request of the Agency, and in accordance with the procedure which is equal to the adoption procedure of the Storage Code.

UPR-175 -1/2014 od 29. prosinca 2014.

(2) All amendments to this Storage Code, which affect the exchange of Operator's information platform, can only become effective after the time required for the adjustment of the same, which is determined by the Operator.

Article 77

(1) The Operator will publish the Storage Code on his website in English and Croatian language.

(2) The Operator can also publish the Storage Code in other languages whereby the Croatian version will be official, while other versions are only informative.

Article 78

On the day of entry into force of this Storage Code the Storage Code from 24th December 2013 ceases to have effect.

Article 79

This Storage Code will be published on the websites of the Operator and the Agency, and enter into force on the 1st January 2015.

ADDENDUM 1 GENERAL TERMS AND CONDITIONS FOR THE USE OF THE GAS STORAGE SYSTEM

Article 1

SUBJECT

(1) The subject of these General Terms and Conditions for the Use of the Gas Storage System (hereinafter: GT) is to ascertain mutual rights and obligations of the Storage System Operator (hereinafter: Operator) and the Storage System User (hereinafter: User) with regards to the Gas Storage System (hereinafter: Storage) use. In order to use the gas storage service, the User will also conclude the necessary agreements with other participants in the gas market (Transmission System Operator, Balance Group Responsible, Gas Market Operator) in accordance with legal regulations. The obligations from the agreement with other participants in the gas market are the exclusive responsibility of the User. The obligations from the agreements with other participants in the gas market cannot in way influence the rights and obligation of the Operator from the Gas Storage Agreement (hereinafter: Agreement) which Operator concluded with the User.

(2) These GTs are an integral part of the Agreement, concluded between the Operator and the User.

Article 2

DEFINITIONS

(1) Terms which are used within these GTs have a certain meaning which is determined by the Law on Gas Market, Storage Code and other laws which govern the energy sector, regulation of energy activity, gas market, mining and metrology fields, as well as provisions and acts which were adopted pursuant to those laws.

Article 3

PLANNED MAINTENANCE

(1) The Operator will, during the duration of the Agreement maintain and repair the Storage and keep it in good working condition in order to fulfil his obligations regarding the contracted services and will in doing so act in accordance with the Law, acts and regulations from Article 2 of these GTs and other relevant national and European regulations.

(2) The Operator, acting with due professional care, has the right to restrict or terminate service, during which he is not obliged to reimburse the User for any damages and/or loss which he suffered due to the restriction or termination of storage service under the condition that the maintenance, repair or replacement work is not the result of fault or negligence of the Operator, but are conducted in accordance with Articles 22 to 25 of the Storage Code

Article 4

RIGHTS ARISING FROM THE CONTRACTED SERVICE

(1) The Operator will, in accordance with the terms and conditions of the Agreement, for each contracted service during the duration as stated in the Contracted Service Confirmation in the addendum to the Agreement, store (inject or withdraw) gas quantities, which the User can request in accordance to the corresponding injection and withdraw capacity and the contracted working volume.

(2) The injection of gas into the Storage and the withdrawal of gas from the Storage are carried out on the basis of accepted nominations or in accordance with the accepted re-nominations of the Storage usage respectively.

(3) After the validity of the nomination/renomination has been verified and it has been accepted, during the gas day the Operator will take over the gas quantity which the User has placed at his disposal at the storage entry, and increase the Users balance account for the same amount.

(4) After the validity of the nomination has been verified and it has been accepted, during the gas day the Operator deliver into the transmission system the nominated quantity of gas which the User has nominated at the storage exit.

Article 5

RIGHTS AND OBLIGATIONS OF THE OPERATOR

(1) The Operator has the right to:

- charge reimbursement for the Storage usage for the contracted service of gas storage which is the subject of the concluded Agreement.
- restrict and terminate the provision of gas storage service which is the subject of the concluded Agreement, in accordance with these GTs and in accordance with the Law, Storage Code and other regulations.
- refuse a nomination/ re-nomination which relates to the use of contracted Storage capacity, if the aforementioned is greater than the contracted capacity and/or is not in tune with the temporary restrictions of contracted capacity as prescribed by Law, Storage Code and other regulations from Article 2 of these GTs and/or if it is not deliver in the prescribed deadline.
- nominate on behalf of the User in the event of an extraordinary situation or crisis
- refuse approval for the transfer of capacities, for capacity trading in the secondary market, in accordance with the provisions of the Storage Code;
- dispose with the gas which remains in the storage after the expiration of the Agreement, in accordance with the provisions of the Storage Code;
- refuse to take over gas into the Storage which does not meet the quality conditions and/or other conditions prescribed in the applicable provisions of the General Conditions for Natural Gas Supply and Storage Code;
- refuse to take over gas into the Storage which does not meet the pressure conditions and/or other conditions prescribed in the Storage Code;

(2) The Operator is obliged to:

- place at the disposal of the User the contracted Storage capacity in accordance with the contracted capacity form the Contracted Service Confirmation;
- take over the quantity of gas on the basis of accepted nominations at the storage entry;
- deliver the quantity of gas on the basis of accepted nominations at the storage exit;
- keep a record on the quantity of gas taken over from the User;
- keep a record on the quantity of gas which was delivered to the User;
- notify the User on the injected quantity of gas into the storage and on the withdrawn quantity of gas from the storage, in accordance with the provisions of the Storage Code;
- ensure the necessary pressure at the storage exit for delivery into the transmission system which must not be greater than 45 bar.

(3) The Operator has other rights and obligations prescribed by the Law and sub-legal legislation and acts.

Article 6

RIGHTS AND OBLIGATIONS OF THE STORAGE SYSTEM USERS

(1) The User has the right to:

- use the Storage capacity in accordance with the Contracted Service Confirmation,
- deliver gas into the Storage and/or take over gas from the Storage in accordance with the accepted nomination/renomination of Storage usage;
- trade with the contracted capacities and stored gas in accordance with the provisions of the Storage Code.

(2) The User is obliged to:

- settle in full, upon maturity, invoices which are issued by the Operator for the reimbursement for the Storage use as well as in the event of necessity, other payment obligations which arise from the Agreement and deliver to the Operator the means of payment security in accordance with the Operator's demands.
 - ensure that the gas which he is delivering into the Storage meets the gas quality conditions determined by the provisions of the applicable General Conditions for Natural Gas Supply and the Storage Code;
 - ensure that the gas which he is delivering into the Storage meets the pressure conditions determined by the provisions of the Storage Code;
 - use the Operator's information platform in accordance with the provisions of the Information Platform Access Agreement signed by the User and Operator, with which the User is solely responsible for the consequences which occur from entry of data by User's designated persons.
 - ensure the delivery of nominations/renominations , in accordance with the provisions of the Storage Code as well as other legal and sub-legal normative deeds.
 - deliver to the Storage the quantity of gas which is in accordance with the last accepted nomination/renomination;
 - accept from the Storage the quantity of gas which is in accordance with the last accepted nomination/renomination;
 - notify the Operator of any change of circumstances which preceded the conclusion of the Agreement or which are relevant for the implementation of the Agreement;
 - restrict or terminate the delivery of gas into the Storage and/or accept the gas from the Storage, in the event that the Operator delivers to him the notification on restriction or termination of the provision of services on the basis of the Agreement and/or mandatory regulations;
 - terminate the delivery of gas into the Storage, due to the fact that the quality of gas which is to be delivered into the Storage does not meet the gas quality conditions determined by the applicable General Conditions for Natural Gas Supply and the provisions of the Storage Code.
- act in accordance with the provisions of the Law, acts and regulations from Article 2 of these GTs.

Article 7

REIMBURSEMENT FOR THE STORAGE SERVICE

(1) The User is obligated to pay a reimbursement to the Operator at regulated prices for the usage of the Storage and for the use of other services which are the subject of the Storage Code and the Agreement.

(2) The Storage System User is obliged to pay a reimbursement to the Operator from Paragraph 1 of this Article regardless if the User actually used the contracted service in the amount which corresponds to the contracted storage capacity, a part of the contracted storage capacity or did not use the contracted storage capacity at all.

(3) In the event of any change to the regulated tariffs, the reimbursement amount for the Storage usage will be harmonised with the changes from the day of entry into force of the tariff change.

Article 8

INVOICING AND PAYMENT

(1) The manner of calculation and amount of the reimbursement for the Storage usage is prescribed by the provisions of the applicable Methodology for determining the amounts of tariff items for storage of natural gas, and the tariff level is prescribed by the Decision on the price of tariff items for storage of natural gas.

(2) Calculation and the invoice for storage service described in Article 7 of the GT, the Operator will deliver to the User on the 15th (fifteenth) day of the current month for the previous month at the latest, and the User is obliged to pay it on the 25th (twenty-fifth) day of the month in which the invoice was issued at the latest.

(3) The invoice amount calculated on the basis of Paragraph 1 of this Article is increased by the value added tax in accordance with the applicable regulations of the Republic of Croatia on the day the invoice was issued.

(4) If the last day of the payment deadline falls on a day which is by Law a non-working day in the Republic of Croatia, the last day of the payment deadline will be the following business day.

(5) The payment obligation is considered executed on the day when the money is deposited into the bank account of the Operator.

(6) For each day of reimbursement payment delay from Paragraph 1 of this Article, the User is obliged to pay, aside from the owed principal the legal interest at the rate in force at the relevant time.

Article 9

MEANS OF PAYMENT SECURITY

(1) For the purpose of payment security for any type of monetary claim of the Operator on the basis of Agreement, the User is obliged without delay upon receipt of the Contracted Service Confirmation to sign it and deliver the means of payment security listed in the Contracted Service Confirmation, and in accordance with provisions set out in this Article.

(2) Means of payment security are:

- bank guarantee;
- regular debenture
- promissory note

(3) For annual or perennial contracted services, and depending on the creditworthiness of the User, the Operator will decide on the required means of payment security which cannot be

less than a regular debenture issued in accordance with the Execution Act, in the amount of 50 (fifty) % of the annual reimbursement for the use of contracted Storage capacity, increased by the VAT, and with which the User gives his consent to have all the Users accounts seized which the User has with legal entities which perform payment transactions and that the money from these accounts is to be paid to the Operator, or that immediate execution is implemented on the entire assets of the User for the purpose of settling the claim of the Operator in the amount specified in the regular debenture.

(4) Aside from the regular debenture the Operator in accordance with the User's creditworthiness and payment risk assessment can request, and the User is obliged to deliver the requested following additional payment security instrument:

- bank guarantee, unconditional, irrevocable, without objection and on first request, issued by a bank which is acceptable to the Operator, in the amount which is equal to 10 (ten) % or 30 (thirty) % (depending on the creditworthiness of the User) of the total contracted Storage reimbursement value for the contracted period, increased by the VAT. The bank guarantee has to be valid for the entire duration of the Agreement, and at least for 45 days after the expiry of the contract period of the Contracted Service Confirmation;
- 2 (two) own blank promissory notes, with the "no protest" clause and the promissory statement certified by a notary public, issued in accordance with applicable regulations;

(5) For short-term and individual contracted services the User is obliged to deliver a regular debenture issued in accordance with the Execution Act, in the amount of 100 (hundred) % of the reimbursement for the use of contracted Storage capacity for the contracted period from the Contracted Service Confirmation, increased by the VAT, and with which the User gives his consent to have all the Users accounts seized which the User has with legal entities which perform payment transactions and that the money from these accounts is to be paid to the Operator, or that immediate execution is implemented on the entire assets of the User for the purpose of settling the claim of the Operator in the amount specified in the regular debenture.

(6) Means of payment security described in this Article constitutes an integral part of the Agreement.

(7) In the event of payment delay by the User, the Operator is authorised to use any means of payment security, which are in the possession of the Operator on any legal basis, for the purpose of settling any of the Operator's claims incurred on the basis of the Agreement, in the amount of the matured claim, with which the User is in complete agreement. The Operator is authorised to use the received means of payment security in order to collect any of the Operator's claims from the User, also including the claims which would have arisen after the termination of the Agreement in relation to whom they were issued, on any basis.

(8) The User is obliged, 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 3 (three) 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 reservoir the money collected in such a way on a separate account (without the obligation of the Operator to receive interest on the reservoir amount at the financial institution which holds the reservoir, 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.

(9) 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 due to the fact that the creditworthiness of the User is compromised or that the User has contracted additional storage services, or tariffs have been increased, on the request of the Operator, the User is obliged to deliver to the Operator additional means of payment security, by choice of the Operator, and which will ensure the Operator's risk of claim collection.

(10) If the User, or any authorised third party (for example: guarantor from one of the contracted means of payment security) disputes the validity of the contracted means of payment security, the User is obliged to replace the disputed means of payment security at the request of the Operator with an identical valid means of payment security which is stipulated by these GTs and the Agreement and which will be acceptable to the Operator, within 5 (five) days from the day the Operator's written notification was received. In the event that the means of payment security whose validity was disputed are not replaced with new means of payment security with the deadline, content and amount in accordance with these GT, the Operator has the right to charge the means of payment security before their deadline expires and to reservoir the money collected in such a way on a separate account (without the obligation of the Operator to receive interest on the reservoir 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 in the 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 GTs.

(11) In the event that the User does not deliver the contracted means of payment security to the Operator within a deadline in accordance to the deadlines as set forth in this Article, or in the event that the User does not deliver to the Operator a new means of payment security in accordance with Paragraph 8 of this Article such conduct of the User will be considered a serious breach of obligations arising from the Agreement and the Operator will be authorised to terminate the Agreement in accordance with Article 16 Paragraph 11 of these GTs and/or restrict or terminate the provision of contracted service in accordance to Article 13 of these GTs.

Article 10

LIEN

(1) In accordance with general regulations which govern obligatory relations of the contracting parties with regards to the storage service, the Operator has lien on the gas owned by the User for his claims arising from the Agreement and other claims arising from the provision of gas storage service.

(2) The Operator has the right to keep the User's gas in the storage system until the claims from Paragraph 1 of this Article are settled in full.

Article 11

RESPONSIBILITY

(1) In accordance with the provisions of this Article, during the injection of gas, the risks associated with natural gas pass from the User onto the Operator at the storage entry. During gas withdraw the risks associated with natural gas pass from the Operator to the User at the storage exit.

(2) The Operator is only responsible for the damages caused as a result of his culpability.

(3) The User is responsible without limitation for all damages which are suffered by the Operator if he has delivered into the Storage gas which does not meet the quality standards as prescribed by the General Conditions for Natural Gas Supply and is obliged to defend and compensate the Operator in the event of any third party claims.

Article 12 FORCE MAJEURE

(1) The contracting parties are released from their obligations for default or delayed fulfilment of their obligations, if the default, or delayed fulfilment occurred as the result of force majeure, in accordance with the provisions of the Energy Act.

(2) If the fulfilment of the contractual obligations (aside from the payment of matured obligations), by one of the contracting parties becomes permanently and completely impossible, the obligation of the other contracting party also ceases, and in relation to the Agreement it will be considered that it has been terminated by Law.

(3) If the fulfilment of contractual obligation (aside from the payment of matured obligations), by one contracting party has become only partially impossible, the contracting party affected by such an event is obliged to immediately notify the other contracting party orally (by telephone), and in writing no later than three 3(three) days from the day the event occurred/ceased, and if possible present to her relevant proof from which it is possible to ascertain the occurrence of such an event and its consequences, extent and estimated duration of the inability to fulfil the contractual obligation, the contracting party which does not act in accordance with the abovementioned, is responsible to the other contracting party for the damages suffered due to the omission of submitting such notification.

(4) If the duration of force majeure exceeds 30 (thirty) calendar days from the day of force majeure manifested, and the contracting parties do not agree differently, any contracting party has the right to request the termination of the Agreement without adverse legal consequences.

(5) In the event of termination in accordance with abovementioned provisions the contracting parties are obliged to settle all documented costs incurred up to the day of termination.

Article 13 RESTRICTION OR TERMINATION OF STORAGE SERVICES RESPECTIVELY DUE TO DEFAULT OF CONTRACTUAL OBLIGATIONS

(1) If the User does not fulfil or is late in fulfilling any of the obligations under these GTs and the Agreement, especially but not exclusively: obligations regarding the payment of reimbursement for the usage of the Storage and the obligation of the delivery of means of payment security, the Operator has the right, with previous notification of the User which the User has to receive at least 24 (twenty four) hours before the restriction or termination of the provision of gas storage service:

- restrict or terminate the provision of gas storage service in the event that the total matured debt of the User is equal to the amount of at least 1 (monthly) reimbursement for the usage of Storage or the Operator records unsettled claims by the User who is late with the payment of

monetary obligations for more than 30 (thirty) days, and after the fulfilment of any of the listed conditions; or

- restrict or completely terminate the provision of contracted services in the event of breach of obligations from Article 9 of these GT, commencing at least 5 (five) days after the expiry of the delivery deadlines or the means of payment security renewal deadline from Article 9 of these GT respectively.

(2) The termination or the restriction of the provision of Storage services in accordance with Paragraph 1 of this Article can last until the User fulfils the obligations from the Agreement in full whose infringement is the reason that the provision of storage service was restricted or terminated.

(3) In the event that the Operator on the basis of the provisions of this Article terminates or restricts the provision of storage service due to misconduct of the User or a related third party, the User in each individual event of restriction or termination of the provision of storage service by the gas Operator is obliged to pay to the Operator the entire reimbursement amount for the Storage usage for the months in which the Operator terminated the provision of storage service, and which he should pay if the storage service was provided as was contracted, without it restricting other rights of the Operator which the Operator has on the basis of these GTs and the Agreement or applicable legislation.

(4) By concluding the Agreement the User confirms that he is in agreement that the reasons stated in Paragraph 1 of this Article represent justifiable cause for the restriction or termination of the provision of storage services. In the event of restriction or termination of the provision of storage service in accordance with the provisions of this Article, the Operator will not be held responsible for any kind of damages which could be suffered by the User or third parties, with which the User is in agreement and is obliged to defend and compensate the Operator in the event of any third party claims.

Article 14

RESTRICTION OR TERMINATION OF THE PROVISION OF SERVICES UNDER THE LAW AND SUB-LEGAL NORMATIVE DEEDS RESPECTIVELY

(1) The Operator is authorised to restrict and/or terminate the provision of services which are the subject of these GTs and the Agreement, including also the temporary restriction and/or termination of gas injection or withdraw, in order to ensure the regular operation of the Storage while respecting safety requirements and balance and taking into consideration the fulfilment of public service obligation; and for other reasons because of which he is obligated or authorised to restrict and/or terminate the provision of gas storage service in accordance with the applicable legal and sub-legal normative deeds.

(2) Restriction and/or termination of the provision of services which are the subject of these GTs and the Agreement, which also includes the right to restrict and/or terminate the service of storage, is performed as prescribed by the relevant regulations.

Article 15

EXTRAORDINARY SITUATIONS AND EMERGENCIES

(1) In the event of an extraordinary situation which threatens the safe and efficient operation of the Storage and/or the integrity of the system, the Operator will undertake emergency measures which can encompass, among other things the termination and/or restriction of the provision of storage services. The Users impacted by the termination and/or restriction of

service as well as the Agency will be notified about the incident as soon as possible and on the duration of the termination and/or restriction of the provision of storage services.

(2) During a crisis the Operator manages the Storage on the basis of special regulations which govern the safety of gas supply.

Article 16

DURATION AND TERMINATION OF STORAGE AGREEMENT

(1) The Agreement enters into force on the day it is signed by both contracting parties and lasts until the end of service date stated in the Contracted Service Confirmation. If the User has contracted more than one service, the Agreement will remain in force until the latest end of service date as stated in one of the valid Contracted Service Confirmations.

(2) The gas storage service can be contracted on an annual or perennial level.

(3) Unbundled service can be contracted on a short-term basis. Unbundled services cease on the date stated in the Contracted Service Confirmation.

(4) The User has the right to terminate the Agreement in its entirety or in relation to a contracted unbundled service, without the misconduct of the Operator, by way of a written notification about the termination addressed to the other contracting party by way of registered mail with a return receipt, or by some other method of delivery which has a way of determining with certainty the date the notification was delivered, under the conditions from Paragraph 6 of this Article.

(5) The Storage System User is obliged to state in his written notice if the termination relates to all services encompassed by the Agreement or just unbundled services. In the event of termination he is obliged to accurately state the Contracted Service Confirmation number for which the Agreement is terminated. Only in the event that the User explicitly states in his written notice of termination of the Agreement that the termination relates only to an unbundled service, or a Contracted Service Confirmation respectively, it will be considered that the Agreement stays in force with regards to other contracted services.

(6) The User has the right to terminate the Agreement in relation to certain services under the following conditions:

For contracted short-term service at any time on the basis of previous written notice of termination, with a notice period of 30 days from the day the Operator received the termination notice, and with the obligation to pay the reimbursement for the Operator's damages in the amount which is equal to 100% (one hundred percent) of the Storage reimbursement amount for the contracted storage service which the User would be obliged to pay to the Operator for the period from the day the Agreement was terminated in accordance with the previous Paragraph until the expiry of the Agreement validity period specified in the Contracted Service Confirmation.

For contracted annual and perennial services: on the basis of previous written notice of termination, delivered at least 6 (six) months before the beginning of the following storage year, the agreement termination starts to have legal effect at 6:00 o'clock of the final day of the storage year in which the notice of termination was delivered to the Operator. In that event the User is obliged to pay damages to the Operator corresponding to 90% (ninety percent) of the reimbursement value for the usage of the Storage for contracted storage services from the date of the Agreement termination until the expiration of the Agreement validity period specified in the Contracted Service Confirmations.

(7) Maturity of the payment for damages which the User is obligated to pay to the Operator in accordance with this Article is 15 days from the day on which the User received the notice from the Operator on the amount of damages he is obligated to pay.

(8) If the User terminates the Agreement which encompasses multiple different services or if the termination relates to multiple unbundled services he is obligated to pay damages to the Operator in accordance to the abovementioned regulations separately for each service.

(9) If the Operator manages to partially or wholly sell the Storage capacity which was the subject of the validly terminated perennial storage service in accordance with Paragraph 6 of this Article, for the period from the date of the Agreement termination until the expiration of the contract period specified in the Contracted Service Confirmation, in the primary market to another User, the corresponding amount of damages (depending on the fact if the Operator managed to sell the entire Storage capacity or just a part of the capacity which related to the remaining contract period from the termination of the Agreement until the expiry of the contract period as stated in the Contracted Service Confirmation) which the Storage System User previously paid to the Operator will be reimbursed by the Operator after the deduction of expenses to the User who has terminated the Agreement, within 15 (fifteen) days from the conclusion of the Agreement with another User and the receipt of corresponding means of payment security from such a User (depending on whichever event occurs later).

(10) Each contracting party has the right to terminate the Agreement by written termination notice addressed to the other contracting party by registered mail with return receipt, in the event that the other contracting party does not fulfil any of his contractual obligations in any regard under the Agreement and these GT, which are its integral part. The contracting party which is terminating the Agreement is obligated to leave an additional deadline for fulfilment to the other contracting party in the termination notice, which cannot be shorter than 15 (fifteen) days from the day of receipt of the written termination notice, except in the following cases. If the other contracting party does not remedy such default in the additionally given deadline for fulfilment, it is considered that the Agreement is terminated by Law with the first following day after the expiration of the additional fulfilment deadline. For the termination of the Agreement in accordance with this Paragraph the provisions of Paragraph 6 of this Article are applied in a corresponding manner.

(11) The Operator has the right to terminate the Agreement under the following conditions:

if the User has not paid one matured monthly reimbursement for the usage of the Storage or any other matured debt amount under the Agreement, and that omission is not corrected within the additional 15 (fifteen) day deadline after the User has received the written reprimand due to non-payment and on the intent for the termination of the Agreement due to this fact.

if the User does not deliver any means of payment security from the Agreement defined in a manner and under the terms from Article 9 of these GTs, and that omission is not corrected within the additional 5(five) day deadline after the User has received the written termination notice.

if the User does not renew any of the contracted means of payment security from the Agreement in a manner and under the terms from Article 9 Paragraph 8 of these GTs, and that omission is not corrected within the additional 5 (five) day deadline after the User has received the written termination notice.

if the User does not substitute the disputed means of payment security from the Agreement defined in a manner and under the terms from Article 9 Paragraph 10 to Paragraph 5 of these GTs, and that omission is not corrected within the additional 5(five) day deadline after the User has received the written termination notice.

if the statements or guarantees which were given by the User in the Agreement prove to be incorrect; or

if: (i) the proposal for the opening of bankruptcy proceedings has been submitted against the User; or the competent court issued a valid decision on the opening of bankruptcy or previous bankruptcy proceedings against the User, or the proposal for the opening of pre-bankruptcy proceedings has been submitted, or the pre-bankruptcy proceedings have been opened against the User, or (ii) the User discontinues the payment of all or some of his debt groups or announces his intention to do it ; (iii) the User or his members/shareholders adopt a decision on the submission of the request to open the pre-bankruptcy settlement procedure or the bankruptcy procedure or liquidation of the User; or (iv) the User ceases with business activities and this circumstance lasts for 5 (five) consecutive days or a total of 20 (twenty) days in any calendar day. If any event from this indented Paragraph occurs, the Operator is authorised to terminate the Agreement without leaving an additional deadline for fulfilment.

(12) If the Operator terminates this Agreement in accordance with the abovementioned provisions the provisions of Paragraph 5 of this Article will be applied in a corresponding manner.

Article 17

(1) The User is obliged to withdraw the entire quantity of gas from storage before the contracted service expires.

(2) If the User does not withdraw the entire quantity of gas from the Storage, the Operator will sell to the highest bidder, on the basis of open sale procedure, the quantity of gas which has not been withdrawn.

(3) The Operator will deduct the following items from the income of the sale of gas which the User hasn't withdrawn from the storage until the expiry of the Agreement, and he will deliver the remaining funds to the Storage System User without delay:

- the service price of the non-standard sale of not-withdrawn gas;
- any damages which the Operator suffered due to the gas not being withdrawn;

Article 18

NOTIFICATIONS

(1) Unless expressly stated otherwise, each notification and request has to be in writing and will be considered to be validly delivered if it is delivered to the other contracting party by way of email, fax, e-mail or hand-delivered in accordance with the provisions of the Agreement.

(2) Unless contracted differently in these GTs, the delivery of the notification or other notice will be considered duly executed;

- if the delivery is carried out by mail or courier service: with the expiry of 2 (two) business days from the day the notification or other notice was delivered to the post office by way of registered mail with a return receipt or to the courier service;
- if the delivery is carried out by way of fax; on the day the fax confirms the successful transmission of the letter to the fax number specified in the Agreement, or in the Contracted Service Confirmation respectively, whereby if such a confirmation of receipt occurs after 16:00 of any day, the notification will be considered received at 8:00 o'clock the following business day after the day the conformation was received.
- if the delivery is carried out by way of email; on the day the confirmation of successful transmission arrives on the email address of the recipient specified in the Agreement, or in

the Contracted Service Confirmation respectively, whereby if such a confirmation of receipt occurs after 16:00 of any day, the notification will be considered received at 8:00 o'clock the following business day after the day the confirmation was received.

- if the notification is hand-delivered at the address specified in the Agreement: on the day which is specified on the notification or other notice along with the stamp and signature with which the receipt (handover) of the package is confirmed.

Article 19

CONFIDENTIALITY

(1) The contracting parties are in agreement that the information from the Agreement is to be considered a Trade Secret and as such will not be revealed or made available to third parties without prior written consent by the other contracting party nor used for the purposes which exceed the scope of the Agreement execution.

The contracting party which made the information available without authorisation, which is considered under the Agreement to be confidential, is responsible for the damages caused to the other contracting party.

(2) However, prior written consent of the other contracting party will not be necessary in the event when the contracting party reveals confidential information

- to an associated company, under the condition that he ensures that the information is kept in secrecy, or
- to any state body or any state or regulatory agency which have jurisdiction over the Operator, or
- in the measure required in accordance with the applicable laws, rules and regulations or on court summons or other administrative procedure, or
- to an associated Transmission System Operator, under the condition that he will use reasonable effort in order to ensure that the Transmission System Operator will also keep the information secret

(3) The contracting party which made the information, which is considered under the Agreement to be confidential, available without authorisation, is responsible for the damages caused to the other contracting party.

(4) The obligation to maintain confidentiality, stays in force for 2 (two) years after expiry, or the termination of the Agreement respectively.

Article 20

INFORMATION

(1) The contracting parties will exchange mutually all information at any time, which is necessary or useful to each contracting party in order to achieve their rights and execute their obligations under this Agreement.

(2) The User will, during the duration of this Agreement, regularly inform the Operator on any significant change of his ability to execute the obligations from the Agreement, and any failure to provide such information to the Operator in a reasonable time period, will represent a material breach of the User's obligations under the Agreement.

(3) During the duration of this Agreement the User will deliver in a timely manner or ensure the delivery respectively of the following accurate data to the Operator:

- data required for invoicing;

- all available data on events which affect the User and possibly affect the possibility of gas injection into the storage or the possibility of gas withdraw from storage;
- nominations which are in accordance with the gas quantities which are nominated to the Transmission System Operator;

(4) The data exchange will also be conducted through the Operator's information platform on which the User and the Operator will sign a separate agreement.

Article 21

THE INVALIDITY OF INDIVIDUAL PROVISIONS

If any of the provisions in these GTs are or will become invalid, unenforceable or illegal, partially or wholly, such a provision will be replaced, after the approval of the Agency, with a valid and enforceable provision and will have no effect on the validity of other provisions contained in these GTs.

Article 22

TRANSFER OF THE AGREEMENT AND ASSIGNMENT OF RIGHTS

Neither the User nor the Operator can partially nor wholly transfer the Agreement, nor assign the rights from the Agreement without prior written consent by the other contracting party. The transfer and assignment procedure of certain rights from the Agreement in the event when the User is selling the capacity in the secondary market is regulated in more detail with the Storage Code.

Article 23

CONGESTION MANAGEMENT

(1) Pursuant to the provisions of the Law and the Storage Code, and with the goal of ensuring the efficient usage of the Storage capacity, the Operator conducts proactive measures of congestion management:

- taking into consideration the integrity of the system, the Operator offers the User maximum working volume, maximum injection capacities and maximum withdraw capacities;
- the Operator offers and develops services which are harmonized with the needs of the market;
- the Operator allocates the Storage capacities in a non-discriminatory and transparent manner in the manner described in the Storage Code and the Procedure for the Allocation of Standard Bundled Units, published on the Operator's website.
- the Operator encourages Users to optimise the usage of the Storage capacity in accordance with the "use or sell" principle;
- the Operator offers the use of interruptible not-nominated capacity on a daily level service which allows the Users to use the injection capacity or the withdraw capacity which is not used by other Users on an interruptible basis.

Article 24

CHANGE OF REGULATIONS

(1) Keeping in mind that the regulations regarding the energy activity of gas storage are constantly evolving, the User accepts that, if during the duration of the Agreement there are changes to the applicable legal and sub-legal regulations due to any type of change in the applicable regulatory framework, such a change will automatically be applied to the Agreement which is in force at the time such legal or sub-legal regulations come into force. Such changes will have precedence in application ahead of these GTs.

(2) If certain provisions of these GTs demand amendments the Operator will on his own suggestion or at the request of the Agency make amendments, and act in accordance with Article 64 of the Storage Code

Article 25

GOVERNING LAW AND DISPUTE RESOLUTION

(1) The Agreement will be governed by Croatian Law.

(2) The contracting parties are in agreement that they will try to resolve all possible disputes arising from the Agreement primarily in an amicable manner.

(3) The contracting parties are in agreement that, depending on the nature and significance of the problem, they will approach its deliberation immediately or within a reasonable period respectively.

(4) If the contracting parties fail to resolve the dispute or problem by mutual agreement, the competent Court in Zagreb has jurisdiction to resolve the dispute.

(5) Without questioning the jurisdiction of the Court, the User can submit a complaint to the Agency in accordance with Article 82 of the Law.

(6) The Agreement and these GTs aside from the Croatian version can also be made as an English version; in the event of discrepancy between the Croatian and English version the Croatian version is to be considered authentic.

Article 26

FINAL PROVISIONS

(1) These GTs are an integral part of the Storage Code and enter into force on the day the Storage Code enters into force, and are applicable to all valid Agreements which are concluded after before the entry into force of these GTs.

(2) The Operator has the right to suggest amendments to the GT especially if such amendments reflect the practical operational experience, common business practice, or in the event of change of type and scope of the services which he provides.

(3) All future amendments of these GTs will be adopted under the same procedure as for the adoption of the Storage Code, and will be published on the websites of the Operator and the Agency.

ADDENDUM 2

STANDARD BUNDLED UNIT ALLOCATION PROCEDURE

The energy entity which achieves the right to access the Gas Storage System under the Law (hereinafter: User) submits to the Storage System Operator (hereinafter: Operator) a request for the reservation of a certain number of standard bundled units 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 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.

The Operator will reject SBU reservation requests with which the Users have not enclosed attachments from Article 40 paragraph 7 of the Storage Code.

Pursuant to the Decision of the Croatian Government, on setting priorities when conducting the procedure for allocation of gas storage system capacities in the wholesale gas supplier market dated 27 February 2014, the Operator assigns 70% of the available SBU's to the supplier in the wholesale gas market in the period referred to in the above Decision.

The Operator is obliged to ensure to the Transmission System Operator the requested Storage capacities for the requirements of operational supply use, after which the remaining number of available SBU is allocated to other Users.

GENERAL RULES OF SBU ALLOCATION

1. If the number of available SBUs is greater or equal to the total number of requested SBU for an individual storage year, the Operator allocates the available number of SBU in accordance with the User's requests.

2. If the number of available SBU is less than the total number of requested SBU for a certain storage year the allocation of available SBUs is carried out in proportion to the requested number of SBUs for each User in relation to the available number of SBU according to these rules:

- If the result of proportional allocation is not an integer, the allocated number of SBU is the next lower integer (decimal digits are discarded).
- If the total number of available SBUs are not allocated with the above mentioned procedure, the remaining number of SBUs are reallocated to the Users, during which a maximum of one additional SBU can be allocated to each individual User.

The additional SBUs will be allocated to the User with the highest number after the decimal mark, thereafter to the next User who has the highest number after the decimal mark.

If two or more Users have the same number after the decimal mark then the allocation of the remaining SBUs is carried out as follows:

- o if the remaining number of SBUs is sufficient to allocate one SBU to each User with an equal number behind the decimal mark, one SBU will be allocated to each individual User;
- o if the remaining number of SBUs is not sufficient to allocate one SBU to each User with the same number behind the decimal mark, SBU will be delivered in order to the Users who have a greater total number of requested SBUs in the entire five year period;
- o if two or more Users have equal numbers behind the decimal mark and an equal number of requested SBUs in the entire five year period, and it is not possible to allocate one SBU to each of them, then the additional SBU will not be allocated to any of the listed Users.

3. If after the allocation of SBUs is carried out in accordance with the rules from item 2 of this Procedure, individual Users are allocated a number of SBUs which is less than their minimal binding number of SBUs, the Operator will repeat the allocation procedure for those Users with the goal to try and allocate the minimal binding number of SBUs to as many Users as possible, during which he will rank the Users in such a way that:

- the User with a lesser number of minimally binding SBUs has priority before the User with a greater number of minimally binding number of SBUs;
- In the event that there are several Users with an equal number of minimally binding number of SBUs then ranking advantage goes to the User who has a greater total number of requested SBUs in the entire five year period.

Lower ranked Users will be excluded from the SBU reallocation procedure, and the allocation procedure will be repeated as necessary until the number of unallocated SBUs is less than the minimally binding number of SBUs of the User who is next in line.

If two or more Users are equally ranked, and it is not possible to allocated the minimal binding number of SBUS, neither of them will be allocated an SBU.

SBU ALLOCATION PER YEARS

Due to the fact that the request for the allocation of SBUs can be submitted on an annual basis, for a period of at least one storage year and no longer than five storage years, the allocation of available SBUs is carried out in a maximum of five rounds. The procedure begins with the allocation for the five year period or rather the longest period for which the Operator has received SBU reservation requests.

1. SBU allocation round

Users with the request for the reservation of SBUs for the entire five year period enter into the first SBU allocation round.

In accordance with the general SBU allocation rules, the allocation for the fifth year is carried out first, after which the partial allocation of available SBUs for the first four years and in such a way that an SBU5min is always included for each individual year for an individual User which represents his minimally requested number of SBUs for the five year period.

In the event that the number of available SBUs for an individual year of the four year period is less than the sum of SBU5min from all of the User's requests, the allocation of the available SBUs in this round is final and there are no additional allocation rounds for that individual year in accordance with the general allocation procedure with the SBU5min as the input parameter.

2. SBU allocation round

Users with the request for four years enter into the second allocation round along with the Users who have submitted the request for the reservation of SBUs for the entire five year period.

During which, the User with the request for the reservation of SBUs for the five year period enters into the second allocation round with a number of SBUs from the request from the reservation of SBUs which is decreased by the number of SBUs by years which have already been allocated to him during the first allocation round.

In accordance with the general SBU allocation rules, the allocation for the fourth year is carried out first, after which the partial allocation of available SBUs for the first three years and in such a way that an SBU4min is always included for each individual year for an individual User which represents his minimally requested number of SBUs for the four year period.

In the event that the number of available SBUs for an individual year of the three year period is less than the sum of SBU4min from all of the User's requests, the allocation of the available SBUs in this round is final and there are no additional SBU allocation rounds for that individual year in accordance with the general allocation procedure with the SBU4min as the input parameter.

3. SBU allocation round

Users with the request for three years enter into the third allocation round along with the Users who have submitted the request for the reservation of SBUs for the entire five or four year period.

During which the User with the request for the reservation of SBUs for the four or five year period enters into the third allocation round with a number of SBUs from the request from the reservation of SBUs which is decreased by the number of SBUs by years which have already been allocated to him during the first and second allocation rounds.

In accordance with the general SBU allocation rules, the allocation for the third year is carried out first, after which the partial allocation of available SBUs for the first two years and in such a way that an SBU3min is always included for each individual year for an individual User which represents his minimally requested number of SBUs for the three year period.

In the event that the number of available SBUs for an individual year of the two year period is less than the sum of SBU3min from all of the User's requests, the allocation of the available SBUs in this round is final and there are no additional SBU allocation rounds for that individual year in accordance with the general allocation procedure with the SBU3min as the input parameter.

4. SBU allocation round

Users with the request for two years enter into the fourth allocation round along with the Users who have submitted the request for the reservation of SBUs for the three to five year period.

During which the User with the request for the reservation of SBUs for the three to five year period enter into the fourth allocation round with a number of SBUs from the request from the reservation of SBUs which is decreased by the number of SBUs by years which have already been allocated to him during the first three allocation rounds.

In accordance with the general SBU allocation rules, the allocation for the second year is carried out first, after which the partial allocation of available SBUs for the first year and in such a way that an SBU2min is always included for each individual year for an individual User which represents his minimally requested number of SBUs for the two year period.

In the event that the number of available SBUs for the first year is less than the sum of SBU2min from all of the User's requests, the allocation of the available SBUs in this round is final and there are no additional SBU allocation rounds for the first year in accordance with the general allocation procedure with the SBU2min as the input parameter.

5. SBU allocation round

Users who have submitted a request for the reservation of SBUs for the period of one to five years enter into the fifth allocation round in which the available number of SBUs is allocated for the first year only.

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The SBU allocation procedure for the first year is carried out in accordance with the general rules of SBU allocation.

During which the User with the request for the reservation of SBUs for the two to five year period enters into the fifth allocation round with a number of SBUs from the request from the reservation of SBUs which is decreased by the number of SBUs which have already been allocated to him during the first four allocation rounds.

NOTOFICATION ON THE ALLOCATION OF SBUs

If during the allocation procedure an individual User was allocated a number of SBU which is equal to the requested number or is equal or greater than the minimal binding number of SBUs from the User's request, the Operator will deliver to the User alongside the notification on the SBU allocation a Gas Storage Agreement with the corresponding Certificate of Contracted Service, and the User is obliged to sign and return them to the Operator within five days from the day of receipt.

The Operator submits to the Agency the Notice of SBU's allocation.