

The Rules for the transmission system capacity allocation at Dravaszerdahely interconnection point in the binding phase of the Open Season procedure.

General provisions

Article 1

These Rules for the transmission system capacity allocation at Dravaszerdahely interconnection point in the binding phase of the *Open Season* procedure (hereinafter: the Rules) determine the way in which the transmission system capacities are to be allocated at Dravaszerdahely interconnection point, and they shall be applied in the binding phase of the *Open Season* procedure.

Article 2

- (1) Terms used in these Rules have the meaning defined by the European Union legislation.
- (2) Besides the terms as per paragraph 1 hereof certain terms have the following meaning in these Rules:
1. Yearly capacity product – a product which implies firm capacity that a transmission system user may use, in the booked amount, for all gas days in a particular gas year, starting on 1 October of a calendar year and ending on 30 September of the following calendar year.
 2. Yearly standard capacity product – a product which implies firm capacity allocated in a bundled manner that a transmission system user may use, in the booked amount, for all gas days in a particular gas year, starting on 1 October of a calendar year and ending on 30 September of the following calendar year.

Article 3

- (1) In the binding phase of the *Open Season* procedure, Plinacro independently offers yearly capacity product at the transmission system entry point Omišalj.
- (2) In the binding phase of the *Open Season* procedure, Plinacro and FGSZ jointly offer yearly standard capacity product at Dravaszerdahely interconnection point.

Article 4

- (1) Transmission system capacity shall be offered starting from the beginning of the LNG Terminal operation as a yearly capacity for the maximum period of 20 years. The minimum booking period is one gas year.
- (2) The amount of the transmission system capacity which is possible to book in the *Open Season* procedure is expressed in a measuring unit *kWh/day* and *kWh/hour* for a particular gas year, where the amount of *kWh/day* shall be equal 24 times of the *kWh/hour* quantity.

Article 5

In the *Open Season* procedure Plinacro and FGSZ offer 90% of the offered firm capacity at the interconnection point in the direction of Hungary in a bundled manner. The remaining 10% of the offered firm capacity will be allocated in a bundled manner as short-term capacity

products via auction platforms pursuant to the Commission Regulation (EU) 2017/459 of 16 March 2017 establishing network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) no. 984/2013 (hereinafter: Regulation CAM).

Rules for capacity allocation at Dravaszerdahely interconnection point

Article 6

(1) If the amount of the total requested capacity at Dravaszerdahely interconnection point is smaller than the offered capacity it shall be allocated pursuant to the requests of bidders.

(2) If the amount of the total requested capacity at Dravaszerdahely interconnection point, for any of gas years, is larger than the offered capacity, the capacity allocation shall be performed according to the following rules.

First round

Article 7

(1) In the first round of capacity allocation the bidders allocated capacity at Omišalj entry point will have priority over the bidders who submitted request only for Dravaszerdahely interconnection point.

(2) Bidders allocated capacity at Omišalj entry point will have priority in allocation of capacity at the interconnection point Dravaszerdahely up to the amount of capacity allocated to them at Omišalj entry point.

(3) For the bidders allocated capacity at Omišalj entry point, who submitted the request for capacity allocation at Dravaszerdahely interconnection point in the amount larger than the one allocated to them at Omišalj entry point, the requested amount of capacity at Dravaszerdahely interconnection point shall be reduced to the amount of the capacity allocated to them at Omišalj entry point.

(4) If upon the application of the rule as per paragraph 3 hereof the amount of the total requested capacity at Dravaszerdahely interconnection point is smaller or equal to the offered capacity, the capacity allocation shall be carried out in compliance with the requests corrected by the rule as per paragraph 3 hereof.

Second round

Article 8

(1) If upon the capacity allocation carried out pursuant to the rules as per article 7 (of the first round), a share of the offered capacity remains available for allocation the rule of the largest capacity amount shall apply.

(2) If upon the capacity allocation carried out pursuant to the rules as per article 7 (of the first round) the total amount of the requested capacity is larger than the amount of the offered capacity the Willingness-to-pay rule shall apply.

The rule of the largest capacity amount

Article 9

- (1) In case of article 8 paragraph 1 the remaining available capacity will be allocated to the bidder to whom the largest amount of capacity had been allocated in the first round, and who submitted the request for capacity at the interconnection point Dravaszerdahely in the amount larger than the amount allocated to him at Omišalj entry point. To this bidder the capacity can be allocated maximum up to the amount he requested for the Dravaszerdahely interconnection point prior to the correction as per article 7 paragraph 3.
- (2) If there is still available capacity after the allocation as per paragraph 1 hereof, the remaining capacity will be allocated in compliance with the rule as per paragraph 1 hereof to the next bidder with the largest requested capacity amount.
- (3) The rule as per paragraph 2 hereof is applied until the entire available capacity is allocated to bidders to whom the capacity had been allocated in the first round.
- (4) If there remains available capacity after the capacity allocation as per paragraph 3 hereof, the remaining available capacity will be allocated to the bidder with the largest amount of the requested capacity, who submitted the request only for Dravaszerdahely interconnection point, maximally up to the amount of the requested capacity.
- (5) The rule as per paragraph 4 hereof is applied to the next bidder with the largest amount of the requested capacity until the entire available capacity is allocated.
- (6) If available capacity is allocated in compliance with the previous rules among the bidders with the same amount of the requested capacity, the available capacity will be allocated proportionally.

Willingness-to-pay rule

Article 10

- (1) In case of Article 8 paragraph 2, the available capacity will be allocated only to the bidders to whom the rules as per article 7 have been applied.
- (2) The willingness to pay of a particular bidder is defined as a sum of pecuniary value of the requested capacities at the interconnection point corrected to the amount as per article 7 paragraph 3 for each gas year for which the bidder submitted a request.
- (3) The pecuniary value of capacity is calculated as a net current value of the planned income from the requested capacities at Dravaszerdahely interconnection point corrected to the amount as per article 7 paragraph 3, whereas the value of the planned income is reduced to the value from the beginning of the year in which the capacity allocation is carried out, at the rate to be published in the *Rules for the implementation of the binding phase of the Open Season procedure*.
- (4) Available capacity will be allocated to the bidder with the higher willingness to pay, maximum up to the amount corrected by the application of the rule as per article 7 paragraph 3.
- (5) If there remains available capacity after application of rules from paragraph 4 hereof, the available capacity will be allocated to the next bidder with the largest willingness-to-pay amount until the entire available capacity is allocated.
- (6) If available capacity is allocated in compliance with the previous rules among bidders with the same willingness-to-pay amounts, the available capacity will be allocated proportionally.

Transitional and final provisions

Article 11

(1) These Rules will be published on the website of the Croatian Energy Regulatory Agency, Plinacro and FGSZ.

