

**GENERAL TERMS AND CONDITIONS OF USE OF THE GAS TRANSMISSION SERVICE
(hereinafter: GTC)**

Subject

Article 1

(1) The GTC regulate the mutual rights and obligations of the Transmission System Operator (hereinafter referred to as: Operator) and the Transmission System User (hereinafter referred to as: User) which are not regulated by the Gas Transmission Contract, or the Interconnection Gas Transmission Contract.

(2) The GTC are an integral part of the Gas Transmission Contract and the Interconnection Gas Transmission Contract concluded between the Operator and the User (hereinafter referred to as: the Contract).

(3) The User's obligations and liabilities from contracts the User concludes with other gas market participants, are the sole responsibility of the User and in no way affect the rights and obligations of the Operator under the Contract.

(4) Unless otherwise stipulated by the Contract or the GTC, provisions of the Transmission System Network Code (hereinafter referred to as: the Network Code) shall apply *mutatis mutandis* to mutual rights and obligations of the Operator and User.

Definitions

Article 2

Unless otherwise stipulated by the GTC, the terms and expressions used in the GTC have the meaning defined by the Network Code, EU regulations and acts regulating energy, regulation of energy activities and gas market, as well as provisions adopted based on these acts.

Rights and Obligations of the Transmission System Operator

Article 3

(1) The Operator is entitled to:

- a) charge a fee for the transmission system use, for the gas transmission service which is the subject of the Contract;
- b) restrict or terminate the provision of gas transmission service which is the subject of the Contract, under the conditions and in a manner stipulated by the GTC, the Network Code and the act regulating the gas market;
- c) reject the capacity booking request, in accordance with the Network Code
- d) reject a nomination, re-nomination and modification of an accepted nomination if it:
 - is larger than the contracted capacity,
 - does not comply with the temporary restrictions of contracted capacity stipulated by law or the Network Code, or
 - is not submitted within the prescribed time-limit;

- e) refuse to consent to the transfer of contracted capacity or the transfer of the right to use contracted capacity when trading in contracted capacity on the secondary market, in accordance with the Network Code;
 - f) refuse to intake gas into the transmission system which does not satisfy the quality requirements, pressure requirements and/or other conditions determined by the General Terms of Gas Supply and the Network Code.
- (2) In addition to the rights referred to in paragraph 1 hereof, the Operator that concluded a gas transmission contract with the User, is entitled to:
- a) charge a fee for exceeding the contracted capacity,
 - b) charge a fee for deviation from the announced calorific value of gas, and
 - c) charge a fee for deviation from standard gas quality.
- (3) The Operator shall:
- a) make available the contracted capacity to the User, in accordance with the capacity allocation notice;
 - b) intake gas quantities from the User into the transmission system at the entry into the transmission system at which the transmission system capacity was allocated to the User, provided that:
 - the gas meets the natural gas quality conditions stipulated by the General Terms of gas supply and the Network Code,
 - the gas quantities comply with the announced use of the transmission system,
 - the pressure conditions comply with the pressure conditions stipulated in the energy consent,
 - c) keep record of the gas quantities in taken from the User at the entry into the transmission system, and notify the User thereof in accordance with the Network Code,
 - d) offtake gas quantities input by the User into the transmission system, based on confirmed nominations, at the exit from the transmission system at which the transmission system capacity was allocated to the User,
 - e) keep record of the gas quantities off taken for the User at the exit from the transmission system, and notify the User thereof in accordance with the Network Code.
- (4) The Operator has other rights and obligations stipulated by EU regulations, acts regulating energy, regulation of energy activities and gas market, and the provisions adopted on the basis of these acts.

Rights and Obligations of the Transmission System User

Article 4

- (1) The User is entitled to:
- a) access the transmission system in accordance with the Contract, the GTC, the Network Code, the act regulating the gas market and the EU regulations;
 - b) use the contracted capacity in accordance with the Contract, the GTC, the Network Code and the EU regulations;
 - c) input gas into the transmission system and/or take over gas from the transmission system in accordance with the nomination;

- d) trade in contracted capacity and/or the right to use contracted capacity on the secondary market in accordance with the provisions of the Network Code and the EU regulations.

(2) The User shall:

- a) deliver the contracted payment security instrument and other documents to the Operator, in accordance with the Contract, the GTC and the Network Code;
- b) settle in full, upon maturity, invoices issued by the Operator as a fee for the use of the transmission system, as well as other payment obligations arising from the Contract and the GTC;
- c) ensure that the gas he is inputting into the transmission system meets the gas quality requirements determined by the General Terms of Gas Supply and the Network Code;
- d) input into the transmission system gas quantities which are in accordance with the nomination;
- e) notify the Operator of any change of circumstances which preceded the conclusion of the Contract or which are essential for the implementation of the Contract;
- f) restrict or suspend input of gas into the transmission system if the Operator notifies him of the restriction or termination of the provision of gas transmission service based on the Contract, the GTC, the Network Code or other compulsory regulations,
- g) on the request of the Operator, provide information the Operator needs in order to meet its obligations under the Contract, the GTC, the Network Code, acts and other by-laws;
- h) comply with the instructions of the Operator's dispatching centre;
- i) ensure the technical conditions for communication with the Operator.

(3) In addition to the obligations referred to in paragraph 2 hereof, the User that concluded a gas transmission contract with the Operator shall:

- a) ensure that the gas being inputted into the transmission system complies with the pressure conditions determined by the Network Code and the energy consent for connecting to the transmission system;
- b) take over from the transmission system, gas quantities he input or that were inputted for him into the transmission system in accordance with the nomination.

(4) The User has other rights and obligations stipulated by EU regulations, acts regulating energy, regulation of energy activities and gas market and the provisions adopted on the basis of these acts.

Fee for the Use of the Transmission System

Article 5

(1) The User shall pay a fee for the use of the transmission system to the Operator.

(2) The User shall pay the fee referred to in paragraph 1 hereof, regardless of whether it actually used the gas transmission service in the amount corresponding to the contracted capacity, part of the contracted capacity or if he did not use the gas transmission service at all.

(3) The fee referred to in paragraph 1 hereof is calculated according to the Methodology for Determining the Amount of Tariff Items for Gas Transmission and the Decision on the Amount of Tariff Items for Gas Transmission in force at the time the transmission service was provided.

- (4) The Operator delivers the calculation and the invoice referred to in this Article to the User no later than the 15th day of the current month, for the previous month.
- (5) The User shall pay the invoice referred to in this Article within 20 days from the last day of the calculation period the invoice was issued for, by payment into the Operator's business account.
- (6) If the last day of the deadline referred to in paragraph 5 hereof is a non-business day, the following business day is considered the last day of the deadline.
- (7) The payment obligation is considered to be executed on the day the money has been credited on the Operator's business account.
- (8) For each day of delay in payment of the fee referred to in paragraph 1 hereof, the User shall pay, aside from the owed principle, the statutory penalty interest valid in the relevant period. The penalty interest begins to accrue on the first day after the invoice became due. The interest payment deadline is 8 days from the receipt of the calculation or by the date stated on the calculation at the latest.

Exceeding the Contracted Capacity from the Gas Transmission Contract

Article 6

- (1) The User is entitled to use the transmission system capacity it contracted.
- (2) If the User exceeds the contracted capacity, it shall pay a fee for exceeding the contracted capacity.
- (3) Provisions of article 5 of the GTC apply *mutatis mutandis* to the calculation and payment of fees referred to in paragraph 2 hereof.
- (4) If the exceedance referred to in paragraph 1 hereof would result in exceeding the transmission system technical capacity at an individual entry into the transmission system and/or exit from the transmission system, the Operator is entitled to restrict or suspend the gas transmission service.
- (5) In case of exceedance referred to in paragraph 4 hereof, the User shall be liable to the Operator for any damage occurred as a consequence of exceeding the technical capacity. If the exceedance of the technical capacity was caused by two or more Users together, each User shall be liable in proportionate share of its nomination in the sum of all nominations at an individual entry into the transmission system and/or exit from the transmission system.

Payment Security Instrument

Article 7

- (1) The User shall deliver a payment security instrument to the Operator in accordance with the GTC, for the purpose of ensuring that the User will fulfil its obligations towards the Operator, arising out of and in connection with the Contract.
- (2) The payment security instrument referred to in paragraph 1 hereof constitutes an integral part of the Contract.
- (3) Unless otherwise stipulated in the GTC, the payment security instrument referred to in paragraph 1 hereof can be delivered:
 - a) in the form of a bank guarantee – unconditional, irrevocable, without cavil and payable upon first call or

b) by a cash deposit into a separate transaction account of the Operator (deposit account).

(4) The bank guarantee must be issued by a first-class bank, acceptable to the Operator, containing the following as a minimum:

- a) guarantee number,
- b) guarantee validity deadline, including the encashment deadline,
- c) the amount up to which the guarantor guarantees,
- d) the object of insurance, indicating the number of the Contract
- e) guarantee clause "upon first call" or "without cavil",
- f) guarantor information (company, registration number, tax number, headquarters),
- g) date and place where the guarantee was issued and
- h) signature of the authorized person.

(5) The bank guarantee must be issued in writing in Croatian language and in Latin alphabet. If the User delivers a bank guarantee in a foreign language, it shall deliver a certified translation in Croatian language, along with the original of the bank guarantee.

(6) The bank guarantee must be valid for the entire period the standard capacity product has been contracted for and at least for 60 days after the end of this period.

(7) If the User contracted two or more yearly standard capacity products, for the period of two or more gas years, it shall deliver a payment security instrument in the amount and within the time limit stipulated by Article 8 or 9, for the first yearly standard capacity product. The User shall renew the payment security instrument no later than 15 business days before the start of each following gas year, by delivering a new bank guarantee for the contracted yearly standard capacity product for the next gas year or by depositing cash in the appropriate amount into the Operator's deposit account.

(8) If the User fails to renew the payment security instrument pursuant to paragraph 7 hereof, the Operator is entitled to collect the existing bank guarantee and deposit the funds to a separate account. The interest on the funds deposited on a separate account are not paid to the User, but are credited to the amount of the total deposit. The Operator is entitled to use the deposited funds as a payment security instrument for collection of all claims arising from the gas transmission contract.

(9) If the User, for the purpose of ensuring the fulfilment of obligations, deposits a cash deposit serving as a payment security instrument, the Operator will, in its own name and for its account, open a separate deposit account for each User. The interest on the funds deposited into the deposit account belong to the User, reduced by the deposit account keeping fees and costs. The deposit account opening and keeping costs are charged to the User as a monthly fee.

(10) The User is considered to have delivered the payment security instrument when the Operator receives the original of the bank guarantee at the head office address, i.e. when the funds are recorded on the deposit account and are made available to the Operator.

(11) If the User fails to fulfil or is late in fulfilling some of its obligations under the Contract, the Operator is entitled to use any payment security instrument delivered by the User, to settle any claims based on and in connection with the Contract.

(12) If the Operator used the received payment security instrument for the purpose of collection of claims arising out of and in connection with the Contract, the User shall deliver a new payment security instrument within five business days from the use of a particular payment security instrument.

(13) Paragraph 12 hereof shall apply *mutatis mutandis* to obligations of the User that occur after the expiry or termination of the Contract as a result of the User's failure to fulfil the obligations under the Contract.

(14) The Operator shall return the payment security instrument to the User on its request, if the User has duly fulfilled all its obligations arising out of and in connection with the Contract.

(15) If the User fails to either submit or renew the payment security instrument pursuant to the GTC, the Operator is entitled to restrict, i.e. suspend the gas transmission service and terminate the Contract in accordance with the GTC. This does not prejudice other rights of the Operator under the Contract, the GTC or the Network Code.

Payment Security Instrument under the Gas Transmission Contract

Article 8

(1) The User shall deliver a payment security instrument based on the Gas Transmission Contract to the Operator in accordance with Article 7 of the GTC, at least in the following amount, increased by VAT (depending on the User's solvency):

- a) for a yearly standard capacity product – in the amount of 10% or 30% of the total annual fee for the contracted yearly standard capacity product,
- b) for a quarterly standard capacity product – in the amount of 10% or 30% of the fee for each contracted quarterly standard capacity product, i.e. in the amount of 10% or 30% of the total fee for all contracted quarterly standard capacity products, if the User contracted four such products for the period of four quarters and
- c) for a monthly standard capacity product – in the amount of the total monthly fee for each contracted monthly standard capacity product.

(2) The User shall deliver the payment security instrument pursuant to this Article, without delay upon the receipt of the capacity allocation notice, and at the latest by the beginning of the contractual period.

(3) As an exception from paragraph 1 hereof, the User is not required to deliver the payment security instrument, if the amount of the payment security instrument for an individual yearly, quarterly, monthly or daily product is less than HRK 1,000.00.

(4) In the event referred to in paragraph 3 hereof, the Operator reserves the right to request the User, at any time, to deliver the payment security instrument pursuant to this Article.

(5) As an exception from paragraph 1 points (a) and (b) hereof, the User concluding a gas transmission contract with the Operator for the first time, shall deliver a payment security instrument at least in the following amount, increased by VAT:

- a) for a yearly standard capacity product – in the amount of 50% of the total annual fee for the contracted yearly standard capacity product and
- b) for a quarterly standard capacity product – in the amount of 50% of the fee for each contracted quarterly standard capacity product, i.e. in the amount of 50% of the total fee for all contracted quarterly standard capacity products, if the User contracted four such products for the period of four quarters.

(6) As an exception from Article 7 and paragraph 1 hereof, if the User has been fulfilling its obligations under the gas transmission contract duly and in time for the last 12 months, it may, with a prior consent of the Operator, deliver the payment security instrument in the form of an ordinary promissory note certified by a public notary:

- a) for a yearly standard capacity product – to the amount of 50% of the total annual fee for the contracted yearly standard capacity product,
- b) for a quarterly standard capacity product – to the amount of 50% of the fee for each contracted quarterly standard capacity product, i.e. to the amount of 50% of the total fee for all contracted quarterly standard capacity products, if the User contracted four such products for the period of four quarters and
- c) for a monthly standard capacity product – to the amount of the total monthly fee for each contracted monthly standard capacity product.

(7) If the User wishes to contract a daily standard capacity product, and has not contracted a yearly, quarterly or monthly standard capacity product, it shall deliver the payment security instrument to the Operator three business days before submitting the capacity booking request at the latest, in the form of a cash deposit in the amount of the total monthly fee for the daily standard capacity product it intends to contract.

Payment Security Instrument under the Interconnection Gas Transmission Contract

Article 9

(1) The User wishing to contract a yearly standard capacity product at an auction, shall deliver an auction guarantee to the Operator, in the amount of 10% of the total annual fee for all yearly capacity products it intends to contract at the same auction, 5 business days before the start of the auction at which it intends to participate, at the latest.

(2) The Operator shall return the auction guarantee to the User, when the User delivers the payment security instrument pursuant to paragraphs 5 and 6 hereof.

(3) If the User delivered an auction guarantee in the form of a cash deposit, it may supplement it to the value of the required payment security instrument in accordance with paragraph 6 hereof. The User shall inform the Operator timely and in writing on its intention to supplement and change the purpose of the cash deposit.

(4) The User shall supplement the cash deposit pursuant to paragraph 3 hereof by the deadline for the submission of the payment security instrument stipulated in paragraph 5 hereof, at the latest, otherwise it will be considered that it has not delivered the payment security instrument.

(5) The User shall deliver the payment security instrument to the Operator within the following time limits:

- a) for a yearly standard capacity product – 15 business days before the start of the gas year the contracted product refers to at the latest,
- b) for a quarterly standard capacity product – 5 business days before the start of the auction at the latest,
- c) for a monthly standard capacity product – 1 business day before the start of the auction at the latest,
- d) for a daily standard capacity product – 1 business day before the start of the auction at the latest and
- e) for a within-day standard capacity product – 1 business day before the start of the auction at the latest.

(6) The User shall deliver the payment security instrument to the Operator at least in the following amount increased by VAT:

- a) for a yearly standard capacity product – in the amount of three monthly fees for the yearly capacity product it contracted,

- b) for a quarterly standard capacity product – in the amount of two monthly fees for each quarterly standard capacity product it intends to contract,
- c) for a monthly standard capacity product – in the amount of a monthly fee for the standard capacity product it intends to contract,
- d) for a daily standard capacity product – in the amount of a monthly fee for the daily standard capacity product it intends to contract,
- e) for a within-day standard capacity product – in the amount of a monthly fee for the within-day standard capacity product it intends to contract.

(7) As an exception from paragraph 6 hereof, a non-resident User is not required to increase the amount of the payment security instrument by VAT.

(8) If the User delivers the payment security instrument to the Operator in the amount exceeding the amount stipulated by this Article, the Operator shall return the difference on the User's request:

- a) by depositing the difference into the User's business account, if the payment security instrument was delivered in a form of a cash deposit, and/or
- b) by returning the delivered bank guarantee, provided that the User has delivered a new bank guarantee or has deposited funds into the deposit account, at least in the amount stipulated in paragraph 6 hereof.

(9) Together with the auction guarantee, i.e. the payment security instrument, the User shall deliver a written notice on the form of the auction guarantee, i.e. the payment security instrument it submits and on the allocation of the auction guarantee amount, i.e. the payment security instrument amount per individual auction platform.

(10) The User is entitled to change the allocation of the amount referred to in paragraph 9 hereof, provided that it notifies the Operator on the new allocation at least three hours before the auction at which it intends to participate.

(11) Based on the actual available and undisputed amount of the auction guarantee, i.e. the payment security instrument delivered by the User pursuant to this Article and based on the notice on allocation of funds, the Operator determines the credit limit of the User for each auction platform, before the start of the auction.

(12) The User may participate in auctions up to the amount of the credit limit referred to in paragraph 11 hereof.

(13) If the User contracted a certain standard capacity product in the auction, the available amount of the auction guarantee, i.e. the payment security instrument is reduced accordingly, pursuant to the rule stipulated in paragraph 6 hereof. According to the reduction of the available payment security instrument, the credit limit is reduced as well and the User may participate in the next auction with thus reduced credit limit.

(14) If the User wishes to contract, in the auction, a standard capacity product of value higher than the currently available amount of the auction guarantee or the payment security instrument, i.e. the credit limit, it shall deliver an additional auction guarantee or payment security instrument to the Operator, covering the difference pursuant to the rule stipulated in paragraph 6 hereof, within the time limits stipulated in paragraph 5 hereof.

(15) If at any time during the term of the interconnection gas transmission contract, the undisputed and actually available amount of the payment security instrument is no longer sufficient for payment of all standard capacity products contracted based on the relevant contract, the User shall supplement the relevant amount by submitting an additional payment security instrument covering the difference pursuant to the rule stipulated in paragraph 6 hereof.

Liquidated Damages

Article 10

(1) The User shall pay liquidated damages to the Operator if the User is late in fulfilling or fails to fulfil the following obligations:

- a) if the User does not deliver the payment security instrument in a manner and under the conditions pursuant to the Contract and the GTC, or
- b) if the User does not renew the payment security instrument in a manner and under the conditions pursuant to the Contract and the GTC.

(2) The liquidated damages referred to in paragraph 1 hereof amount to 1 % of the value of the total fee for the use of the transmission system capacity contracted per individual product the obligation to deliver the payment security instrument referred to.

The total amount of the fee for the use of contracted capacity, based on which the liquidated damages from the gas transmission contract are calculated, does not include the fee for the delivered gas quantity at the exits from the transmission system.

(3) The Operator shall notify the User on the amount of liquidated damages referred to in paragraph 1 hereof, in writing, by registered mail with return receipt or delivered in any other manner enabling the Operator to ascertain the date of the receipt of the notice by the User.

(4) The obligation to pay liquidated damages referred to in this Article is due within 15 days from the receipt of the notice referred to in paragraph 3 hereof.

(5) The Operator and the User agree that the amount of liquidated damages referred to in this Article corresponds to the value of the protected asset.

(6) The Operator is entitled to charge liquidated damages even after the Operator receives the fulfilment of the obligation, provided that it notifies the User without delay, on reserving the right to liquidated damages.

(7) In the events referred to in paragraph 1 hereof, the Operator is entitled to request liquidated damages from the User even when the amount of liquidated damages exceeds the amount of damage the Operator suffered due to the non-fulfilment or late fulfilment of obligations referred to in paragraph 1 hereof, and even if the Operator suffered no damage.

(8) If the damage suffered by the Operator due to non-fulfilment or late fulfilment of obligations referred to in paragraph 1 hereof exceeds the amount of liquidated damages, the Operator is entitled to request the difference until full compensation from the User.

Restriction or Termination of Gas Transmission Service

Article 11

(1) If the User fails to fulfil or is late with fulfilling any of the obligations under the Contract or the GTC, the Operator is entitled to restrict or terminate the provision of gas transmission service, starting 30 days from the day the obligation of the User became due, at the earliest, unless otherwise provided by the Contract or the GTC.

(2) If the total due debt of the User corresponds to the amount of at least two monthly fees for the use of the transmission system, the Operator is entitled to restrict or terminate the provision of gas transmission service, starting at the earliest five days from the day of maturity of the monthly fee due later.

(3) In the event of violation of obligations stipulated in Articles 7, 8 and 9 of the GTC, the Operator is entitled to restrict or terminate the provision of gas transmission service, starting

at the earliest five business days after the expiry of the payment security instrument delivery deadlines.

(4) The termination or restriction of the provision of gas transmission service may last until the User fully meets the obligation, violation of which caused the restriction or termination of the provision of the gas transmission service.

(5) In the case of restriction or termination of the gas transmission service pursuant to this Article, the Operator shall notify the User beforehand of the intended restriction or termination, 24 hours before the restriction or termination, at the latest.

(6) If the Operator restricts or terminates the provision of gas transmission service pursuant to this Article, the User shall pay the entire amount of the fee for the use of the transmission system for the period during which the Operator terminated or restricted the provision of gas transmission service, equal to the amount it would have had to pay if the gas transmission service had been provided as contracted. This does not prejudice other rights of the Operator under the Contract, the GTC or the Network Code.

(7) The User is exempted from the obligation to pay the fee referred to in paragraph 6 hereof, if the non-fulfilment or unduly fulfilment of the obligation, due to which the gas transmission service was restricted or terminated, was caused by force majeure.

(8) The User agrees that the reasons stipulated in this Article constitute legitimate reasons for restriction or termination of the provision of gas transmission service.

(9) The Operator shall not be liable for any damage that may occur to the User or a third party due to the restriction or termination of the provision of the gas transmission service under this Article.

(10) The User assumes full responsibility for damages that may occur to a third party due to the restriction or termination of the provision of the gas transmission service under this Article.

(11) The Operator is entitled to restrict or terminate the provision of the gas transmission service in other cases prescribed by the Network Code, EU regulations, acts regulating energy, regulation of energy activities and gas market and the provisions adopted on the basis of these acts, in the manner and under conditions determined in these provisions.

Liability

Article 12

(1) The Operator shall be liable for damage which occurs as a result of intent or gross negligence.

(2) The Operator shall be liable, in accordance with paragraph 1 hereof, for actual damage only, in the amount which cannot exceed 10% of the value of the contracted capacity. The Operator shall neither be liable for lost profit (*lucrum cessans*) nor non-material damage.

(3) The Operator shall not be liable either for damage which occurred as a result of malfunctions on auction platforms, the trade platform of the gas market operator or on the information system for control of transmission system capacities, or for damage which occurred as a result of third party activities or events out of control of the Operator, including *force majeure*.

Force Majeure

Article 13

(1) The contracting parties shall not be liable for non-fulfilment or late fulfilment of their obligations, if non-fulfilment, or late fulfilment is the result of *force majeure*, in terms of the Energy Act provisions, provided that *force majeure* concerns the functioning of the transmission system and/or availability of the transmission system capacity.

Force majeure which concerns gas in any way (including for example the quality, availability or shortage of gas) does not release either the Operator or the User from obligations accepted under the Contract.

(2) In the event of *force majeure*, the affected contracting party shall notify the other contracting party without delay on the occurrence of circumstances it considers as *force majeure* and on the steps it is undertaking in order to mitigate or eliminate the consequences of *force majeure*.

(3) If, due to *force majeure*, the delay in fulfilling, or the inability to fulfil contractual obligations of one party lasts longer than 30 consecutive days, the contracting parties shall start negotiations as soon as possible, in order to find a solution acceptable to both contracting parties.

If parties fail to reach an agreement within a period of 15 days, each party is entitled to unilaterally terminate the Contract within an additional period of 15 days, in the manner stipulated by Article 14 of the GTC and without providing additional period for fulfilment.

Assignment of Contract

Article 14

(1) Neither the User nor the Operator can partially or wholly assign the Contract without a prior written consent of the other contracting party.

(2) The User that assigned the Contract to another transmission system user shall warrant to the Operator that the User assignee of the Contract shall fulfil all obligations arising from the Contract.

(3) The User that assigned the Contract and the User assignee of the Contract are jointly and severally liable to the Operator for obligations under the Contract.

(4) The User that assigned the Contract shall pay to the Operator all claims for the fee for the use of the transmission system, the fee for exceeding of capacity, and any other claims occurred by the time the contract was assigned.

(5) The User assignee of the Contract shall deliver a payment security instrument to the Operator pursuant to Articles 7 and 8 of the GTC.

(4) Assignment of particular contractual rights on the secondary market is carried out in accordance with the Network Code and EU regulations.

Termination of the Contract

Article 15

(1) The contracting parties are entitled to terminate the Contract by mutual agreement at any time. The termination shall be in writing.

(2) Each contracting party is entitled to terminate the Contract unilaterally, by a written termination notice delivered to the other contracting party by registered mail with return receipt, in the event that the other contracting party does not, in any aspect, fulfil any of its obligations under the Contract or the GTC.

(3) Unless otherwise stipulated by the Contract or the GTC, the contracting party terminating the Contract shall, in the termination notice, provide the other contracting party with a subsequent deadline for fulfilment, not shorter than 15 days from the day the termination notice was received.

(4) If the other contracting party does not remedy the omission within the subsequent deadline for fulfilment, the contract is considered to have been terminated by virtue of law on the first day after the expiry of the subsequent deadline for fulfilment.

(5) The User is entitled to terminate the Contract unilaterally, without providing reasons, by a written termination notice delivered to the Operator by registered mail with return receipt or in any other manner enabling the ascertainment of the notice receipt date, with a cancellation period of 60 days from the day the Operator received the termination notice.

(6) In the event referred to in paragraph 5 hereof, the Users shall indemnify the Operator in the amount corresponding to the value of the total fee for the use of the transmission system for the contracted capacity relating the period from the termination of the Contract to the expiry of the contractual period.

The indemnity payment obligation is due within 15 days from the day when the User received a written notice of the Operator on the indemnity amount.

(7) As an exception from paragraph 6 hereof, if at the time of termination the User has no contracted capacity for the period from the termination of the Contract until the expiry of the contractual period, it is not required to indemnify the Operator.

(8) If the User terminates the Contract pursuant to paragraph 5 hereof, the Operator is entitled to sell on the primary market, the capacity from the terminated contract relating the period from the termination of the Contract to the expiry of the contractual period.

(9) The Operator is entitled to unilaterally terminate the Contract in the following cases as well:

- a) if the User has not paid the due monthly fees for the use of the transmission system or any other due amount under the Contract, in the amount of two monthly fees, and the omission is not remedied within the subsequent 15-day deadline from the receipt of a written reminder of non-payment and the Operator's intent to terminate the Contract for that reason;
- b) if the User fails to deliver the contracted payment security instrument in a manner and pursuant to the conditions stipulated in the Contract and the GTC, and the omission is not remedied within the subsequent five business days deadline after the receipt of the written termination notice;
- c) if the User does not renew the contracted payment security instrument in the manner and pursuant to the conditions stipulated in the Contract and the GTC, and the omission is not remedied within the subsequent five business days deadline after the receipt of the written termination notice;
- d) if the User does not supplement the insufficient payment security instrument in the manner and pursuant to the conditions stipulated in the Contract and the GTC, and the omission is not remedied within the subsequent five business days deadline after the receipt of the written termination notice.

(11) Exceptionally, the Operator is entitled to unilaterally terminate the Contract without providing a subsequent deadline for fulfilment, in the following cases:

- a) if the User provided incorrect or false statements or warranties in the Contract;
- b) if members or shareholders of the User adopt a decision to terminate the company of the User;
- c) if a proposal was submitted for the initiation of pre-bankruptcy or bankruptcy settlement against the User;

- d) if a competent court has adopted a final decision on the initiation of pre-bankruptcy or bankruptcy or preliminary bankruptcy proceedings against the User;
- e) the User ceases to pay all or some of its obligations, or announces its intention to do so;
- f) if the User terminates his activities and this circumstance lasts for five consecutive days or a total of 20 days in any calendar year.

(12) In the event of termination of the Contract and without prejudice to other rights the Operator has under law, the Network Code and the GTC, the User shall pay the fee to the Operator, for the use of the transmission system in relation to the gas transmission service provided until the moment the Contract was terminated.

(13) In addition to obligation referred to in paragraph 12 hereof, the User that concluded a gas transmission contract with the Operator shall also pay a fee to the Operator, for potential exceeding of the contracted capacity in relation to the transmission system service provided until the moment the Contract was terminated.

Delivery of Notices

Article 16

(1) Unless otherwise provided by the Contract or the GTC, the delivery of all notices and other communication between the Operator and the User will be carried out primarily via e-mail and in other cases in writing by registered mail with return receipt, by a courier service or hand-delivery and by telefax. The delivery is made to the addresses, telephone and telefax numbers specified in the Contract, or if such information is not, for any reason, stated in the Contract, then on those specified in the capacity booking request.

(2) Unless otherwise provided by the GTC, the delivery is considered to be duly executed:

- a) if the delivery is carried out via e-mail: on the day when the sender receives, on its e-mail address, a confirmation of successful delivery of the e-mail to the recipient. If such delivery confirmation occurs after 4:00 PM of any day, the notice will be considered received at 8:00 AM of the business day following the day the confirmation was received;
- b) in the event of on-hand delivery: on the day specified in the notice or other communication, along with the signature of the addressee from the Contract confirming the receipt (delivery) of the letter;
- c) if the delivery is carried out by mail or courier service: on the expiry of two business days from the day of delivery of the letter to the post office or courier service;
- d) if the delivery is carried out by telefax: on the day listed on the telefax confirmation when the letter was successfully sent to the telefax number specified in the Contract or the capacity booking request. If such delivery confirmation occurs after 4:00 PM of any day the notice will be considered received at 8:00 AM of the business day following the day the confirmation was received.

(3) Each contracting party is entitled to change the information (addresses, telephone and telefax numbers) for the delivery of notices and other communications specified in the Contract or the capacity booking request, and such change will be binding, provided that it was previously notified to the other contracting party in writing by registered mail with return receipt.

Guarantees

Article 17

The User declares and guarantees that:

- a) he possesses all authorisations, approvals and necessary permits required to perform, during the term of the Contract, the energy activity on the basis of which he is entitled to access the transmission system;
- b) that the signatory of the Contract and all other persons who, on behalf of the User, assume commitments, issue orders, submit requests and give statements in relation to the execution of rights and obligations under the Contract and the GTC, are entitled to undertake such actions and that their actions are binding for the User;
- c) that it accepts as binding the notices on the allocation of capacity and the amount of fees for the contracted product;
- d) that the payment security instrument delivered to the Operator, are valid and there are no third party rights, which would in any way exclude, diminish or restrict the rights of the Operator.

Confidentiality

Article 18.

(1) The contracting parties mutually agree that the information from the Contract and in relation with the Contract are considered a trade secret and as such will neither be revealed nor made available to third parties without prior written consent of the other party, nor used for purposes which exceed the Contract execution framework.

(2) The contracting party that made available the information referred to in paragraph 1 hereof without authorisation, is responsible to the other contracting party for damage suffered thereby.

(3) As an exception from paragraph 1 hereof, prior written consent of the other contracting party shall not be necessary if the contracting party is revealing information referred to in paragraph 1 hereof:

- a) to an associated company in terms of the act governing companies, provided that it is ensured that the confidential information are kept secret, or
- b) to a state administration body, local or regional government body, regulatory body or other legal entity with public authorities, legally entitled to request such data;
- c) to the extent required pursuant to acts and by-laws in force, on the request of the court or other body in an administrative, court or similar proceedings, or
- d) to an associated Operator, provided that it uses reasonable efforts in order to ensure the information is kept secret.

(4) The information confidentiality obligation referred to in paragraph 1 hereof does not refer to:

- a) information already published or otherwise made available to the public, at the time of disclosure to a contracting party,
- b) information published or otherwise made available to the public after it was disclosed to the receiving party, but not by the act or omission of the latter.

(5) The information confidentiality obligation referred to in paragraph 1 hereof shall continue to apply after the expiry or termination of the Contract.

Severability Clause

Article 19

- (1) In case that a particular provision of the Contract or the GTC is declared null and void or revoked, this shall not affect the validity of the Contract, which remains in force.
- (2) The contracting parties agree that in the event referred to in paragraph 1 hereof, they will enter negotiations in good faith in order to replace the invalid provision of the Contract or the GTC, to the extent possible, with a new provision that is valid and enforceable and reflects the actual intentions of the parties.

Language of the Contract and Applicable Law

Article 20

- (1) The Contract and the GTC are worded in Croatian language.
- (2) If the Contract is concluded in Croatian and English language, and if there are discrepancies between the Croatian and English version, the version in the Croatian language shall prevail.
- (3) The Operator publishes on its web page the unofficial translation of the GTC in English for information purpose only. If there are discrepancies between the Croatian and English version of the GTC, the version in the Croatian language is relevant.
- (4) The Croatian law shall be applicable the Contract and this GT.

Settlement of Disputes

Article 21

- (1) The contracting parties agree to use their best endeavours to settle all potential disputes arising from or related to the Contract amicably, including the disputes related to its interpretation, breach, validity or termination.
- (2) Should the parties fail to settle the dispute amicably, the competent court for settlement of all disputes between the Operator and the User shall be the court in Zagreb having in rem jurisdiction.

Changed Circumstances

Article 22

- (1) The User understands that the regulations regarding the energy activity of gas transmission are evolving, and it accepts that if during the term of the Contract there are changes to the valid legal regulations and by-laws, such change has to be applied to all Contracts in force at the moment of entry into force of the relevant change and will have precedence in application over the GTC.
- (2) If due to the change referred to in paragraph 1 hereof, the GTC need to be amended, the Operator is entitled to amend the GTC pursuant to the procedure stipulated by the act regulating the gas market.

Final Provisions

Article 23

- (1) The GTC shall apply to Contracts concluded before the GTC entered into force.
- (2) The Operator is entitled to amend the GTC as an integral part of the Network Code, pursuant to the procedure stipulated by the act regulating the gas market.