

## ***Rules for carrying out the binding phase of the Open Season procedure***

### **Q&A**

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1. If the LNG Croatia's economic test was negative and/or capacity wasn't allocated for bidder by LNG Croatia, then the Omišalj entry and/or Drávaszerdahely exit-entry capacity wouldn't be allocated for the "terminal user". Furthermore, if Plinacro didn't allocate Omišalj entry for the bidder, then Plinacro and FGSZ wouldn't allocate Drávaszerdahely exit capacity for the bidder?

LNG Croatia's economic test is of crucial significance for the project, because the LNG project consist of two parts. One is construction of the terminal and the other is construction of the pipeline. Plinacro will not get FID for the project if LNG Croatia doesn't pass the economic test in LNG OSP, so in that case the pipeline to Omišalj would not be built.

Regarding the second part of the question, if you refer to what will happen in case Plinacro doesn't receive any bids for Omišalj point, and there is only interest for Dravaszerdahely point, there are two possible answers. One of the key issues is the reason whether no interest for Omišalj booking is because there is no interest in LNG terminal as well (in that case the answer is the same as previous) or there is interest for LNG terminal (the economic test for LNG is positive) but on Plinacro side there is no interest in entry point Omišalj but only bids for exit Dravaszerdahely have been received. In that case the pipeline construction will depend on how much booking there is on Dravaszerdahely point and the fulfilling the precondition of positive economic test.

2. How will you shift to the lower scenario? Can you please explain it? Which scenario will be implemented?

The infrastructure Scenario for which the economic test will be conducted depends solely on the expressed interest of the bidders, that's why Plinacro offers the highest offer level in round 1 of the OSP. Plinacro retains the right to assess (based on received bids) which scenario is most suited for the economic test. Round 3 of the OSP is only in case when the interest of the bidders in round 2 was on the edge of economic viability of the higher infrastructural scenario (e.g. SC2). In round 3 Plinacro will check if there is enough interest of the bidders to go further with higher infrastructural scenario. If economic test in round 3 fails, Plinacro will know that there is no justification for investment in infrastructure in higher scenario and will shift to lower offer level (in this example, switch to SC1) in round 4, and allocate capacity based on lower offer level.

3. We understand that Plinacro will determine a new indicative tariff in 3rd round. Will be the new indicative tariff be higher or lower than it was in the 2rd round?

The calculation of the new indicative referent tariffs for round 3 (in case there is round 3) will be based on all bids submitted by all bidders in round 1 and round 2. The new referent indicative tariff will be higher than the initial ones. After the calculation, Plinacro will offer bidders a possibility to accept a new referent indicative tariff or to submit an additional bid supplement in round 3. If bidders won't accept the new referent indicative

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tariff and no additional bid supplements are received, the economic test in round 3 will be negative. In that case, OSP will go into round 4 (if possible).

4. Can you calculate the value of the  $PV_{UC-INCR}$  for an example?

Plinacro cannot give you a calculation of the  $PV_{UC-INCR}$ . When conducting economic test which is a crucial indicator for justification of the investment in the infrastructure, a complex model has been developed that takes into account a lot of factors not based just on the investment in the new infrastructure that Plinacro has to build for LNG Project, but also among other things, the investment that Plinacro already had regarding the existing transmission system and satisfactory increase of the N-1 indicator.

5. How will the bank guarantee for the bid submission and for the transmission service be calculated for bidders?

The methodology for calculation of the bank guarantee for the bid submission is described in section 10.3. of the Rules. Plinacro will publish on website a publicly available example for calculation of bank guarantee for the bid submission. Just to avoid any doubt, if a bidder submits a supplement bid in round 2 or round 3, he must deliver an additional bank guarantee (or deposit) for the part of the bid supplement that was not covered in the initial bank guarantee he delivered. The bank guarantee for bid submission at all time must cover the total amount of bids calculated in accordance with reference indicative tariff items (table 7 of the Rules). The bank guarantee for transmission service is calculated in accordance with GT and GTC. For more information please check section 11. of Rules, GT and GTC.