

Rules for carrying out the binding phase of the Open Season procedure **Q&A**

In case of signing the *Gas Transmission Contract Based on the Implemented Open Season Procedure*, which we have signed based on the indicative tariffs from the *Rules for Carrying out the Binding Phase of the Open Season Procedure*, does Plinacro (that is, regulatory agency) have right to modify, that is, increase the amount of tariff items over the years of the contract period in a way that they are higher than those which were applicable when we had entered into the contract with your Company and binding for our Company?

The purpose of the reference indicative tariffs published in the *Rules for Carrying out the Binding Phase of the Open Season Procedure* is to determine the contractual obligations of the OSP participants. By signing the *Gas Transmission Contract Based on the Implemented Open Season Procedure*, pursuant to article 4 of the Contract, the transmission system users are obliged to settle the fee for the use of the transmission system, calculated based on tariff items for gas transmission valid at the moment of the transmission capacity use. Since the Decision on the determination of tariff items for gas transmission in the regulatory period is within the competence of HERA, the tariff items can be modified during the contract period all in compliance with the valid *Methodology* for determining the amount of the tariff items for gas transmission.

Do interested bidders have to take part in all rounds of the economic test, that is, is it possible for the potential bidder to join in the second or the third round of the economic test?

All potential bidders who timely registered for the OSP can join in any round of bid submission. For the avoidance of doubt, performance of the 3rd round of the OSP is conditional and depends exclusively on the expressed interest of the bidders from the first two rounds.

Does the obligation to submit a bank guarantee (Bid security) in the amount of 3% of the fee for the transmission system use refer to one gas year or to the total amount of all annual fees if the capacity is contracted for several gas years?

Stipulated *Rules for Carrying out the Binding Phase of the Open Season Procedure* state that the delivery of a bank guarantee (Bid security) refers to the amount of the total value of the fee for capacity use, calculated for the entire contract period from the Bid. We would like to point out that the percentage of the fee will be decreased from 3% to 0,5% of the amount of the total fee for capacity use, about which all interested users will be duly informed through the amendments to the *Rules for Carrying out the Binding Phase of the Open Season Procedure*.

Is it possible to submit a bid for the transmission system capacity for several gas years which are not consecutive?

Yes, it is possible to submit a bid for the transmission capacity booking for several gas years which are not consecutive.

The bidder is obliged to conclude the *Gas Transmission Contract Based on the Implemented Open Season Procedure* after the economic test is carried out and to deliver a payment security instrument within 10 days after the contract is signed. Please be so kind to clarify what this actually means as regards the delivery terms. If the relevant contract is concluded in May 2018, and the first contract period starts (e.g.) on 1.10.2022, does the bidder have to have a payment security instrument at the transmission system operator during the entire period from contract signing until the end of the contract period?

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Yes. The bidder has to deliver a valid and appropriate payment security instrument to the transmission system operator within the period of 10 days from the contract signing. The transmission system operator retains the payment security instrument for the entire period until the end of the contract period regardless of when the consummation of the contract starts.

In which currency the Bid security is issued?

If a cash deposit is used as the Bid security the currency may be either HRK or EUR at the mean exchange rate of the Croatia National Bank (HNB).

If a bank guarantee is used as the Bid security, likewise, the currency may be either HRK or EUR with the currency clause at the s mean exchange rate of the Croatia National Bank (HNB), on the day of guarantee activation.

Plinacro will return the Bid security to a potential user in the same currency in which it is received.