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GASTRANS d.o.o.

NETWORK CODE

Table of Contents

1.	INTRODUCTION.....	3
2.	DEFINITIONS	4
3.	REGISTRATION	32
4.	ENTERING INTO ANCILLARY AGREEMENTS.....	37
5.	COMMUNICATIONS AND GASTRANS ELECTRONIC DATA PLATFORM.....	37
6.	CREDIT SUPPORT	41
7.	ENTERING INTO SHORT-TERM GTA.....	45
8.	CAPACITY PRODUCTS	47
9.	CAPACITY BOOKING.....	51
10.	SURRENDER	57
11.	MARKET TEST PROCEDURES.....	61
12.	SECONDARY TRADING OF CAPACITIES	61
13.	NATURAL GAS TRADE AT VTP.....	65
14.	NOMINATIONS.....	68
15.	MATCHING AND CONFIRMATIONS	74
16.	CAPACITY RESTRICTIONS AND INTERRUPTION	77
17.	BALANCING AND ALLOCATION	81
18.	MAINTENANCE AND EMERGENCIES	85
19.	GAS SPECIFICATIONS AND NON-CONFORMING GAS.....	88
20.	FUEL GAS	89
21.	METERING AND MEASUREMENT	93
22.	MONTHLY STATEMENTS, INVOICING, PAYMENT AND TAXES	100
23.	CHANGE IN LAW AND REVISION.....	101
24.	USERS' COMMITTEE	107
25.	GOVERNING LAW AND DISPUTE RESOLUTION.....	110
26.	RECORD KEEPING.....	113

1. INTRODUCTION

- 1.1** This Network Code relates to the Pipeline, contains the rules and procedures for the operation of the Pipeline and details the rights and obligations of the Transporter, Registered Parties and Users in respect of the contracting and use of Capacity Products.
- 1.2** The operation of the Pipeline shall be subject to the Final Exemption Act, pursuant to which the Transporter was granted an exemption from provisions on third party access, regulated prices and ownership unbundling.
- 1.3** The Final Exemption Act and the Decision on rules for allocation of capacity and mechanisms for management of transport capacities of GASTRANS d.o.o. Novi Sad no. 40/2018-Д-03/42 dated 3 September 2018 (as amended pursuant to the Decision on amendments of the Decision on rules for allocation of capacity and mechanisms for management of transport capacities of GASTRANS d.o.o. Novi Sad no. 40/2018-Д-03/63 dated 5 March 2019) granted the right to the Transporter to allocate a part of the capacity of the Pipeline on a long-term basis and set the rules for the allocation of such part of the capacity.
- 1.4** The Transporter has, by entering into Long-Term GTAs with respective Users, contracted respective capacity of the Pipeline on the long-term basis, fully in line with the Final Exemption Act and the Decision referred to above.
- 1.5** The capacity contracted in this manner is considered to be Firm Long Term Capacity and no other Firm Long Term Capacity shall be offered by the Transporter during the validity of the Final Exemption Act.
- 1.6** The Transmission Tariff for Firm Long Term Capacity shall be in line with the Transporter's methodology which was prepared in accordance with the Final Exemption Act and adopted by the Transporter on 7 March 2019 and approved by AERS.
- 1.7** Other Capacity Products offered by the Transporter in line with the Final Exemption Act and this Network Code will be available to any and all Persons that perform the registration and

fulfil other prerequisites for booking a Capacity Product, as set out in detail in this Network Code.

- 1.8** The Transmission Tariff for other Capacity Products shall be equal to the price achieved on auctions performed in accordance with this Network Code and the rules of the Capacity Booking Platform, whereby the Pipeline Reserve Price will be determined by the Transporter in line with the Final Exemption Act.
- 1.9** This Network Code sets out rights and obligations of the Transporter and Registered Parties/Users. All provisions of this Network Code apply to the Registered Parties and to the Users with a Short-Term GTA and the majority of provisions of this Network Code apply to the Users with a Long-Term GTA. Where specifically stated so in this document, certain provisions of this Network Code do not apply to the Users with a Long-Term GTA.
- 1.10** Save in relation to the principles and rules providing otherwise in accordance with the Final Exemption Act and/or the Compliance Program, the Transporter shall implement this Network Code with due consideration to the principles of transparency, non-discrimination and protection of commercially sensitive data and any applicable transparency, non-discrimination and protection of commercially sensitive data rules.

2. DEFINITIONS

2.1 Definitions

In this Network Code, unless otherwise defined herein, capitalised words and expressions have the following meanings:

"Active User" means, in respect of Single-Sided Nominations, the User or a user of an AFO facility (who, for the avoidance of doubt, may be the User), as the case may be, who sends a nomination in accordance with the Article 14.1 of this Network Code;

"Active TSO" means, in respect of Single-Sided Nominations, the TSO which receives a nomination from the Active User in accordance with the Article 14.1 of this Network Code;

"Adjacent TSO" means a TSO operating an Interconnected System;

"Adjacent Facility" means a facility connected to the Pipeline, including a facility for the processing of Gas, a facility for the storage of Gas, a pipeline system for the transmission or transit or distribution of Gas, a pipeline or facility for the delivery of Gas from a petroleum exploration or production facility, or a pipeline interconnector by which Gas is transported from or to another country;

"AFO" means the single or joint operator of an Adjacent Facility;

"AERS" means the Energy Agency of the Republic of Serbia;

"Affiliate" means any Person which directly or indirectly controls, is controlled by or is under common control with another Person, and for the purposes of this definition, control, and the terms controlled by or under common control with, denote the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of shares or by contract;

"AFO Agreements" means any and all agreements that are necessary for the Transporter to conclude with the AFOs at the Interconnection Point in order to enable the Transporter to perform its obligations under all Long-Term GTAs and all Short-Term GTAs, which agreement shall include, among others, provisions on the exchange of data and all relevant technical and operational parameters;

"Allocated Quantities" means the quantity of energy of Gas allocated to the User in respect of the delivery by or redelivery to (as applicable) the User at an Interconnection Point for a Gas Day, expressed in kWh;

"Allocation" means the assignment of Gas quantities to the User in accordance with the Article 17 of this Network Code;

"Applicable Laws" means all laws, decrees, judgments, acts and regulations or any other type of primary or secondary legislation in force in the Republic of Serbia without giving effect to its conflict of laws provisions;

"Applicant" shall have the meaning specified in the Article 3.1.1 of this Network Code;

"Application Documents" shall have the meaning specified in the Article 3.1.1 of this Network Code;

"Auction Calendar" means the auction calendar determined in accordance with the CAM Network Code;

"Auction Premium" means any difference between the clearing price and the Pipeline Reserve Price that results from an auction of any Capacity Product (other than the Bundled Capacity) and any difference between the clearing price and the Bundled Capacity Reserve Price belonging to the Transporter that results from an auction of any Bundled Capacity, as determined, both for ascending clock auctions and uniform price auctions, in accordance with the CAM Network Code;

"Auction Price" means the price against which a User has contracted relevant Capacity Product achieved in line with the rules of the Capacity Booking Platform;

"Available Capacity" means, in relation to a particular Interconnection Point, the capacity to transport Natural Gas that can be made available by the Transporter to Registered Parties for purchase as a Capacity Product, calculated as the difference between the Technical Capacity and the Total Contracted Capacity on that Interconnection Point and increased in accordance with this Network Code;

"Available Credit" means a maximum EUR amount that a User may use for contracting of a Capacity Product, taking into account the Transmission Fee for such contracting, calculated in accordance with the Article 6.3 of this Network Code;

"Balanced" shall have the meaning as specified in the Article 14.2 of this Network Code;

"Balancing Agreement" means the agreement executed between the Transporter and a Registered Party which defines the rights and obligations of the parties related to balancing and allocation matters as specified in the Article 17 of this Network Code;

"Balancing Nomination" means a nomination by the User which is selling the Natural Gas to the Transporter, on Transporter's request, specifying the Natural Gas quantities that are sold to the Transporter, and a nomination by the User which is purchasing the Natural Gas from the Transporter, on Transporter's request, specifying the quantities that are purchased, in each case for the purpose of balancing in line with the Article 17.1.6;

"Bundled Capacity" means a Capacity Product that, when offered to Registered Parties, is offered as corresponding entry and exit capacity at both sides of a particular Interconnection Point;

"Bundled Capacity Reserve Price" has the meaning specified in the Article 9.4.3 of this Network Code;

"Business Day" means a day, other than Saturday or Sunday or a public holiday, on which banks are open for general business in the Republic of Serbia and the country of incorporation of the User;

"CAM Network Code" means EU Regulation (EC) 2017/459, as applicable in the Energy Community pursuant to Decision 2018/06/Permanent High Level Group of the Energy Community (PHLG EnC) in the part adapting Regulation (EU) No. 2017/459 establishing a network code on capacity allocation mechanisms in gas transmission systems;

"Capacity" means capacity of the Pipeline available for the transport of Natural Gas;

"Capacity Booking Platform" means the internet platform for the booking and trading of Capacity Products that has been selected by the Transporter to be used at each Interconnection Point;

"Capacity Product" means a product for the transportation of Natural Gas in the Pipeline offered by the Transporter, with standardized characteristics in relation to type, direction and duration as set out in the Article 8 of this Network Code, and any other product offered for contracting by the Registered Parties from the Transporter;

"Capacity Restriction" means the occurrence of any event, except for Scheduled Maintenance, which reduces the ability of the Transporter to confirm Nominations or Renominations of the User up to Contracted Capacity at an Interconnection Point;

"Capacity Restriction Notice" means the notice sent by the Transporter to the Users on occurrence of the Capacity Restriction;

"CET" means Central European Time;

"Change in Law" means the occurrence of any of the following events after the date of this Network Code as a result of any action by any Governmental Authority:

- (a) a change in or repeal of existing Applicable Laws;
- (b) an enactment or making of any new Applicable Laws; and
- (c) a change having the force of law in the application or interpretation of Applicable Laws;

"Change in Law Notice" has the meaning specified in the Article 23.1.1 of this Network Code;

"Commercial Reverse Capacity" means the Capacity offered by the Transporter which results in Commercial Reverse Flow. The Commercial Reverse Capacity can be either Commercial Reverse Short-Term Capacity or Commercial Reverse Yearly Capacity;

"Commercial Reverse Daily Capacity" has the meaning specified in the Article 8.4.2.4 of this Network Code;

"Commercial Reverse Monthly Capacity" has the meaning specified in the Article 8.4.2.3 of this Network Code;

"Commercial Reverse Quarterly Capacity" has the meaning specified in the Article 8.4.2.2 of this Network Code;

"Commercial Reverse Short-Term Capacity" has the meaning specified in the Article 8.1.2.4 of this Network Code;

"Commercial Reverse Yearly Capacity" has the meaning as in the Article 8.1.2.6;

"Commercial Reverse Flow" means the virtual (but not physical) flow of Natural Gas in the Pipeline in the opposite direction to the Physical Flow Direction;

"Confirmed Quantities" means the quantity of Natural Gas to be delivered by or redelivered to the User at a particular Interconnection Point expressed in kWh per hour;

"Confirmed Quantity Notice" means a notice sent by the Transporter to the User following calculation of the Confirmed Quantities setting out the Confirmed Quantities at each Interconnection Point;

"Contract Capacity" means, the maximum capacity (expressed in kWh per hour) at the Contracted Entry Point and the Contracted Exit Point, that the Transporter is required to make available to the User for the transportation of Natural Gas as the relevant Capacity Product in accordance with a Long-Term GTA and/or a Short-Term GTA, and **"Contracted Capacity"** shall be construed accordingly;

"Contracted Entry Point" means the Interconnection Point contracted by the User under a Short-Term GTA or a Long-Term GTA, where the User shall deliver the Natural Gas or where it shall be deemed that it has delivered the Natural Gas for transportation via the Pipeline;

"Contracted Exit Point" means the Interconnection Point contracted by the User under a Short-Term GTA or a Long-Term GTA, where the User shall take over the Natural Gas or where it shall be deemed that it has taken over the Natural Gas after transportation through the Pipeline;

"Costs" means actual losses, liabilities, damages, costs, including reasonable legal costs, and expenses in each case of any nature whatsoever and Taxes;

“Credit Limit” shall have the meaning specified in the Article 6.3.2 of this Network Code;

"Credit Support" means an amount of monetary security provided by:

- (a) an irrevocable, unconditional, payable on first demand and without protest bank guarantee issued in accordance with the Uniform Rules for Demand Guarantees URDG 758 by a bank or financial institution that is licensed by the National Bank of Serbia or international bank or financial institution acceptable to the Transporter; and/or
- (b) funds in EUR or Serbian Dinar equivalent (according to the National Bank of Serbia middle exchange rate on the date the funds are deposited), free and clear of any bank charges and similar deductions, deposited into a separate escrow account with an escrow agent, being a bank which is acceptable to the Transporter, together with orders that such escrow funds are to be released by the escrow agent only upon written confirmation of the Transporter;

in accordance with this Network Code.

"Credit Support Documents" means the documents constituting or giving effect to Credit Support, in form and substance as set out in the Article 6 of this Network Code and specified in the Short-Term GTA;

"Credit Support Provider" means a Person providing Credit Support, specified in the Short-Term GTA;

"Credit Support Provider Event of Default" means:

- (a) the failure of the User (or its Credit Support Provider), within ten (10) days from the date it is required, to make a payment, to deliver any Credit Support Document or to perform any other material obligation after giving effect to any applicable notice of a grace period under any Credit Support Document;
- (b) the Insolvency Event or similar event occurs or is threatening in connection with a Credit Support Provider; or

- (c) a representation or warranty when made or repeated or deemed to have been made or repeated by a Credit Support Provider in a Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

"Daily Imbalance Charge" means an amount calculated for each Gas Day d , as the Transmission Imbalance for User u for that Gas Day d ;

"Data Protection Legislation" means the Law on Personal Data Protection of the Republic of Serbia (in Serbian: *Zakon o zaštiti podataka o ličnosti*) ("Official Gazette of RS" no. 87/2018") and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);

"Day" means a calendar day;

"Day-Ahead" means, in respect of a Capacity Product, that the Capacity is made available for the transportation of Natural Gas for one (1) Gas Day, being the Gas Day immediately following contracting of that Capacity Product;

"Day-Ahead Interruptible Capacity" means that the Capacity is made available subject to and based on the assumption that the non-nominated Capacity for the next Gas Day from other Users, which is used to make the interruptible Capacity available, is not reduced by Renomination of other Users, and in case Renomination occurs, the interruptible product may be reduced or withdrawn from the User;

"Daylight Saving Time" means the practice of setting the clock one (1) hour ahead of standard time for a certain period of time;

"Deemed Allocated Quantities" means the quantities deemed as allocated to a User at the VTP which shall be equal to the Trade Notifications and/or Balancing Nominations;

"Degrees Celsius" means difference between any temperature in Kelvin minus the temperature of 273.15 Kelvin;

"Double-Sided Nomination" means, in respect of the nomination of Natural Gas quantities at a particular Interconnection Point, that users on each side of that Interconnection Point submit their own nominations to the relevant TSO independently of each other;

"Emergency Situation" means any Gas leakage from the Pipeline or a situation where, in the reasonable opinion of the Transporter:

- (a) the integrity of the Pipeline is manifestly at risk;
- (b) the secure transmission of Gas in the Pipeline is manifestly at risk;
- (c) critical low and high pressure thresholds or the quality of the Gas transported in the Pipeline may have a hazardous effect on safety of people and property if it is delivered;
or
- (d) there may be a danger or hazard to public health and safety and property or the environment;

"Energy Content" means the content of energy expressed in kWh calculated as the product of the volume of that Natural Gas in Nm³ multiplied by its GCV in kWh/Nm³. Energy Content can be also expressed in MJ based on m³;

"Entry Point Kirevo/Zaječar" means the Interconnection Point where Natural Gas can physically flow into the Pipeline from the Bulgarian national transmission system, located at the Bulgarian-Serbian border near Zaječar, Republic of Serbia. For the purpose of the Physical Flow Direction, the Entry Point Kirevo/Zaječar is the Interconnection Point where the User delivers the Natural Gas for transportation by the Transporter. For the purpose of the Commercial Reverse Flow, the Entry Point Kirevo/Zaječar is the Interconnection Point

where the User takes over the Natural Gas considered as transported by the Transporter and in that case shall be referred to as the **"Exit Point Kirevo/Zaječar"**;

"EUR" means the single currency of the participating member states of the European Union, in accordance with the Treaty of Rome of March 25, 1957, as amended by the Single European Act of 1986 and the Maastricht Treaty of February 7, 1992 which became effective on November 1, 1993, establishing the European Union, as may be further amended from time to time;

"Exemption" means any exemptions granted by AERS in the Final Exemption Act in relation to regulated prices, the exemptions from third party access, unbundling obligations and/or any other relevant regulatory requirements, in each case related to the Pipeline;

"Exit Point" means the Interconnection Point where Natural Gas can physically flow out of the Pipeline, whereby this definition encompasses Exit Point Horgoš/Kiškundorožma, Exit Point Serbia-Gospodinci, Exit Point Serbia-Pančevo and Exit Point Serbia-Paraćin;

"Exit Point Horgoš/Kiškundorožma" means the Interconnection Point where Natural Gas can physically flow out of the Pipeline to the Hungarian national transmission system, located at the Serbian-Hungarian border near Kiškundorožma, Hungary. For the purpose of the Physical Flow Direction, the Exit Point Horgoš/Kiškundorožma is the Interconnection Point where the User takes over the Natural Gas that was transported by the Transporter. For the purpose of the Commercial Reverse Flow, the Exit Point Horgoš/Kiškundorožma might be the Interconnection Point where it is considered that the User delivered the Natural Gas for deemed transportation by the Transporter and in that case it shall be referred to as the **"Entry Point Horgoš/Kiškundorožma"**;

"Exit Point Serbia-Gospodinci" means the Interconnection Point where Gas can physically flow out of the Pipeline to the transmission system operated by relevant AFO in the Republic of Serbia, located near Gospodinci, Žabalj Municipality, Republic of Serbia. For the purpose of the Physical Flow Direction, the Exit Point Serbia-Gospodinci is the Interconnection Point where the User takes over the Natural Gas that was transported by

the Transporter. For the purpose of the Commercial Reverse Flow, the Exit Point Serbia-Gospođinci might be the Interconnection Point where it is considered that the User delivered the Natural Gas for deemed transportation by the Transporter and in that case it shall be referred to as the **"Entry Point Serbia-Gospođinci"**;

"Exit Point Serbia-Pančevo" means the Interconnection Point where Natural Gas can physically flow out of the Pipeline to the transmission system operated by relevant AFO in the Republic of Serbia, located near the City of Pančevo, Republic of Serbia. For the purpose of the Physical Flow Direction, the Exit Point Serbia-Pančevo is the Interconnection Point where the User takes over the Natural Gas that was transported by the Transporter. For the purpose of the Commercial Reverse Flow, the Exit Point Serbia-Pančevo might be the Interconnection Point where it is considered that the User delivered the Natural Gas for deemed transportation by the Transporter and in that case it shall be referred to as the **"Entry Point Serbia-Pančevo"**;

"Exit Point Serbia-Paraćin" means the Interconnection Point where Gas can physically flow out of the Pipeline to the transmission system operated by relevant AFO in the Republic of Serbia, located near Paraćin, Paraćin Municipality, Republic of Serbia. For the purpose of the Physical Flow Direction, the Exit Point Serbia-Paraćin is the Interconnection Point where the User takes over the Natural Gas that was transported by the Transporter. For the purpose of the Commercial Reverse Flow, the Exit Point Serbia-Paraćin might be the Interconnection Point where it is considered that the User delivered the Natural Gas for deemed transportation by the Transporter and in that case it shall be referred to as the **"Entry Point Serbia-Paraćin"**;

"Exit Point Serbia" means Exit Point Serbia-Gospođinci, Exit Point Serbia-Pančevo and Exit Point Serbia-Paraćin integrated together for the purpose of providing a single Gas Transmission Service. For the purpose of the Commercial Reverse Flow the Exit Point Serbia might be referred to also as the **"Entry Point Serbia"**;

"Expansion Capacity" means the total capacity of the Pipeline that may be made available in addition to initial capacity following a Market Test in accordance with the terms of the Exemption;

"Expert" has the meaning specified in the Article 25.2.1 of this Network Code;

"Final Draft of the Transporter's Final Decision" has the meaning specified in the Article 23.6.1 of this Network Code;

"Final Exemption Act" means the Decision on exemption of the new interconnector for natural gas no. 40/2018-D-03/62 dated 5 March 2019, adopted by AERS (in accordance with the Article 288, paragraph 19 of the Energy Law of the Republic of Serbia);

"Firm Capacity" means Capacity that the Transporter undertakes to provide to a User and is not permitted to interrupt, but can be reduced in case of Schedule Maintenance, Force Majeure and Capacity Restriction. The Firm Capacity can be either Firm Short Term Capacity, Firm Long Term Capacity or Firm Yearly Capacity;

"Firm Long Term Capacity" means Capacity contracted by the Transporter with the User as Firm Capacity for the transportation of Natural Gas between the Contracted Entry Point and the Contracted Exit Points on every Gas Day for a period of more than one (1) Gas Year;

"Firm Daily Capacity" has the meaning specified in the Article 8.2.1.3 of this Network Code;

"Firm Monthly Capacity" has the meaning specified in the Article 8.2.1.2 of this Network Code;

"Firm Quarterly Capacity" has the meaning specified in the Article 8.2.1.1 of this Network Code;

"Firm Short Term Capacity" means Capacity contracted by the Transporter with the User as Firm Capacity for the transportation of Natural Gas between the Contracted Entry Point and VTP or VTP and the Contracted Exit Points or Contracted Entry Point and Contracted Exit Points on every Gas Day for a period of less than one (1) Gas Year;

"Firm Within Gas Day Capacity" has the meaning specified in the Article 8.2.1.4 of this Network Code;

"Firm Yearly Capacity" has the meaning specified in the Article 8.1.2.5 of the Network Code;

"Fitch" means Fitch, Inc or its Affiliates;

"Fuel Gas" means Gas that is used for the operation of the Pipeline and all ancillary facilities, including for gas driven compressors or as heating gas for gas preheating units and station buildings;

„Full Reverse Flow“ means the Commercial Reverse Flow of Natural Gas in the Pipeline from the Entry Point Horgoš/Kiškundorožma to the Exit Point Kirevo/Zaječar or from the Entry Point Serbia to the Exit Point Kirevo/Zaječar;

"Gas" or **"Natural Gas"** means any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which are predominantly in gaseous state;

"Gas Day" means the time period starting at 06:00 hours CET and ending at 06:00 hours CET on the following calendar day, in each case subject to Daylight Saving Time;

"Gas Exchange" means regulated or organised market for Natural Gas in the Republic of Serbia;

"Gas Month" means the period commencing at 06:00 hours CET of the first full Gas Day in a calendar month and ending at 06:00 hours CET of the first Gas Day in the following calendar month, in each case subject to Daylight Saving Time;

"Gas Quarter" means three months period commencing at 06:00 hours CET of the first October, first January, first April and first July and ending at 06:00 hours CET of the first January, first April, first July and first October, in each case subject to Daylight Saving Time;

"Gas Specifications" means all specifications applicable to Gas as set out in Article 19.1.

"Gastrans Electronic Data Platform" means the internet-based communication system of the Transporter supporting communication through Edig@s or other adequate type of data exchange, accessible to the User for Nominations and other input data and Allocation and other output data as well as the download and potential upload of files and data in accordance with the GEDP User Agreement;

"Gas Transmission Service" means the gas transmission service provided by the Transporter to the User and **"Gas Transmission Services"** shall be construed accordingly;

"Gas Year" means the period starting at 06:00 hours CET at the first of October of a Year and ending at 06:00 hours CET of the first of October of the following Year, in each case subject to Daylight Saving Time;

"GEDP Manual" means the manual prepared by the Transporter with instructions for the Registered Party or User how to use Gastrans Electronic Data Platform;

"GEDP User Agreement" means the agreement executed between the Transporter and a Registered Party which defines the rights and obligations related to use of the Gastrans Electronic Data Platform by such Registered Party;

"Good Industry Practice" means, at a particular time, those practices, methods and acts that are in accordance with internationally recognised industry practices and standards applicable to the design, engineering, procurement, construction, ownership, operation and maintenance of Gas pipelines;

"Governmental Authority" means any government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, whether domestic or foreign and whether national, state, provincial or local, having jurisdiction over the matter in question;

"Gross Calorific Value" or "GCV" means the Energy Content, corresponding to the superior calorific value measured according to ISO 15971, in kWh of one Normal Cubic Metre of Gas;

„Half Reverse Flow“ means the Commercial Reverse Flow of Natural Gas in the Pipeline from the Entry Point Horgoš/Kiškundorožma to the Exit Point Serbia or from the Entry Point Serbia to the Exit Point Horgoš/Kiškundorožma;

“Indebtedness” means the sum of i) all outstanding amounts from the Monthly Invoices issued by the Transporter to the User pursuant to the Short-Term GTA and ii) all amounts to be charged to the User for all Contracted Capacity contracted under Short-Term GTA for transportation during the current Gas Month and future Gas Months and iii) all amounts to be charged to the User pursuant to the Short-Term GTA for all Contracted Capacity for any previous Gas Month for which a Monthly Invoice has not been issued; and iv) any outstanding amount pursuant to the Balancing Agreement and v) all amount of penalties from the GEDP User Agreement;

"Insolvency Event" means the User or its Credit Support Provider:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and is not withdrawn, dismissed, discharged, stayed or restrained within such period specified;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets;
- (h) causes or is subject to any event with respect to it which, under the Applicable Laws or laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive); or
- (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts referred to in this definition;

"Interconnected System" means a Natural Gas pipeline transportation system that is directly connected to the Pipeline;

"Interconnection Point" means the point where the flange or weld of the delivery control facilities or the measurement facilities representing the property boundary attributable to the Pipeline is located, which physically connects the Pipeline with the Adjacent Facility;

"Interruptible Capacity" has the meaning specified in the Article 8.1.2.3 of this Network Code;

"Interruption" means an interruption of a User's use of Commercial Reverse Capacity or Interruptible Capacity in cases including but not limited to Gas quality, pressure, temperature, flow patterns, use of Firm Capacity, Maintenance, up- or downstream constraints and capacity management deriving from congestion management procedures and "Interrupted" shall be construed accordingly;

"Interruption Notice" means notice sent by the Transporter to the Users on the Interruption;

"Joint Nomination Declaration Notice" means, in respect of Single-Sided Nominations, an electronic notification sent from the Active User to the Active TSO declaring the agreement of a Pair of Users to perform Single-Sided Nominations at a Single-Sided Interconnection Point, for a certain period (which may be an indefinite period) from a start date that is specified in that notice;

"kWh" means the Energy Content of Gas in kWh determined on the basis of its GCV;

"Law on Contracts and Torts" means the Law on contracts and torts of the Republic of Serbia (in Serbian: *Zakon o obligacionim odnosima*) ("Official Gazette of the SFRY ", no. 29/78, 39/85, 45/89 – decision of the Constitutional Court of Yugoslavia and 57/89, "Official Gazette of the FRY ", no. 31/93 and "Official Gazette of Serbia and Montenegro", no. 1/2003 – Constitutional Charter);

"Long-Term GTA" means a gas transportation agreement entered into by the Transporter and a User for the transportation of Natural Gas as Firm Long Term Capacity upon completion of the binding phase for allocation of Capacity pursuant to Items 9 to 11 of the Final Exemption Act, as such agreement may be amended and/or restated from time to time in accordance with its terms;

"Long-Term" means Capacity for a duration of one year or more;

"Maintenance" means any inspection, maintenance, modification, replacement, reinstatement, repair or refurbishment of the Pipeline including all activities ancillary or related to such activities;

"Maintenance Programme" means the Transporter's final programme for Maintenance of the Pipeline for each Gas Year to take place during the Off Peak Season;

"Market Test" means a procedure by the Transporter referred to in the Article 11 of this Network Code to assess whether there is interest among market participants for Capacity Products that would require the Transporter to provide Expansion Capacity;

"Matching Process" means the matching and confirmation processes to be carried out between the Transporter and an AFO in which the Confirmed Quantities of each User at that Interconnection Point are calculated from the Nominated Quantities of that User and the quantities nominated to the AFO;

"Measurement Data" means all data generated by Measurement Equipment or derived based on measured data (conversion);

"Measurement Equipment" means all metrological and related information technology equipment required to perform measurement and Metering according to the Article 21 of this Network Code;

"Measurement Equipment Technical Specifications" means [the technical specifications Measurement Equipment has to comply with];

"Metered Quantities" means the quantity of Natural Gas in kWh measured over a specified period of time at an Interconnection Point, as determined by the Measurement Equipment at that Interconnection Point;

"Metering" means the logging and/or integration over time of Measurement Data;

"Minimum Flow Rate" means the minimum quantity of Natural Gas that is required at a particular Interconnection Point in order for the Transporter to provide Gas Transmission Services at that Interconnection Point in accordance with the technical limitations of the Pipeline and the relevant AFO Agreements;

"Monthly Invoice" means the invoice to be issued by the Transporter to the Users in accordance with the principles set out in the Long-Term GTA and/or Short-Term GTA;

"Monthly Statement" means the monthly statement to be delivered by the Transporter to the User under the Short-Term GTA and/or Long-Term GTA which contains information about quantities of Gas, made available, taken over and delivered for the previous Gas

Month in a form of Energy Content, Nm³, m³ at 15 Degrees Celsius and m³ at 20 Degrees Celsius;

"Moody's" means Moody's Corporation or its Affiliates;

"Network Code" means this document, which regulates certain technical, operational and commercial aspects of the Pipeline's operation;

"Nominated Quantities" means the aggregate quantity of Natural Gas in kWh per hour that has been nominated or is deemed to have been nominated by a User either:

- (a) for delivery by the User to the Transporter at the Contracted Entry Point; or
- (b) for delivery by the Transporter at the Contracted Exit Point,

in each case in accordance with the procedures set out in this Network Code;

"Nomination" means the prior notification for the next Gas Day by the User to the Transporter (which, in the case of a Single-Sided Nomination, may be made by the Active User to the Active TSO on behalf of the relevant Pair of Users) of its Nominated Quantities;

"Non-Conforming Gas" means Gas that does not conform to the Gas Specifications;

"Normal Cubic Metre" or **"Nm³"** means that quantity of Gas which occupies the volume of one cubic metre where the temperature of such Gas is at zero (0) Degrees Celsius at an absolute pressure of 1.01325 Bar and is free of water vapour;

"Offering User" means a User that has offered Contract Capacity for sale to another Registered Party;

"Off Peak Season" means April, May, June, July, August or September;

"Operational Balancing Agreement" or **"OBA"** means an agreement between the Transporter and an AFO regarding the cooperation of the parties to the OBA in case of

difference between the Metered Quantities and Confirmed Quantities at a particular Interconnection Point;

"Operational Integrity" means a current or intended state of the Pipeline at which the current and planned Gas transport services can be executed well within safety parameters of the Pipeline taking into account measurement variances, control errors and additional safety margins for unexpected failure of equipment pertaining to the Pipeline and facilities operated by any AFO;

"Operational Safety" means the protection of the Pipeline against imminent or potential damages to humans or equipment;

"Over-Nomination" shall have the meaning as specified in the Article 14.8 of this Network Code;

"Pair of Users" means a relevant pair of users at each side of the Interconnection Point identified by their respective shipper codes in the Nomination and Matching Process, consisting of the User and a user of Adjacent Facility (who, for the avoidance of doubt, may be the same or other User);

"Passive TSO" means, in respect of Single-Sided Nominations, the TSO that is not the Active TSO in accordance with the Article 14.1 of this Network Code;

"Passive User" means, in respect of Single-Sided Nominations, the User or user of AFO facility (who, for the avoidance of doubt, may be the User), as the case may be, that is not the Active User;

"Person" means any individual, partnership, corporation, association, trust, or other legal entity;

"Physical Flow Direction" means, natural gas flowing in the direction from Bulgaria to Exit Points in Serbia and Hungary;

"Physical Reverse Flow" means the flow of Natural Gas in the Pipeline in the direction opposite to Physical Flow Direction, which might occur as envisaged by the Final Exemption Act;

"Pipeline" means an interconnector for the transmission of natural gas with a technical capacity of 12.88 bcm annually in accordance with Item 13 of the Final Exemption Act, passing through the territory of the Republic of Serbia in the length of about 400 km and crossing the state border of the Republic of Serbia to connect with transmission systems in the Republic of Bulgaria and Hungary, including related equipment for connection with the adjacent systems, constructed, owned and operated by the Transporter;

"Pipeline Reserve Price" means the starting price for auctions of any Capacity Products (including, without limitation, the Commercial Reverse Capacity) in the Pipeline, which starting price is determined in accordance with the provisions of the TAR Network Code and the Final Exemption Act;

"Purchasing User" means the User that has acquired the Title to the Gas as a consequence of the Trade;

"Rating Exemption" shall have the meaning specified in the Article 6.4.1 of this Network Code;

"Reasonable and Prudent Operator" means a Person seeking in good faith to perform its obligations and, in so doing and in the general conduct of undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced Person engaged in the same type of undertaking under the same or similar circumstances and conditions (in Serbian: *"pažnja dobrog stručnjaka"*);

"Reasonable Efforts" means, for any action required to be taken by a Person, the efforts that a Reasonable and Prudent Operator would make to take that action, taking into account the conditions affecting that action, provided that a Person will not be required to expend

funds in order to take that action that are more than amounts that it determines in its sole discretion to be appropriate;

"Registered Party" means any Applicant that has satisfied the conditions to become a Registered Party and has received confirmation from the Transporter of its status as a Registered Party as specified in the Article 3.1. of this Network Code;

"Registry" means the database of all Registered Parties that is held and managed by the Transporter;

"Registration Confirmation" shall have the meaning specified in the Article 3.1.6 of this Network Code;

"Registration Fee" means the registration fee payable in the amount and in the manner specified on the Transporter's website;

"Registration Form" means the application form by which an Applicant provides to the Transporter at least the following identification data:

- i) business name;
- ii) company ID or registration number;
- iii) tax identification number for Serbian entities or equivalent (optional) for foreign entities;
- iv) the country of incorporation;
- v) address of the registered seat;
- vi) e-mail address of the company;
- vii) data on authorised individual that will act as representative of Registered Party (title, first name, last name, position, e-mail, phone);

viii) list of persons in charge of managing the communications of the Registered Party with data on each person (name/business name, position/company ID or registration number, e-mail, phone) and respective level of authority/role such person will have in line with GEDP User Agreement; and

ix) signed representation that Person is not subject to the Insolvency Event;

"Registration Portal" means [the following webpage of the Transporter] via which an Applicant submits the Registration Form and accompanying documents in order to become the Registered Party;

"Renomination" means a Nomination submitted by a User for a particular Gas Day after the deadline for the confirmation of the initial Nomination for that Gas Day;

"Renomination Limitation" means the restrictions for Renomination specified in the Article 14.7.3 of this Network Code;

"Revision" means the procedure by which the Network Code is amended;

"Revision Request" means a proposal for the amendment of the Network Code that is submitted to the Transporter to evaluate;

"Revision Proposal" means a written proposal prepared by the Transporter for public consultation, recommending an amendment to the Network Code;

"RSD" means official currency of the Republic of Serbia;

"Secondary Market" means the trading of Contract Capacity between an Offering User and another Registered Party which will take place either as a Transfer or a Sublet;

"Selling User" means the User that has transferred the Title to Gas as a consequence of the Trade;

"Scheduled Maintenance" means the Maintenance agreed in line with the procedure set out in the Article 18 of this Network Code;

"Short Term" means Capacity that is not Long Term;

"Short-Term GTA" means a gas transportation agreement entered into by the Transporter and a User for the provision of Gas Transmission Services in respect of one or more Capacity Products for a Short-Term and/or Firm Yearly Capacity and Commercial Reverse Yearly Capacity (which, in addition to the rights and obligation of the Transporter and User set out in this Network Code regulates the rights and obligations of Transporter and User), as such agreement may be amended and/or restated from time to time in accordance with its terms;

"Single-Sided Interconnection Point" has the meaning specified in the Article 14.1.2 of this Network Code;

"Single-Sided Nomination" means a nomination of Gas quantities at a Single-Sided Interconnection Point, following the delivery of a Joint Nomination Declaration Notice by an Active User to an Active TSO, that will be deemed to constitute the nominations of each User in a Pair of Users to its applicable TSO at that Single-Sided Interconnection Point;

"Standard & Poor's" means Standard & Poor's Financial Services LLC or its Affiliates;

"Submitting Person" has the meaning specified in the Article 23.4.1 of this Network Code;

"Sublet" means the use by the User of some or all of its Contract Capacity and associated rights under the Short-Term GTA for the transportation of Natural Gas on behalf of the other User or third party on such a basis that no contractual relationship arises between the Transporter and such other User or third party, and **"Subletting"** shall be construed accordingly;

"Sublessee" has the meaning as in the Article 12.2.1 of this Network Code;

"Surrender" means the release by a User of all or part of its Firm Capacity (other than Firm Daily Capacity and Firm Within Gas Day Capacity) or Commercial Reverse Capacity

(other than Commercial Reverse Daily Capacity) at an Interconnection Point according to Article 10 of this Network Code so that the Transporter can offer such Contract Capacity as Available Capacity at auctions and **"Surrendered"** will have an equivalent meaning;

"Surrendered Capacity" means any Contracted Capacity that is subject of a Surrender Request;

"Surrender Request" means a request by a User to the Transporter for the Surrender of all or part of that User's Firm Capacity (other than Firm Daily Capacity and Firm Within Gas Day Capacity) or Commercial Reverse Capacity (other than Commercial Reverse Daily Capacity) as specified in the Article 10.2 of this Network Code;

"TAR Network Code" means EU Regulation (EC) 2017/460, as applicable in the Energy Community pursuant to the Decision 2018/07/Permanent High Level Group of the Energy Community (PHLG EnC) in the part adapting Regulation (EU) No. 2017/460 establishing a network code on harmonised transmission tariff structures for gas;

"Taxes" means any tax, levy, impost, duty or withholding of a similar nature, including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same but excluding corporation tax or tax calculated by reference to the profits of a Transporter if and to extent stipulated by the Applicable Laws;

"Technical Capacity" means in respect of each Interconnection Point, the maximum capacity of that Interconnection Point, taking into consideration technical characteristics of the Pipeline and technical characteristics of the Adjacent Facility, as well as integrity, safety and efficient operation of the Pipeline;

"Title to the Gas" means any ownership or other contract right authorizing the User to deliver Gas to the Transporter and to take over Gas from the Pipeline and to ensure the transportation of the Gas;

"Total Contracted Capacity" means, in respect to particular Interconnection Point, the aggregate of the Contracted Capacity of all Users for the same relevant period of time;

"Trade" means a transfer of the Title to Gas between Users effectuated in accordance with the conditions set out in the Article 13 of this Network Code, that for the purposes of this Network Code shall be considered to occur on the VTP;

"Trade Notification" means (a) in case of a Trade via Gastrans Electronic Data Platform the joint notification provided to the Transporter by the Users on the Traded Quantities between the same two Users, whereby one User is the seller and another one is the buyer, or (b) in case of a Trade on Gas Exchange the notification provided to the Transporter by the Gas Exchange on the Traded Quantities between the same two Users, whereby one User is the seller and another one is the buyer;

"Traded Quantities" means the aggregate quantity of Natural Gas in kWh per hour that has been Traded;

"Transfer" means a transfer by a User of all or a part of its Contracted Capacity to another Registered Party, which is effected by way of an assignment of all of its rights to that Contracted Capacity (or part thereof), and an assumption of all of the related obligations by that Registered Party under the relevant Short-Term GTA. A Transfer of part of the Contracted Capacity under a Short-Term GTA may consist of (a) an assignment of some but not all of the Contracted Capacity for each Gas Day, (b) an assignment of all of the Contracted Capacity during a specified period of time only, or (c) a combination of the above;

"Transfer Agreement" shall have the meaning as in the Article 12.3.3 of this Network Code;

"Transferee" shall have the meaning as in the Article 12.3.1 of this Network Code;

"Transmission Fee" means a fee payable by the User to the Transporter for the Gas Transmission Services, being the sum of the applicable Transmission Tariff multiplied by the correspondent Contracted Capacity;

"Transmission Imbalance" means as specified in the Article 17.1.2 of this Network Code;

"Transmission Tariff" means the tariff applicable to Capacity Products being (1) in case of the Long-Term GTA, calculated in accordance with the Transporter's tariff methodology, or (2) in case of the Short-Term GTA the Auction Price; and **"Transmission Tariffs"** shall be construed accordingly;

"Transportation Period" means the period commencing on the start date for Gas Transmission Services set out in a Short-Term GTA and/or Long-Term GTA and ending on the date on which such Gas Transportation Date expired or terminated;

"Transportation Start Date" means the start date for Gas Transmission Services as set out in a Short-Term GTA and/or Long-Term GTA;

"Transporter" means Gastrans d.o.o. Novi Sad, registered in Serbia under company ID number 20785683 and having its registered office at Narodnog fronta 12, 21000 Novi Sad, Serbia;

"Transporter's Final Decision" means a Transporter's final decision, within thirty (30) days after the end of the consultation period, on whether to amend the Network Code and how to amend the Network Code;

"TSO" means any operator of a gas transmission system, including the Transporter;

"User" means any Registered Party that has purchased one or more Capacity Products set out in the Article 8 of this Network Code by entering into a Short-Term GTA and/or Long-Term GTA with the Transporter, for so long as such agreement(s) continues to be in effect;

"User Code" means a code provided by the Transporter to a Registered Party;

"Users' Committee" means a collective body composed of representatives of Users acting in accordance with this Network Code where their voting rights shall reflect a corresponding proportion of the Contracted Capacity under their respective Short-Term GTA and/or Long-Term GTA;

"Users` Maintenance Period" means period(s) to be proposed by the Users for Scheduled Maintenance;

"Unscheduled Maintenance" means any Maintenance other than Scheduled Maintenance or an Emergency Situation;

"VAT" means value added tax or any similar sales tax or turnover tax;

"Virtual Trading Point" or **"VTP"** means a virtual location at which Users can register Trades of Natural Gas;

"Within-Day" means, in respect of a Capacity Product, the Capacity made available for the transportation of Natural Gas on an hourly basis for one (1) or more hours within a Gas Day;

"Within Day Interruptible Capacity" means the Capacity made available subject to and based on the assumption that the non-nominated Capacity for a period Within-Day from other Users, which is used to make the interruptible Capacity available, is not reduced by Renomination of other Users, and in case such reduction due to Renomination occurs, that the interruptible Capacity Product may be reduced or entirely withdrawn from the User; and

"Year" means the calendar year.

2.2 Interpretation

2.2.1 This Network Code shall as far as possible be interpreted in a manner that is compatible with the Applicable Laws, Final Exemption Act and host government agreement (if applicable).

2.2.2 For the purpose of securing rights and obligations granted by the Final Exemption Act, in the event of any inconsistencies between this Network Code and the Long-Term GTA, the Long-Term GTA shall prevail.

- 2.2.3 In case of inconsistencies between this Network Code and the Short-Term GTA, this Network Code shall prevail.

3. REGISTRATION

This Article 3 applies to each Person who wishes to become a Registered Party and to hold the Contracted Capacity under a Short-Term GTA. A User under a Long-Term GTA is automatically deemed to be a Registered Party under this Network Code and is released from obligations from the Article 3.1 of this Network Code including payment of the Registration Fee, and the Transporter shall enter its data from the Long-Term GTA into the Registry.

3.1 Application to become a Registered Party

- 3.1.1 Any Person that wishes to become a Registered Party (“**Applicant**”) must access the Registration Portal and, after confirming its consent to the terms of use of the Registration Portal (such confirmation shall be treated as “expression of will” (in Serbian: *izjava volje*) under the Article 29 of the Law on Contracts and Torts of that Applicant to undertake the obligations set out in the terms of use), submit the following documents (“**Application Documents**”):

3.1.1.1 a completed and signed Registration Form; and

3.1.1.2 excerpt from the relevant registry; and

3.1.1.3 evidence on signing authority of the individual that signed the Registration Form in the form of board decision and/or power of attorney if the authority is not already evident from the excerpt from the relevant registry;

3.1.1.4 evidence on payment of the Registration Fee; and

- 3.1.1.5 to the extent the activity of Registered User is an activity subject to a license or permit issued by AERS, a copy of the relevant license or permit.
- 3.1.2 The Application Documents may be submitted only if the Registration Form is fully completed and all supporting documents are attached to it.
- 3.1.3 It is the obligation of an Applicant to ensure its compliance with all applicable data protection laws, especially in respect to the individuals whose personal data has been provided to the Transporter in the Registration Form. The Transporter shall implement legal, technical and organizational measures to comply processing of personal data in the course of fulfilling the obligations arising from the Long-Term GTA and/or the Short-Term GTA and this Network Code with Data Protection Legislation. More details are available in the [Privacy Notice].
- 3.1.4 Upon receipt of the Application Documents, the Transporter will (acting in its sole discretion) assess whether the relevant Applicant has met all of the requirements to become a Registered Party, in particular:
- 3.1.4.1 that both individual that signed the Registration Form and the individual designated in the Registration Form to have the level of authority/role of the [Representative] are authorized to lawfully undertake the obligations in the name and on behalf of the relevant Applicant; and
- 3.1.4.2 that the relevant Applicant has paid the Registration Fee; and
- 3.1.4.3 that, according to publicly available information, the relevant Applicant is not subject to the Insolvency Event .
- 3.1.5 If the Transporter assesses that the relevant Applicant has not met all of the requirements to become a Registered Party, it shall notify such Applicant that its application is rejected, stating the reasons for rejection and the relevant Applicant

may, at any time, complete and resubmit the Application Documents. If such Applicant has already paid the Registration Fee, it shall not be required to pay the Registration Fee also at the moment of resubmission of the Application Documents.

3.1.6 If the Transporter determines that the relevant Applicant has met all of the requirements to become a Registered Party, the Transporter will, within thirty (30) Business Days of submission of Application Documents, provide to such Applicant an e-mail to the e-mail address provided in the Registration Form confirming that it has been accepted as a Registered Party and entered into the Registry ("**Registration Confirmation**"), with the details on the procedure of entering into the agreements referred to in the Article 4.1 of this Network Code.

3.1.7 An Applicant will only become a Registered Party from the moment of receipt of a Registration Confirmation from the Transporter and thus have the right to enter into agreements referred to in the Article 4 of this Network Code.

3.2 Updates to information

3.2.1 Each Registered Party must provide a notice in writing to the Transporter identifying any material change to the information provided by that Registered Party in the Application Documents i.e. indicated in the Long-Term GTA, promptly upon becoming aware of any such material change and must submit revised versions of the Application Documents that are affected by that change within five (5) Business Days of that notification and must co-operate with any request that the Transporter may make for further information or documentation relating to that change.

3.2.2 Changes to individuals holding respective level of authority/role pursuant to GEDP User Agreement and changes to level of authority/role of already designated individuals shall be performed in line with the GEDP User Agreement.

3.3 Statutory changes and effect to the status of the Registered Party

- 3.3.1 If the Registered Party intends to undergo a statutory change following which another legal entity, either incorporated as a consequence of the statutory change or already existing to which the relevant rights and obligations shall be transferred, it shall duly inform the Transporter on this intention and the Transporter and such Registered Party shall co-operate in order to take all necessary measures and actions for the purpose of smooth transfer of the Long-Term GTA and/or Short-Term GTA, the Credit Support and agreements from the Article 4.1 of this Network Code, as well as any other action that will be necessary to be undertaken.
- 3.3.2 In the case from the Article 3.3.1 of this Network Code, the Transporter and the Registered Party shall mutually agree on the Gas Day with which the provision of Gas Transmission Services for that Registered Party shall stop and the Gas Day with which the provision of Gas Transmission Services for new Registered Party shall commence. Such cut-off dates will be valid only if the conditions from the Article 3.3.3 of this Network Code are met before the relevant cut-off dates.
- 3.3.3 For the avoidance of any doubt, the original Registered Party shall not be relieved from any of its obligations until all amounts payable to the Transporter by that Registered Party are fully settled and the Credit Support of the new Registered Party is effective.
- 3.3.4 Only after all conditions from the Article 3.3.3 are met, the new Registered Party shall be allowed to participate in the auctions pursuant to the Article 9 of this Network Code.
- 3.3.5 If the Registered Party fails to inform the Transporter in line with the Article 3.3.1 of this Network Code, but the Transporter becomes aware of the statutory change of such Registered Party, the Transporter shall limit the possibility of that Registered Party to continue booking a Capacity Product either by reducing the Available Credit to zero or in any other appropriate manner until the moment the transfer is effectuated in the sense of the Article 3.3.3 of this Network Code.

3.4 Removal from the Registry

- 3.4.1 A Registered Party which has no Contracted Capacity nor outstanding debt towards the Transporter and which wishes to cease being a Registered Party may notify the Transporter in writing of its intention thereof. The Transporter will, no later than ten (10) Business Days after receipt of such notice, remove that Registered Party from the Registry and confirm in writing to that Registered Party that it is no longer a Registered Party.
- 3.4.2 The Transporter may remove a Registered Party from the Registry if:
- 3.4.2.1 a Short-Term GTA that such Registered Party is a party to is terminated by the Transporter pursuant to the Article 3.1.3.2 and 3.1.3.3 of the Short-Term GTA and the Registered Party is not party to the Long-Term GTA; or
 - 3.4.2.2 a Long-Term GTA that such Registered Party is a party to is terminated by the Transporter before the end of its term and the Registered Party is not party to the Short-Term GTA; or
 - 3.4.2.3 an Insolvency Event occurs in respect to that Registered Party.
- 3.4.3 The Transporter shall notify in writing the Registered Party that it is no longer a Registered Party within two (2) Business Days following removal from the Registry, stating the date from which it considers that such Registered Party is removed from the Registry. Such removal shall have the effect of automatic termination of GEDP User Agreement.
- 3.4.4 The removal of a Registered Party from the Registry is without prejudice to any of its rights and obligations as a User and/or a Registered Party that accrued prior to such removal.
- 3.4.5 After the removal from the Registry, a Person may become again a Registered Party in accordance with this Article 3.

4. ENTERING INTO ANCILLARY AGREEMENTS

4.1 Each Registered Party is obliged, before it can proceed with further activities as set out in the Articles 5, 6 and 7 of this Network Code, which are precondition for booking of Capacity Products from the Article 8 of this Network Code, to enter into the following agreements:

4.1.1 GEDP User Agreement; and

4.1.2 Balancing Agreement.

4.2 Users from the Long-Term GTA are obliged to provide to the Transporter via e-mail the details and data necessary to be inserted into each agreement listed in the Article 4.1 of this Network Code before it can be entered into by the parties thereto. Each User from the Long-Term GTA and the Transporter are obliged to comply with the obligations from the Article 3.1.3 of this Network Code in respect to data of individuals notified by the User to the Transporter pursuant to this Article 4.2.

4.3 Entering into the agreements referred to in the Article 4.1 of this Network Code shall be performed via Gastrans Electronic Data Platform, in the manner described by the Transporter in an e-mail that will be sent to the Registered Parties, whereby the individual of the Registered Party having the level of authority/role of the [Representative] is required to sign, using its [electronic certificate], the relevant agreements [and the date of its signature, as recorded on the document, shall be considered as the date of entering into the respective agreement by the parties].

4.4 Hard copies of signed agreements referred to in the Article 4.1 of this Network Code shall also be exchanged by the parties thereto, in the manner described by the Transporter in an e-mail that will be sent to the Registered Parties.

5. COMMUNICATIONS AND GASTRANS ELECTRONIC DATA PLATFORM

5.1 General Communications Rules

- 5.1.1 Communications between the Transporter and Registered Parties and between Registered Parties in each case in connection with the booking and trading of Capacity Products, shall be performed using the Capacity Booking Platform and a set of standardized messages as prescribed by the Capacity Booking Platform.
- 5.1.2 Communications between the Transporter and Users in connection with Nominations, Renomination, Matching and Confirmations, Balancing as well as other communications shall be performed using the Gastrans Electronic Data Platform (or, until the Gastrans Electronic Data Platform becomes fully operational, using Edig@s) and set of standardized messages as prescribed by the Transporter.
- 5.1.3 If there is unavailability of any of the means of communication referred to in the Articles 5.1.1 and 5.1.2 of this Network Code or such means of communications do not enable Registered Party/User to perform necessary communication, communications under and in connection with this Network Code must be made in the following order of priority:
- 5.1.3.1 by email using the email addresses published on the Transporter's website (or, for a User, the e-mail address specified in its Registration Form); and
- 5.1.3.2 by a fax of the Transporter at the fax number published on the Transporter's website.
- 5.1.4 All communications in line with the Article 5.1.3 of this Network Code must be made in English language and to the extent possible by using the same set of standardized messages as prescribed by Transporter and Capacity Booking Platform respectively.
- 5.1.5 Each Registered Party must ensure that the individual it nominated in the Registration Form to manage that Registered Party's communications (or any successor individual notified by that Registered Party to the Transporter) is

available to contact on a continuous basis. A Registered Party may nominate a third party to perform this function.

5.2 Communication Test

- 5.2.1 The Transporter will send to the new Registered Party an e-mail with the link for access to the communication test part of the Gastrans Electronic Data Platform and the GEDP Manual. The Registered Party must ensure that the individuals nominated by it in the Registration Form to manage its communications using Gastrans Electronic Data Platform, pass a communication test which includes at least successful sending of demo Nomination and receipt of demo Confirmed Quantities.
- 5.2.2 The Transporter will make Reasonable Efforts to provide technical and testing support to new Registered Parties seeking to access the Gastrans Electronic Data Platform.

5.3 Gastrans Electronic Data Platform

- 5.3.1 The Transporter will use Reasonable Efforts to make the Gastrans Electronic Data Platform available to all Registered Parties which individuals have passed communication test on 24/7 basis. The Transporter will not be liable if Gastrans Electronic Data Platform is not available although it has used Reasonable Efforts to make it available.
- 5.3.2 The Transporter will provide all Registered Parties, which individuals have passed communication test, with unique user identifications and passwords in order to facilitate the access of such Registered Parties to the Gastrans Electronic Data Platform, whereby each Registered Party is obliged to comply with the access requirements set by the GEDP User Agreement, including procurement of the valid [electronic certificates].

- 5.3.3 Any Registered Party that accesses the Gastrans Electronic Data Platform (either to communication test part or after obtaining the full access to the Gastrans Electronic Data Platform) must ensure that individuals managing communications on its behalf possesses the technical competence, skills and experience necessary to accurately communicate using the Gastrans Electronic Data Platform. Only individuals that have passed a communication test will be permitted to communicate using the Gastrans Electronic Data Platform on behalf of a Registered Party.
- 5.3.4 Further details regarding the manner of use of the Gastrans Electronic Data Platform and rights and obligations of the parties thereto are defined in the GEDP User Agreement.

5.4 Updates to Gastrans Electronic Data Platform

- 5.4.1 The Transporter will notify all Registered Parties in writing if an updated version of Gastrans Electronic Data Platform has been released. Each Registered Party must ensure that it has downloaded and will be able to use that updated version of Gastrans Electronic Data Platform by a date specified by the Transporter in the notification, which in any case cannot be earlier than thirty (30) days after the date of that notification of the Transporter.
- 5.4.2 The Transporter will make an updated GEDP Manual and will provide such updated document to all Registered Parties simultaneously with notification referred to in the Article 5.4.1.

5.5 Capacity Booking Platform

Each Registered Party is responsible to comply with the access requirements and communication rules of the Capacity Booking Platform, and the Transporter shall have no liability due to the failure of the Capacity Booking Platform to enable normal and uninterrupted access to it or to provide the Transporter with timely confirmation(s) on contracted Capacity Products.

6. CREDIT SUPPORT

6.1 General

- 6.1.1 Save for the Registered Parties meeting the Rating Exemption Criteria as set out in the Article 6.4 of this Network Code, each Registered Party is obliged to furnish the Transporter with adequate Credit Support in line with this Article 6. Such Credit Support shall at the same time serve as security to the Transporter for the obligation of the User to pay the Transmission Fee for contracted Capacity Products and as the basis upon which the Registered Party becomes eligible to participate in the auctions pursuant to the Article 9 of this Network Code for booking the Capacity Products up to the amount of the Available Credit.

6.2 Right to participate in auctions

- 6.2.1 The Registered Party becomes entitled to participate in an auction pursuant to the Article 9 of this Network Code only if it has sufficient Available Credit.
- 6.2.2 It is a duty of Registered Party or User, as the case may be, that wishes to participate in an auction to ensure that it has sufficient Available Credit to book relevant Capacity Product.
- 6.2.3 Notwithstanding the above stated, the Registered Party or the User, as the case may be, which meets the Rating Exemption criteria is entitled to participate in auctions without limitations.

6.3 Available Credit and Credit Limit

- 6.3.1 The Available Credit is calculated as a difference between the Credit Limit and Indebtedness.
- 6.3.2 The Credit Limit represents the maximum amount of financial obligation of a Registered Party or the User, as the case may be, which the Registered Party or the

User may undertake towards the Transporter pursuant to this Network Code and Short-Term GTA.

6.3.3 The Credit Limit of Registered Party or the User, as the case may be, that does not meet the Rating Exemption criteria shall be equal to the amount of Credit Support provided by respective Registered Party or the User.

6.3.4 At the beginning of each Gas Day, the Transporter shall publish through Capacity Booking Platform the amount of Available Credit for each Registered Party that has entered into the Short-Term GTA. The amount of the Available Credit shall be updated hourly.

6.4 Credit Support and Rating Exemption

6.4.1 A Registered Party or User shall be exempt from the application of a Credit Limit to the Transporter if it meets either of following criteria ("**Rating Exemption**"):

6.4.1.1 a credit rating of:

- (a) Standard & Poor's long-term rating of BBB- or better;
- (b) Fitch rating of BBB- or better;
- (c) Moody's long-term rating of Baa3 or better; or
- (d) 235 points or less according to Creditreform (credit index score 2.0), or

6.4.1.2 is 100% owned by a company which satisfies any of the above listed condition.

6.4.2 The Registered Party that satisfies Rating Exemption criteria shall, before entering into Short-Term GTA, submit to the Transporter via Gastrans Electronic Data

Platform the information/reference which contain evidence of its (or its parent company with 100% ownership) effective credit rating.

- 6.4.3 In case of no Rating Exemption, the Registered Party shall, before entering into Short-Term GTA, provide the Transporter with the form of Credit Support set out in this Network Code and shall, at all times during the term of the Short-Term GTA, maintain the Credit Support.
- 6.4.4 A User with a Long-Term GTAs may be also obliged to provide the Credit Support pursuant to this Network Code (or evidence on fulfilment of the Rating Exemption from the Article 6.4.1 of this Network Code) in order to be able to participate in the auctions for the Capacity Products from the Article 8 of this Network Code, whereby the provisions of the Long-Term GTA shall be applicable to the Credit Support provided pursuant to the Long-Term GTA and the provisions of this Network Code shall be applicable to the Credit Support provided pursuant to this Network Code.
- 6.4.5 In case of Credit Support is provided in form of bank guarantee, such guarantee shall have substantially the same wording as provided on web site of the Transporter, shall annually be replaced during the validity of the Short-Term GTA (in the substantially same form, unless otherwise agreed by the Transporter in writing), shall be valid at least three (3) months after the end of the Gas Year and shall be delivered by registered mail to the address to the Transporter for the attention of *[insert the title of the employment position of the relevant employee in charge]*. The Credit Limit of the Registered Party that provided Credit Support in the form of bank guarantee shall be equal to the maximum amount in EUR that the Transporter can demand under such guarantee.
- 6.4.6 In case of Credit Support is provided in form of deposit, the Registered Party, the bank and the Transporter shall enter into escrow agreement in the form and with the content reasonably satisfactory to the Transporter. The Credit Limit of the

Registered Party that provided Credit Support in the form of deposit shall be equal to the balance on the escrow account.

6.4.7 If the Rating Exemption ceases during the term of the Short-Term GTA, the User shall provide the Credit Support within [30] Business Days.

6.4.8 The Transporter shall inform the Registered Party, via the Gastrans Electronic Data Platform, whether it (i) has evidenced to the satisfaction of the Transporter that it (or its 100% parent company) satisfies the Rating Exemption criteria, or (ii) has provided the Credit Support in line with this Network Code and, if either (i) or (ii) is fulfilled, the Transporter shall inform the Capacity Booking Platform on the initial amount of the Available Credit (being equal to the amount of the Credit Limit) of such Registered Party. If the Registered Party has not fulfilled either (i) or (ii) above, the Transporter shall state the reasons it considers that the Registered Party has not complied with the Credit Support requirements and such Registered Party shall have the right to correct such non-compliance.

6.5 Collection, replacement and return of the Credit Support

6.5.1 The Transporter may draw on or, as it may be, enforce any Credit Support provided by the User in case of the User's breach of its payment obligation or a Credit Support Provider Event of Default.

6.5.2 If the Transporter has collected the due amount by using the Credit Support and, if applicable, the User has replaced the Credit Support or its respective portion collected by the Transporter within [20] Business Days, the Short-Term GTA cannot be terminated by the Transporter due to breach of payment obligation of the User. The same principle applies in case the parent company of the User, which falls under Rating Exemption, has settled the outstanding obligation of the User pursuant to the Short-Term GTA.

- 6.5.3 In case the Registered Party is removed from the Registry and the Transporter has no claims towards such Registered Party, the Transporter shall return the Credit Support to it within thirty (30) Business Days.

7. ENTERING INTO SHORT-TERM GTA

7.1 Short-Term GTA

- 7.1.1 When the Transporter receives the Credit Support or evidence on fulfilment of the Rating Exemption in line with the Article 6 of this Network Code and verifies that the Credit Support is provided in accordance with this Network Code, it will provide the Registered Party an e-mail with instructions to execute, via the Gastrans Electronic Data Platform, the Short-Term GTA. Only the individual holding the level of authority/role of [Representative] shall have the possibility to execute the Short-Term GTA in the name and on behalf of the Registered Party by using its [electronic certificate]. Such execution is considered as “expression of will” (in Serbian: *izjava volje*) under the Article 29 of the Law on Contracts and Torts of that Registered Party to undertake the obligations set out in the Short-Term GTA and any and all appendixes thereto which shall be in force between the Transporter and that Registered Party during the validity of the Short-Term GTA.
- 7.1.2 The Transporter and a Registered Party shall execute only one Short-Term GTA which consists of main body providing the rules applicable for each Capacity Product contracted by such Registered Party during the validity of Short-Term GTA and appendices stating Capacity Product, relevant period of validity of Capacity Product, Contracted Entry Point and/or Contracted Exit Point(s) and Auction Price. Confirmation received from the Capacity Booking Platform on contracting the relevant Capacity Product by the User shall represent appendix to the Short-Term GTA, without need that the Transporter and the User sign such confirmation.
- 7.1.3 The appendix from the Article 7.1.2 shall enter into force on a day of contracting the relevant Capacity Product by the User, but shall become effective between the

parties on a Gas Day preceding the Gas Day on which relevant Capacity Product commences and shall terminate at the end of the Gas Day by which relevant Capacity Product expires.

- 7.1.4 Upon expiry or termination of one appendix, Short-Term GTA shall remain in force but the obligation of the Transporter to transport Natural Gas for the User and the obligation of the User to pay the Transmission Fee for transport of Natural Gas (and all related rights and obligations of the parties) shall be inactive (in Serbian: *u mirovanju*) until new appendix to the Short-Term GTA becomes effective.
- 7.1.5 For the avoidance of any doubt when the same Registered Party has contracted more than one Capacity Product applicable for the same time period, each appendix shall represent separate appendix entering into force and terminating without the effect to the other appendices (unless differently provided in the main body of the Short-Term GTA).
- 7.1.6 Hard copy of signed Short-Term GTA shall also be exchanged by the parties thereto, in the manner described by the Transporter in an e-mail that will be sent to the Registered Parties.

7.2 Rights and obligations of Registered Parties that entered into Short-Term GTA

- 7.2.1 Only Registered Parties that have executed a Short-Term GTA have the right to:
- 7.2.1.1 participate in auctions and contract Capacity Products in accordance with the procedures set out in the Article 9 of this Network Code;
 - 7.2.1.2 trade Capacity Products with other Users in accordance with the Article 12 of this Network Code; and
 - 7.2.1.3 access to the Gastrans Electronic Data Platform and the Capacity Booking Platform.

- 7.2.2 Except for Users with Long-Term GTA, a Registered Party shall become a User upon contracting a Capacity Product to it, via the Capacity Booking Platform.
- 7.2.3 A Registered Party that becomes a User will, in addition to the rights and obligations it has as the Registered Party, have the rights and obligations of a User under this Network Code and Short-Term GTA and/or Long-Term GTA.

8. CAPACITY PRODUCTS

8.1 Introduction

- 8.1.1 The Transporter offers its Gas Transmission Services for contracting by the Registered Parties as Capacity Products, being either Firm Capacity or Interruptible Capacity, in Physical Flow Direction or in Commercial Reverse Flow and for a Long-Term or a Short-Term.
- 8.1.2 The following Capacity Products are offered by the Transporter:
- 8.1.2.1 Firm Long Term Capacity, being the Firm Capacity in the Physical Flow Direction for a Long-Term, which Capacity Product was allocated in line with Items 9-11 of the Final Exemption Act to the Users under the Long-Term GTA ("**Firm Long Term Capacity**");
 - 8.1.2.2 Firm Short Term Capacity, being the Firm Capacity in the Physical Flow Direction for a Short-Term ("**Firm Short Term Capacity**");
 - 8.1.2.3 Interruptible Capacity, being the Capacity in the Physical Flow Direction for a Short-Term, that may be Interrupted in accordance with the conditions stipulated in the Article 16 of this Network Code ("**Interruptible Capacity**");
 - 8.1.2.4 Commercial Reverse Short-Term Capacity, being the Capacity in the Commercial Reverse Flow for a Short-Term that may be Interrupted in

accordance with the conditions stipulated in the Article 16 of this Network Code ("**Commercial Reverse Short-Term Capacity**");

8.1.2.5 Firm Yearly Capacity, being Firm Capacity in the Physical Flow Direction for a Long-Term, which is offered only in case of the Surrender ("**Firm Yearly Capacity**"); and

8.1.2.6 Commercial Reverse Yearly Capacity, being Capacity in the Commercial Reverse Flow for a Long-Term that may be Interrupted in accordance with the conditions stipulated in the Article 16 of this Network Code ("**Commercial Reverse Yearly Capacity**").

8.1.3 This Network Code defines the conditions for offering and the procedure for contracting the Capacity Products from the Articles 8.1.2.2 – 8.1.2.6 of this Network Code.

8.1.4 The Transporter will:

8.1.4.1 offer Available Capacity for each Capacity Product to Registered Parties;

8.1.4.2 publish Available Capacity for each Capacity Product on the Capacity Booking Platform; and

8.1.4.3 publish the Pipeline Reserve Price on its website and on the Capacity Booking Platform.

8.1.5 The procedure for booking Capacity Products is set out in the Article 9 of this Network Code.

8.1.6 Publication of a Capacity Product on the Capacity Booking Platform shall have the effect of "general offer" (in Serbian: *opšta ponuda*) under the Article 33 of the Law on Contracts and Torts made by the Transporter to all Registered Parties for contracting any capacity up to Available Capacity against the Pipeline Reserve

48

Price or any other price achieved in line with the procedure from the Article 9.6 of this Network Code and the rules of the Capacity Booking Platform (whereby, in case the price achieved is different from the Pipeline Reserve Price, the Transporter automatically accepts such “counteroffer” of relevant Registered Party in line with the Article 39 of the Law on Contracts and Torts. For the avoidance of any doubt, the same applies in case of the Bundled Capacity and relates to the part of Bundled Capacity Reserve Price or the price achieved in auctions for the Bundled Capacity payable to the Transporter.

8.2 Firm Short Term Capacity

8.2.1 The Transporter will offer the following Capacity Products for Firm Short Term Capacity for booking by the Registered Parties:

8.2.1.1 Firm Quarterly Capacity, being Firm Short Term Capacity contracted for a period of a Gas Quarter (“**Firm Quarterly Capacity**”);

8.2.1.2 Firm Monthly Capacity, being Firm Short Term Capacity contracted for a period of a Gas Month (“**Firm Monthly Capacity**”);

8.2.1.3 Firm Daily Capacity, being Firm Short Term Capacity contracted for a period of a Gas Day (“**Firm Daily Capacity**”); and

8.2.1.4 Firm Within Gas Day Capacity, being Firm Short Term Capacity contracted for a period within a Gas Day (“**Firm Within Gas Day Capacity**”).

8.2.2 Firm Short Term Capacity is offered independently at each Interconnection Point and therefore Registered Parties must separately book Firm Short Term Capacity at the Entry Point Kirevo/Zaječar and/or required Exit Point(s).

8.3 Interruptible Capacity

- 8.3.1 Day-Ahead Interruptible Capacity will be offered by the Transporter for purchase by Registered Parties at an Interconnection Point only when there is no Available Capacity for Firm Short Term Capacity at that Interconnection Point.
- 8.3.2 Interruptible Capacity is offered independently at each Interconnection Point and therefore Registered Parties must separately book Interruptible Capacity at the required Entry Point Kirevo/Zaječar and/or Exit Points.
- 8.3.3 Within Day Interruptible Capacity will be allowed through Over-Nomination.

8.4 Commercial Reverse Capacity

- 8.4.1 Commercial Reverse Capacity (which results in a Commercial Reverse Flow) will be offered by the Transporter on an interruptible basis.
- 8.4.2 The Transporter will offer the following Capacity Products for Commercial Reverse Capacity for purchase by Registered Parties:
 - 8.4.2.1 Commercial Reverse Yearly Capacity;
 - 8.4.2.2 Commercial Reverse Quarterly Capacity, being Commercial Reverse Capacity contracted for the period of a Gas Quarter ("**Commercial Reverse Quarterly Capacity**");
 - 8.4.2.3 Commercial Reverse Monthly Capacity, being Commercial Reverse Capacity contracted for the period of a Gas Month ("**Commercial Reverse Monthly Capacity**"); and
 - 8.4.2.4 Commercial Reverse Daily Capacity, being Commercial Reverse Capacity contracted for the period of a Gas Day ("**Commercial Reverse Daily Capacity**").

8.4.3 A Registered Party that wishes to book Commercial Reverse Capacity must book Commercial Reverse Capacity as a combination of equal amounts of Contracted Capacity at one Contracted Entry Point and one Contracted Exit Point.

8.4.4 For the avoidance of any doubt, a Short-Term GTA shall also apply to rights and obligations of the parties thereto in respect to Commercial Reverse Yearly Capacity.

8.5 Firm Yearly Capacity

8.5.1 Firm Yearly Capacity may be offered by the Transporter solely as result of Surrender. For the avoidance of any doubt, a Short-Term GTA shall also apply to rights and obligations of the parties thereto in respect to Firm Yearly Capacity.

8.5.2 In addition, the Registered Party may become holder of Firm Yearly Capacity as result of secondary trade of the capacity in accordance with the Article 12.

9. CAPACITY BOOKING

This Article 9 applies to a Registered Party who wishes to hold the Contracted Capacity on the basis of a Short-Term GTA.

9.1 Access to Capacity Booking Platform

9.1.1 If a Registered Party wants to book Available Capacity, it must do so through the Capacity Booking Platform. It is the responsibility of each Registered Party to accept and comply with the access requirements of the Capacity Booking Platform, as set out in the terms and conditions of the Capacity Booking Platform.

9.1.2 As a precondition for booking of any type of Capacity Product set forth in the Article 8.1.2 of this Network Code (save for Firm Long Term Capacity), a Short-Term GTA shall be entered into between a Registered Party and the Transporter.

9.1.3 A bid made by a Registered Party in line with the rules of the Capacity Booking Platform shall be considered as “acceptance of offer” (in Serbian: *prihvat ponude*)

under the Article 39 of the Law on Contract and Torts if the bid price is equal to the Pipeline Reserve Price or as “counteroffer” (in Serbian: *prihvatanje ponude s predlogom da se izmeni*) under the Article 41 of the Law on Contracts and Torts if the bid price is different to the Pipeline Reserve Price. For the avoidance of any doubt, the same applies in case of the Bundled Capacity and relates to the part of Bundled Capacity Reserve Price or the price achieved in auctions for the Bundled Capacity payable to the Transporter.

9.2 Auction Calendar

Capacity Products will be offered for subscription through the Capacity Booking Platform and, if and when applicable, according to the Auction Calendar.

9.3 Booking of Physical Flow Direction Capacity

9.3.1 Registered Parties may contract Capacity Products for Physical Flow Direction Capacity through auctions conducted on the Capacity Booking Platform. Registered Parties may book: i) only Entry Point Kirevo/Zaječar, ii) only an Exit Point or iii) Entry Point Kirevo/Zaječar and an Exit Point.

9.3.2 The following Capacity Products for Firm Short Term Capacity in the following order of priority shall be offered by the Transporter, at each Interconnection Point, for so long as there is sufficient remaining Available Capacity to accommodate the offering of those Capacity Products:

9.3.2.1 Firm Quarterly Capacity for each Gas Quarter in the same Gas Year at rolling quarterly auctions, where the Available Capacity to be offered at each quarterly auction shall be calculated as the difference between the Technical Capacity and the Total Contracted Capacity and increased by the Surrendered Capacity, where each such Capacity relates to the relevant Gas Quarter;

- 9.3.2.2 Firm Monthly Capacity for the following Gas Month at monthly auctions, where the Available Capacity to be offered at each monthly auction shall be calculated as the difference between the Technical Capacity of the Pipeline and the Total Contracted Capacity and increased by the Surrendered Capacity, where each such Capacity relates to the relevant Gas Month;
- 9.3.2.3 Firm Daily Capacity on a Day-Ahead basis at daily auctions, where the Available Capacity to be offered at each daily auction shall be calculated as the difference between the Technical Capacity of the Pipeline and the Total Contracted Capacity and increased by the Surrendered Capacity and by non-nominated Capacity, where each such Capacity relates to the relevant Gas Day; and
- 9.3.2.4 Firm Within Gas Day Capacity prior to the gate closing time on the Gas Day, being at [01:30] hours CET, where the Available Capacity to be offered at each auction shall be calculated as the difference between the Technical Capacity of the Pipeline and the Total Contracted Capacity and increased by the Surrendered Capacity and non-nominated Capacity, where each such Capacity relates to the relevant hour(s) within the Gas Day.
- 9.3.3 Firm Yearly Capacity at each Interconnection Point for the following Gas Year shall be offered by the Transporter at the annual auction for Firm Yearly Capacity, for so long as the difference between Technical Capacity of the Pipeline reduced by all Contracted Capacities (and capacities that must be set aside, if applicable, by the Transporter acting as a Reasonable and Prudent Operator) and increased for Surrendered Capacity in each case that relate to the period which includes relevant Gas Year and the capacity that the Transporter must reserve for short-term Capacity Products in accordance with the Final Exemption Act is a positive number.

- 9.3.4 Day-Ahead Interruptible Capacity for a particular Interconnection Point and Gas Day shall be offered by the Transporter, in line with the Article 8.3.1 of this Network Code, through a daily auction only if the difference between the Technical Capacity and the aggregate of Confirmed Nominations for the Physical Flow Direction at that Interconnection Point for the following Gas Day is a positive number.

9.4 Bundling of Physical Flow Direction Capacity

- 9.4.1 Physical Flow Direction Capacity may be offered by the Transporter as Bundled Capacity at each Interconnection Point after the Transporter has entered into an agreement with the Adjacent TSO thereon, to the extent that transportation capacity is actually available on both sides of that Interconnection Point. If the amount of a particular Capacity Product for Firm Short Term Capacity on offer at an Interconnection Point by the Transporter is different from the amount of capacity on offer by the Adjacent TSO for the same standard capacity product, the lower of the two amounts will be offered as Bundled Capacity and the remaining capacity will be offered as unbundled capacity on the relevant side of the Interconnection Point.

- 9.4.2 Bundled Capacity at a specific Interconnection Point will be offered through auctions held on the Capacity Booking Platform. Registered Parties are able to book Physical Flow Direction Capacity on each side of an Interconnection Point as Bundled Capacity through a single booking procedure for each Interconnection Point.

- 9.4.3 The reserve price of any Physical Flow Direction Capacity offered as Bundled Capacity shall be the aggregate of the Pipeline Reserve Price and the reserve price specified as such for the relevant capacity product offered by the Adjacent TSO ("**Bundled Capacity Reserve Price**").

9.5 Booking of Commercial Reverse Capacity

- 9.5.1 Registered Parties may contract Capacity Products for Commercial Reverse Capacity through auctions conducted on the Capacity Booking Platform. Commercial Reverse Capacity must be booked as a specific combination of Available Capacity at each of an Entry Point and an Exit Point. Possible combinations of a reverse flow are presented in a table below:

FULL REVERSE FLOW		
Entry Point Horgoš/Kiškundorožma	====>	Exit Point Kirevo/Zaječar
Entry Point Serbia	====>	Exit Point Kirevo/Zaječar
HALF REVERSE FLOW		
Entry Point Horgoš/Kiškundorožma	====>	Exit Point Serbia
Entry Point Serbia	====>	Exit Point Horgoš/Kiškundorožma

- 9.5.2 The price for Full Reverse Flow and the price for Entry Point Horgoš/Kiškundorožma and the Entry Point Serbia for Half Reverse Flow will be in line with Item 14 Paragraph 1 of the Final Exemption Act. The price for the Exit Point Horgoš/Kiškundorožma and an Exit Point Serbia for Half Reverse Flow, due to the fact that each Exit Point is in this case in Physical Flow Direction, will be in line with Item 12 Paragraph 3 of the Final Exemption Act.

- 9.5.3 The following Capacity Products for Commercial Reverse Capacity shall be offered by the Transporter in the following order of priority, for so long as there is remaining Available Capacity at both Interconnection Points to accommodate those Capacity Products:

- 9.5.3.1 Commercial Reverse Yearly Capacity for each Gas Year as annual auctions;
- 9.5.3.2 Commercial Reverse Quarterly Capacity for each Gas Quarter in the same Gas Year at quarterly auctions;

9.5.3.3 Commercial Reverse Monthly Capacity for the following Gas Month at monthly auctions; and

9.5.3.4 Commercial Reverse Daily Capacity on a Day-Ahead basis at daily auctions.

9.5.4 Commercial Reverse Yearly Capacity will be offered by the Transporter for the following Gas Year at annual auction, for so long as there is remaining Available Capacity at both Interconnection Points to accommodate that Commercial Reverse Yearly Capacity reduced by the Capacity that the Transporter must reserve for short-term Capacity Products in accordance with the Final Exemption Act.

9.6 Conduct of Auctions

9.6.1 Auctions for Firm Short Term Capacity and Commercial Reverse Capacity (other than Firm Daily Capacity, Firm Within Gas Day Capacity and Commercial Reverse Daily Capacity) will apply an ascending clock auction algorithm, enabling Registered Parties to place volume bids against escalating prices announced in consecutive bidding rounds, starting at the Reserve Price. Ascending clock auctions will be conducted in accordance with the procedures and algorithm set out in the CAM Network Code.

9.6.2 Auctions for Firm Daily Capacity, Firm Within Gas Day Capacity, Commercial Reverse Daily Capacity and Day-Ahead Interruptible Capacity will apply a uniform price auction algorithm, under which there is a single bidding round in which Registered Parties bid price as well as an amount of the Capacity. Uniform price auctions will be conducted in accordance with the procedures and algorithm set out in the CAM Network Code.

9.6.3 Only bids within the limit of the Available Credit of a Registered Party may be accepted by the Transporter.

9.7 Publication of auction results

- 9.7.1 Auction results will be published by the Transporter on the Gastrans Electronic Data Platform after each bidding round has been closed. Registered Parties will be notified on an individual basis of the Available Capacity that they have booked at the relevant auction. The Transporter will make available aggregated information on auction results by posting this information on Gastrans' website.
- 9.7.2 For auctions of Firm Short Term Capacity and Commercial Reverse Capacity (other than Firm Daily Capacity, Firm Within Gas Day Capacity and Commercial Reverse Daily Capacity), results will be published on the next Business Day following the closing of bidding.
- 9.7.3 For Firm Daily Capacity, Firm Within Gas Day Capacity, Commercial Reverse Daily Capacity and Day-Ahead Interruptible Capacity auctions, results will be published no later than thirty (30) minutes after the closing of bidding.

10. SURRENDER

10.1 General

- 10.1.1 Pursuant to Item 16 Paragraph 2 Point 2 of the Final Exemption Act, the Transporter may, with a written consent of the User, offer and contract part or all of the User's Contracted Capacity which is Surrendered in accordance with this Article 10 on auctions organized in accordance with the Article 9.
- 10.1.2 Any Firm Capacity released must be of a duration that corresponds to Firm Yearly Capacity, Firm Quarterly Capacity or Firm Monthly Capacity and any Commercial Reverse Capacity released must be of a duration that corresponds to Commercial Reverse Yearly Capacity, Commercial Reverse Quarterly Capacity or Commercial Reverse Monthly Capacity.
- 10.1.3 A User can release Firm Capacity corresponding to Firm Yearly Capacity or Commercial Reverse Capacity corresponding to Commercial Reverse Yearly Capacity only for the next Gas Year to be offered at an auction.

10.2 Procedure for Surrender of Contracted Capacity

10.2.1 A User who wishes to Surrender Contracted Capacity is required to send a Surrender Request to the Transporter through the Capacity Booking Platform. The Surrender Request must be received by the Transporter no later than 10:00 hours CET on the date falling four (4) Business Days before the date of publication of Available Capacity for the relevant auction in which the Surrendered Capacity will be offered and must specify:

10.2.1.1 the Interconnection Point at which Contracted Capacity is being Surrendered;

10.2.1.2 the amount and Capacity Product of the Contracted Capacity that is being Surrendered;

10.2.1.3 the duration of the Surrender (corresponding to one of the standard Capacity Products set out above); and

10.2.1.4 whether the Surrendered Capacity is Bundled Capacity or not.

10.2.2 If a Surrender Request meets the requirements set out in the Article 10.2.1 above, the Transporter must notify the User that submitted the Surrender Request that the Surrender Request has been accepted by no later than 10:00 hours CET on the date falling two (2) Business Days before the date of publication of Available Capacity for the relevant auction in which the Surrendered Capacity will be offered.

10.2.3 A Surrender Request, once sent by a User, cannot be withdrawn, cancelled or amended by that User.

10.2.4 Following notification that the Surrender Request has been accepted by the Transporter:

10.2.4.1 the Surrendered Capacity will be included in the amount of Available Capacity offered by the Transporter in the relevant auctions of

58

Available Capacity, in accordance with procedures specified in the Article 9; and

10.2.4.2 the relevant User must pay a fee to the Transporter in the amount specified on the Transporter's website at the time the Surrender Request is accepted.

10.2.5 In any auction for which Surrendered Capacity is offered, the Transporter will:

10.2.5.1 first, contract Available Capacity that is not Surrendered Capacity;

10.2.5.2 second, contract Available Capacity that is Surrendered Capacity.

10.2.6 If more than one User has offered Surrendered Capacity, Surrendered Capacity will be offered in the relevant auctions in the order in which the Surrender Requests relating to that Surrendered Capacity were received by the Transporter.

10.2.7 Promptly after the conclusion of an auction at which Surrendered Capacity has been offered:

10.2.7.1 the Transporter will notify each User with Surrendered Capacity in that auction by email of the quantity of their Surrendered Capacity that has been recontracted in that auction and the quantity of their Surrendered Capacity that has not been recontracted in that auction; and

10.2.7.2 if the Surrendered Capacity was subject to an Auction Premium, the relevant User must pay to the Transporter the amount (if any) calculated in accordance with the Article 10.3.

10.2.8 Following each auction at which Surrendered Capacity is offered, the Surrender Request that relates to that Surrendered Capacity will cease to have effect. If any Surrendered Capacity was not recontracted at an auction in full and the User wishes that Contracted Capacity to be offered again at the next auction, it is the User's

responsibility to send new Surrender Request to the Transporter before the next available auction.

- 10.2.9 The User retains its rights and obligations under the Short-Term GTA and/or Long-Term GTA for the Surrendered Capacity (except for any ability of the User to trade that Contracted Capacity in accordance with the Article 12) until that Surrendered Capacity is contracted by new User(s). After contracting by new User(s), the User whose Surrendered Capacity was recontracted will cease to have any rights or obligations in relation to such recontracted Surrendered Capacity for the duration of the Surrender and the amount of Contracted Capacity under the relevant Short-Term GTA and/or Long-Term GTA will be deemed to be reduced by an amount and for a duration equal to such recontracted Surrendered Capacity.

10.3 Auction Premium

- 10.3.1 The recontracting of Surrendered Capacity shall release the User from its obligation to pay the Auction Premium that was applicable to such Capacity prior to its Surrender, to the extent it was recontracted to another Registered Party in accordance with this Article and the procedures set out in the Article 9.
- 10.3.2 If the User has not paid to the Transporter the Auction Premium applicable to Capacity prior to its Surrender and the Auction Premium for recontracted Surrendered Capacity is lower, then the User with the Surrendered Capacity must pay to the Transporter for each such recontracted Surrendered Capacity an amount equal to the total unrecoverable Auction Premium, calculated as:

$$AP = [P_{old} - P_{new}] \times RC \times D / 365$$

Where:

AP is the total amount payable by the User to the Transporter in respect of unrecoverable Auction Premium for particular Surrendered Capacity.

Pold is the Auction Premium applicable to the Capacity prior to its Surrender.

Pnew is the Auction Premium applicable to the recontracted Surrendered Capacity.

RC is the aggregate amount of Surrendered Capacity that is recontracted as part of that Contract Capacity.

D is the total duration of the recontracted Surrendered Capacity in Gas Days.

11. MARKET TEST PROCEDURES

11.1 The Transporter will perform Market Tests at least every two (2) years from the start of commercial operations of the Pipeline and shall publish the results thereof on the Transporter's website from time to time.

11.2 The Market Test procedures will be specific to the Pipeline and will be developed in accordance with applicable regulations and the requirements of the Exemption.

12. SECONDARY TRADING OF CAPACITIES

12.1 Introduction

12.1.1 Secondary trading of Contracted Capacity under Short-term GTA between an Offering User and another Registered Party may be effected either as a Transfer or a Sublet.

12.1.2 Secondary trading of capacity contracted under Short-term GTA shall be performed by using the Capacity Booking Platform. [Any such transaction shall be also subject to any specific terms relating to such trades set out in the relevant Short-Term GTA].

12.1.3 It is the responsibility of each Registered Party or User intending to acquire Contracted Capacity under Short-Term GTA by way of Subletting and/or Transfer

to accept and comply with the access requirements of the Capacity Booking Platform, as set out in the terms and conditions of the Capacity Booking Platform.

12.2 Subletting

12.2.1 The User shall be entitled to exercise its rights under this Network Code and the Short-Term GTA for the transportation of Natural Gas on behalf of another User or third party ("**Sublessee**") by way of subletting part or all of its Contracted Capacity in the form of acting as a transportation agent for such Sublessee, subject to the satisfaction of the conditions set out in the Article 12.2.2 below.

12.2.2 Any such exercise of rights shall be effective on the following basis:

12.2.2.1 the User shall be responsible for and liable to the Transporter to the same extent as if the Natural Gas in question was transported on its behalf;

12.2.2.2 the User shall be responsible for all dealings with the Transporter and the Transporter shall not have any direct dealings with the Sublessees and Nominations made by Sublessees shall at all times be treated as not submitted;

12.2.2.3 the User, acting as a transportation agent, shall ensure that the Sublessee holds Title to the Gas in respect of all Gas made available at relevant Interconnection Point by the User on behalf of a Sublessee; and

12.2.2.4 any exercise of the User's rights by sub-letting part of its Contracted Capacity to a Sublessee does not in any way affect the rights and obligations between the User and the Transporter.

12.2.3 The Transporter shall have no greater liability than if the Natural Gas in question was transported on behalf of the User and the obligations under this Network Code

and Short-Term GTA were being performed for the User and the User shall indemnify the Transporter against any additional Costs arising as a result of the Subletting.

12.2.4 The minimum period of a Sublet is one (1) Gas Day.

12.2.5 Only a User can trade its Contracted Capacity by way of Subletting to another User and/or Registered Party and/or third party.

12.3 Transfer

12.3.1 The User shall be entitled to transfer Short-Term GTA (in Serbian “*ustupanje ugovora*”), in whole or in part, to any Registered Party ("**Transferee**") subject to the satisfaction of the conditions set out in the Article 12.3.2 below.

12.3.2 Such transfer of Short-Term GTA shall take effect on the following basis:

12.3.2.1 the Transferee has provided appropriate replacement Credit Support to the Transporter at latest at the date of entering into the Transfer Agreement, save in case when the Transferee meets Rating Exemption criteria;

12.3.2.2 if the Transferee is another User, the Transferee is not in material breach of or in default under the terms of this Network Code, the Short-Term GTA, any other transportation agreement with the Transporter in relation to the Pipeline, or any Credit Support Document; and

12.3.2.3 the Transferee and the Transporter have executed all necessary amendments to Short-Term GTA to reflect the transfer of the Short-Term GTA from the User to the Transferee.

12.3.3 The Transporter, the User and the Transferee shall enter into an agreement on transfer of the Short-Term GTA ("**Transfer Agreement**"), in a form reasonably

satisfactory to the Transporter and the User, to effect the transfer of the Short-Term GTA.

- 12.3.4 If User transfers its Short-Term GTA to the Transferee in whole, the User shall be in no further contractual relation with the Transporter and all of its Contracted Capacity, rights and obligations from Short-Term GTA shall be assigned in whole to the Transferee. After the Transfer, the User shall be removed from the Registry unless it has Long-Term GTA in force.
- 12.3.5 If User transfers in part its Short-Term GTA to the Transferee which is Registered Party, then such part of its Contracted Capacity and respective rights and obligations from Short-Term GTA shall be assigned to the Transferee, and the User shall be in a contractual relation with the Transporter for the remaining Contracted Capacity. After the Transfer, the Registered Party shall become a User.
- 12.3.6 If User transfers all its Contracted Capacity from its Short-Term GTA to the Transferee but does not transfer the Short-Term GTA itself, then the Transferee and the Transporter shall enter into separate Short-Term GTA and the Short-Term GTA between the User and the Transporter shall remain in force.
- 12.3.7 If a User transfers in part its Short-Term GTA to the Transferee which is another User, then such Transfer Agreement shall be incorporated into the Short-Term GTA executed between the Transporter and such Transferee.
- 12.3.8 The minimum period of a Transfer is one (1) Gas Day.
- 12.3.9 Only a User can trade its Contracted Capacity by way of Transfer to another User and/or Registered Party.

13. NATURAL GAS TRADE AT VTP

13.1 General

- 13.1.1 The Transporter shall use Reasonable Efforts to enable the Trade of Natural Gas to be transported through the Pipeline between the Users via Gastrans Electronic Data Platform from the commercial operations date. If the Trade cannot be enabled on the Gastrans Electronic Data Platform from the commercial operations date, the Transporter shall notify all Registered Parties on the date from which the Trade will be possible, at least fifteen (15) Business Days before such date.
- 13.1.2 In the event that the Transporter enters into an agreement with a Gas Exchange, and all technical and IT requirements for interrupted communication between the Gastrans Electronic Data Platform and platform of the Gas Exchange are met in order to allow the Transporter to receive Trade Notifications from the Gas Exchange and to treat them as Nomination/Renomination, the Transporter shall notify all Registered Parties on the date from which the Trade on the Gas Exchange will be possible. Such notification must be sent at least forty five (45) Business Days before such date, in order to provide the Registered Parties with enough time to enter into respective agreements with a Gas Exchange and to comply with IT requirements of the Gas Exchange.
- 13.1.3 From the date from which the Trade on Gas Exchange will become possible, the Trade via Gastrans Electronic Data Platform will be disabled (whereby the Transporter may from time to time temporarily re-enable the Trade via Gastrans Electronic Data Platform in case the Trade on the Gas Exchange becomes unavailable due to technical reasons).
- 13.1.4 The quantities of Natural Gas Traded in line with this Article 13 of this Network Code shall be deemed to be delivered/taken-over at a VTP.

13.2 Trade on the Gastrans Electronic Data Platform

- 13.2.1 The Users are entitled to Trade Natural Gas to be transported through the Pipeline by sending to the Transporter the joint Trade Notification which contains the following information:
- 13.2.1.1 User Code of the Selling User;
 - 13.2.1.2 User Code of the Purchasing User;
 - 13.2.1.3 Gas Day on which the Natural Gas subject to Trade shall be transported;
 - 13.2.1.4 quantity of Natural Gas subject to Trade in kWh per hour.
- 13.2.2 Either Selling User or Purchasing User may populate the joint Trade Notification on the Gastrans Electronic Data Platform and sign it. Only fully populated joint Trade Notification can be signed by the relevant User.
- 13.2.3 Following signature by one User, Gastrans Electronic Data Platform shall automatically notify another User that the joint Trade Notification populated and signed by the first User and that it can review it and sign such joint Trade Notification.
- 13.2.4 If another User disagrees with the data populated in the joint Trade Notification, such User may amend the data, sign the amended joint Trade Notification upon which Gastrans Electronic Data Platform shall automatically notify the first User on the amended joint Trade Notification.
- 13.2.5 Only after signing of joint Trade Notification by both Users, the joint Trade Notification shall be considered as submitted to Transporter.
- 13.2.6 The joint Trade Notification can be submitted at earliest fifteen (15) Business Days before the date on which the Natural Gas subject to Trade shall be transported and at latest until the moment set out in the Article 14.6.1.1 of this Network Code.

- 13.2.7 The Transporter shall accept joint Trade Notifications complying with this Article 13.2 as Nominations of relevant Users, whereby it shall be considered that VTP is an exit point for the Selling User and entry point for the Purchasing User.

13.3 Trade on the Gas Exchange

- 13.3.1 From the date notified by the Transporter pursuant to the Article 13.1.2 of this Network Code, the Users may Trade Natural Gas to be transported through the Pipeline and deemed to be delivered/taken-over at a VTP on the Gas Exchange. The Transporter shall accept Trade Notifications made by the Gas Exchange on behalf of a User as its Nominations or Renominations, to effect a Trade at the VTP, subject to the conditions set out in this Article 13.3.

- 13.3.2 The Transporter shall accept Trade Notifications as Nominations or Renominations and support the execution of Trades at a VTP by a User if;

- 13.3.2.1 the Gas Exchange has entered into and complies with all its obligations under all agreements entered into with the Transporter to effect the establishment of a VTP for Gas transported through the Pipeline;

- 13.3.2.2 the Trade is performed between two or more Users, whereby the initial Selling User has contracted a Capacity Product at Entry Point Kirevo/Zaječar and the final Purchasing User has contracted a Capacity Product at relevant Exit Point in the Physical Flow Direction which enable them to effectuate the Trade via the Pipeline (in terms of delivering the Natural Gas to the Pipeline/take over the Natural Gas from the Pipeline) at the VTP;

- 13.3.2.3 the Trade Notification was received by the Transporter from the Gas Exchange until relevant deadlines for the Nominations and the Renominations, as provided in the Article 14 of this Network Code;

13.3.2.4 the Traded Quantities are in line with limitations set out in the Article 14.7.3 of this Network Code.

13.3.3 Each User is responsible to comply with the access requirements and communication rules of the Gas Exchange, and the Transporter shall have no liability due to the failure of the Gas Exchange to enable normal and uninterrupted access to it or to provide the Transporter with the Trade Notification(s) until relevant deadlines.

13.3.4 If the Transporter and one or more other TSOs in the Republic of Serbia reach an agreement on virtual trading point for the whole territory of the Republic of Serbia and this Network Code is adequately amended in line with the Article 23 of this Network Code, the condition from the Article 13.3.2.2 shall be interpreted in the manner that the initial Selling User has capacity at any entry point of any TSO in the Republic of Serbia and that the final Purchasing User has capacity at any exit point of any TSO in the Republic of Serbia, provided that such Trade requires transportation via the Pipeline.

14. NOMINATIONS

14.1 Types of Nomination for Capacity

14.1.1 Nominations in respect of the Physical Flow Direction Capacity may be made as either Double-Sided Nominations or Single-Sided Nominations.

14.1.2 The Transporter must publish on its website a list of the Interconnection Points in respect of which a Single-Sided Nomination will be accepted (each, a "**Single-Sided Interconnection Point**"), together with the identity of the Active TSO and the Passive TSO at each Single-Sided Interconnection Point.

14.1.3 In respect of each Single-Sided Interconnection Point:

- 14.1.3.1 the Transporter and the AFO will determine which of them will be the Active TSO, with the other being the Passive TSO; and
- 14.1.3.2 a user in the Pair of Users that has contracted capacity with the Active TSO will become the Active User, with the other being the Passive User. For the avoidance of any doubt, when a Pair of Users consists of the User which is also the AFO user, such User shall become the Active User on the side of the Active TSO and will be sending the Single-Sided Nominations to the Active TSO.
- 14.1.4 A Pair of Users may agree to perform Single-Sided Nominations at a Single-Sided Interconnection Point. In such case, the Active User shall send the Joint Nomination Declaration Notice to the Active TSO. If the Transporter is the Active TSO, it shall inform the Passive TSO on receipt of the Joint Nomination Declaration Notice. If the Transporter is Passive TSO, it shall verify with the User (being Passive User) via Gastrans Electronic Data Platform that Single-Sided Nominations shall be performed at a relevant Interconnection Point. Positive verification by the User shall have the effect of the Passive User authorising the Active User to nominate on behalf of the Passive User for a period set in the Joint Nomination Declaration Notice (which may be indefinite).
- 14.1.5 In the period from receipt by the Passive TSO of the Joint Nomination Declaration Notice until the date of the expiry (if any) of the authorisation referred to in the Article 14.1.4 above, the Active TSO will be responsible for receiving nominations for a Pair of Users from the Active User for both sides of the relevant Single-Sided Interconnection Point, and the Active TSO will send nominations to the Passive TSO. If the Transporter is the Passive TSO then the nomination received from the Active TSO will be deemed to be the Nominated Quantities received from the relevant User.
- 14.1.6 The Nominations for the Interconnection Points, which are not Single-Sided Interconnection Points, are made as Double-Sided Nominations.

14.2 Balanced Nominations

- 14.2.1 It is the responsibility of the User to ensure that its Nominations are Balanced in the manner that:
- 14.2.1.1 Nominated Quantities for Physical Flow Direction Capacity at the Contracted Entry Point are equal to the sum of Traded Quantities at VTP, which are confirmed by a Trade Notification, and Nominated Quantities at the Contracted Exit Point(s); or
 - 14.2.1.2 sum of Nominated Quantities for Physical Flow Direction Capacity at the Contracted Entry Point and Traded Quantities at VTP, which are confirmed by a Trade Notification, are equal to the Nominated Quantities at the Contracted Exit Point(s).
- 14.2.2 Nominations for Commercial Reverse Capacity must be made as equal Nominated Quantities at the Contracted Entry Point and Contracted Exit Point combination that was contracted.

14.3 General Procedure

- 14.3.1 It is the responsibility of the User to submit accurate Nominations within the timelines and in accordance with the procedure set out in this Article.
- 14.3.2 In order to notify the Transporter of the quantities of Natural Gas to be transported using the Contracted Capacity, the User shall send its Nominations and, if applicable, Renominations to the Transporter, which will be processed according to the following procedure:
- 14.3.2.1 the User sends a notice to the Transporter with its Nomination for the Contracted Entry Point and/or Contracted Exit Point;
 - 14.3.2.2 the Transporter computes the Nominated Quantities of Natural Gas scheduled to be delivered by the User to the Transporter at the

Contracted Entry Point or delivered by the Transporter to the User at the Contracted Exit Point; and

- 14.3.2.3 the Transporter sends a Confirmed Quantity Notice to the User setting out its Confirmed Quantities at the Contracted Entry Point and/or Contracted Exit Point.

14.4 Submission of Nominations

- 14.4.1 Each User is required to submit separate Nominations for Physical Flow Direction Capacity, as Single-Sided or Double-Sided Nomination, and Commercial Reverse Capacity for each Contracted Entry Point and each Contracted Exit Point for which it has Contracted Capacity, for each Gas Day in accordance with the timetable in the Article 14.6. For each Nomination, the User must specify the following:

- 14.4.1.1 the Interconnection Point's identification;
- 14.4.1.2 its User Code;
- 14.4.1.3 the counterparty's identification (the user code issued by the Adjacent TSO for the counterpart user in the relevant Pair of Users on the other side of the Interconnection Point);
- 14.4.1.4 the Gas Day to which the Nomination applies; and
- 14.4.1.5 the quantity of Natural Gas to be transported in units of kWh per hour.

- 14.4.2 For so long as a Joint Nomination Declaration Notice is in effect, a User who is the Passive User may not submit a Nomination or Renomination in respect of the Contracted Capacity subject to that Joint Nomination Declaration Notice.

- 14.4.3 If a User submits a Nomination as part of a Double-Sided Nomination, it is the responsibility of the User and its counterpart to ensure that the nominations for that Pair of Users on either side of the Interconnection Point are equal.

14.5 Nominations for VTP

- 14.5.1 A Trade Notification sent to the Transporter before the deadline specified in the Article 14.6.1.1 of this Network Code shall be considered as Nominations at VTP of the Users identified by such Trade Notification.
- 14.5.2 A Trade Notification sent to the Transporter after the deadline specified in the Article 14.6.1.1 of this Network Code shall be considered as Renominations at VTP of the Users identified by such Trade Notification, provided that both Users have Confirmed Quantities.
- 14.5.3 For the avoidance of any doubt, Trade Notification from the above Article 14.5.2 may be submitted even if Trade Notification from the above Article 14.5.1 has not been submitted.
- 14.5.4 Traded Quantities of each User indicated in the Trade Notification cannot be higher than the Contracted Capacity of each User and cannot result in breach of the Renomination Limitation by any indicated User.

14.6 Timetable

- 14.6.1 The following timetable applies to the User submitting Nominations to the Transporter:
- 14.6.1.1 the User must submit a Nomination to the Transporter for a particular Gas Day no later than 14.00 CET on the immediately preceding Gas Day, save in case of Nomination for Firm Within Gas Day Capacity which must be submitted within 30 minutes from the publication of results of within day auction;
- 14.6.1.2 if the User has submitted a Nomination in respect of a particular Gas Day then, at any time before the Nomination deadline for that Gas Day,

the User may submit a new Nomination to the Transporter, which will override any previous Nominations for that Gas Day; and

14.6.1.3 following the Nomination deadline for a particular Gas Day, the Transporter performs the Matching Processes as specified in the Article 15 using the last Nomination received from the User before the Nomination deadline, after which the Transporter notifies the User of its Confirmed Quantities no later than 16.00 CET on the immediately preceding Gas Day save for Firm Within Gas Day Capacity where the Transporter notifies the User no later than two (2) hours from the submission of the Nomination.

14.6.1.4 If the Transporter does not receive a valid message with Nominations for an Interconnection Point for a particular Gas Day by the nomination deadline, the Nominated Quantities at that Interconnection Point will be deemed to be zero (0).

14.6.1.5 The User has the right to make Renomination in line with the Article 14.7 of this Network Code and, subject to being in line with Nomination procedure defined in the Article 14.3, the Transporter is obliged to confirm this Renomination and perform corresponding Gas Transmission Service within two (2) hours of receipt of Renomination.

14.6.2 When the Transporter suspends access to the Gastrans Electronic Data Platform of the User, in line with GEDP User Agreement, the User will be entitled to use communication from Article 5.1.3 but in such case, the deadline for submitting Nominations and/or Renominations shall expire fifteen (15) minutes before the deadlines from the Article 14.6.1 of this Network Code.

14.7 Renominations

- 14.7.1 After the deadline for the notification of its Confirmed Quantities (pursuant to the Article 14.6.1.4), a User may submit Renominations. The Transporter will run a renomination cycles each hour. Renominations submitted in a renomination cycle may not relate to hour which is less than two (2) hours after the end of relevant renomination cycle.
- 14.7.2 The Transporter shall notify User on its revised Confirmed Quantities resulting from Renomination(s) within two (2) hours from the end of the renomination cycle.
- 14.7.3 Renomination is permitted up to 90% of the Contracted Capacity by the User at the relevant Interconnection Point, subject to a minimum of 10% of the Contracted Capacity. In the case of Nominations of a minimum of 80% of the Contracted Capacity, upward Renomination of up to half of the non-Nominated Contracted Capacity shall be permitted. In the case of Nominations of no more than 20% of the Contracted Capacity, downward Renomination of up to half of the Nominated Contracted Capacity shall be permitted. Allowable Renomination amounts shall be rounded to whole kWh per hour using commercial rounding principles.

14.8 Over-Nominations

- 14.8.1 If the Firm Capacity is fully contracted at the relevant Interconnection Point, the User has a right to submit Nomination for that Interconnection Point which exceeds the sum of its Contracted Capacity. The exceeding quantity of Natural Gas shall be confirmed by the Transporter and such confirmation shall be deemed as added contracted Within Day Interruptible Capacity and appended to the Short-Term GTA.
- 14.8.2 Within Day Interruptible Capacity through Over-Nominations at an Interconnection Point may be used by the User on an interruptible basis subject to a lead time of two (2) hours.

15. MATCHING AND CONFIRMATIONS

15.1 Initiation of the Matching Process

After the Nomination deadline and at the end of each Renomination, the Transporter and each AFO will initiate the Matching Process in respect of each relevant Interconnection Point, where applicable.

15.2 Verification of Nominated Quantities

- 15.2.1 The User is responsible for submitting Nominations that do not exceed its Contracted Capacity and Renominations that comply with the Renomination Limitations. As part of the Matching Processes, the Transporter will first ensure that the Nominated Quantities are consistent with these amounts, by not allowing submission of Nominations that exceed Contracted Capacity and Renominations not complying with Renomination Limitation on the Gastrans Electronic Data Platform. For this purpose, the Contracted Capacity for all Capacity Products constituting the Physical Flow Direction Capacity shall be treated on an aggregate basis at each Interconnection Point.
- 15.2.2 If the conditions for Over-Nominations from the Article 14.8 are fulfilled, Over-Nominations will be enabled. In such case, for the purpose of the Matching Process the Transporter will use the Contracted Capacity as the Nominated Quantities at the relevant Interconnection Point, and the exceeding amount shall be treated in accordance with the Article 14.8.
- 15.2.3 If the Renomination does not comply with the Renomination Limitation, the Transporter will reject that Renomination and the last valid Nomination or Renomination will apply.
- 15.2.4 The Transporter will further ensure that the submitted Nominations or Renominations are Balanced. If the Nominations or Renominations are not Balanced, the Transporter will reduce the Nominated Quantities before using them for the purpose of the Matching Process at one or more Interconnection Points so that they are Balanced.

- 15.2.5 The Gastrans Electronic Data Platform shall not allow that User's Nominations for Commercial Reverse Capacity are inconsistent with the requirement that Commercial Reverse Capacity is nominated and used as equal Nominated Quantities at each Contracted Entry Point and Contracted Exit Point.

15.3 Matching

- 15.3.1 During the Matching Process at an Interconnection Point, the Transporter and the AFO will verify that:

15.3.1.1 the identity of the User and its counterparty in each Pair of Users as contained in a Nomination is the same as the identity of the users in Pair of Users notified to the AFO; and

15.3.1.2 the Nominated Quantities (as may have been adjusted under the Article 15.2) of each User in the Pair of Users, are equal.

- 15.3.2 The Matching Process will result in Confirmed Quantities for each User in Pair of Users at each Interconnection Point as follows:

15.3.2.1 if the Pair of Users is the same and the nominated quantities are equal, then there is a "match" and the Confirmed Quantities will be equal to the Nominated Quantity (as may have been adjusted under the Article 15.2);

15.3.2.2 if the Pair of Users is the same, but the nominated quantities are not equal, then there is a "mismatch" and the Confirmed Quantities will be the lesser of the Nominated Quantity (as may have been adjusted under the Article 15.2) and the quantity nominated to the AFO; and

15.3.2.3 if the Pair of Users is not the same, then there is a "mismatch" and the Confirmed Quantities will be zero (0).

- 15.3.3 The Transporter will send a Confirmed Quantity Notice to the User with a Confirmed Quantity at an Interconnection Point following the end of the Matching Processes at that Interconnection Point.

15.4 Minimum Flow Rate

- 15.4.1 If the aggregate of the Confirmed Quantities at a particular Interconnection Point would result in a physical hourly flow below the Minimum Flow Rate at that Interconnection Point, then the Transporter will use its reasonable endeavours to coordinate with the AFO, subject to the technical limitations of the Pipeline and the relevant AFO Agreements, to provide the Gas Transmission Services at that Interconnection Point.
- 15.4.2 If it is not possible for either or both of the Pipeline and the relevant Interconnected System to take off or deliver based on a modified flow, the Transporter will interrupt any Commercial Reverse Capacity at the relevant Interconnection Point. If this is still insufficient to maintain the Minimum Flow Rate, the Transporter will notify the User that it cannot provide Gas Transmission Services due to not receiving the Minimum Flow Rate and may reduce the flow at the relevant Interconnection Point to zero (0).
- 15.4.3 If the Transporter is required to bring the flow rate down to zero (0), the Transporter will revise the Confirmed Quantities and notify the User of its revised Confirmed Quantities at the affected Interconnection Point and such other Interconnection Points as the Transporter is required to reduce to ensure that the Confirmed Quantities are Balanced.

16. CAPACITY RESTRICTIONS AND INTERRUPTION

16.1 General

- 16.1.1 The Transporter is entitled to restrict and/or interrupt the provision of the Gas Transmission Services in the case of:

- 16.1.1.1 a Scheduled Maintenance,
- 16.1.1.2 a Capacity Restriction,
- 16.1.1.3 an Interruption,
- 16.1.1.4 a Force Majeure, including Force Majeure when its ability to take over Gas at the Contracted Entry Point, or transport, make available and deliver Gas at the Contracted Exit Point is only partially affected by a Force Majeure Event

in each case in line with the procedure set out in this Article 16 of the Network Code.

- 16.1.2 For the avoidance of any doubt, the Capacity Restriction falls within the definition of the Transmission Shortfall as set out in the Article 16.3 of the Long-Term GTA and the Article 8.3 of the Short-Term GTA respectively, so the Users shall be entitled to the Transmission Fee Reduction in case of the Capacity Restriction.

16.2 Order of restricting the provision of the Gas Transmission Services

- 16.2.1 The Transporter must, for the duration of the Scheduled Maintenance, the Capacity Restriction and/or the Force Majeure from the Article 16.1.1 of this Network Code, restrict the provision of the Gas Transmission Services at each relevant Interconnection Point, in the following order:
 - 16.2.1.1 First, in respect to the Interruptible Capacity, on a pro-rata basis to the extent necessary to allow the Transporter provision of the Firm Capacity and Commercial Reverse Capacity;
 - 16.2.1.2 Second, in respect to the Commercial Reverse Capacity, only if all Interruptible Capacity has been restricted and in line with the Article 16.2.2 of this Network Code to the extent necessary to allow the

Transporter provision of the Firm Capacity and Commercial Reverse Capacity with a longer duration (if applicable);

16.2.1.3 Third, in respect to the Firm Capacity, only if all Commercial Reverse Capacity has been restricted and on a pro-rata basis.

16.2.2 The Commercial Reverse Capacity shall be restricted in the following order:

16.2.2.1 First, in respect to the Commercial Reverse Daily Capacity, on a pro-rata basis to the extent necessary to allow the Transporter provision of the Firm Capacity and Commercial Reverse Capacity with a longer duration;

16.2.2.2 Second, in respect to the Commercial Reverse Monthly Capacity, on a pro-rata basis to the extent necessary to allow the Transporter provision of the Firm Capacity and Commercial Reverse Capacity with a longer duration;

16.2.2.3 Third, in respect to the Commercial Reverse Quarterly Capacity, on a pro-rata basis to the extent necessary to allow the Transporter provision of the Firm Capacity and Commercial Reverse Capacity with a longer duration;

16.2.2.4 Fourth, in respect to the Commercial Reverse Yearly Capacity, on a pro-rata basis to the extent necessary to allow the Transporter provision of the Firm Capacity.

16.2.3 The orders set out in the above Articles 16.2.1 and 16.2.2 (except Article 16.2.1.3) shall apply also in case of the Interruption.

16.2.4 Notwithstanding the order set out in this Article 16.2 of this Network Code, any User is entitled, upon receipt of the Capacity Restriction Notice, to send the Nominations/Renominations with Nominated Quantities that are lower than the

quantity the Transporter is able to make available to such User. In such case, the Transporter shall distribute between other relevant Users, on a pro-rata basis, the difference between the quantity the Transporter is able to make available to such User and the Nominated Quantities of such User. For the avoidance of any doubt, if such User is entitled to the Transmission Fee Reduction, it will be entitled for the whole difference between its Nominated Quantities and Contracted Capacity.

16.3 Procedure

- 16.3.1 The Transporter is obliged to send a Capacity Restriction Notice to all Users and the Interruption Notice to all affected Users, as soon as it becomes aware of the Capacity Restriction event or the Interruption event and in any case, it must use Reasonable Efforts (taking into account relevant circumstances) to give a notice at least [45] minutes to occurrence of the restriction/interruption.
- 16.3.2 The Capacity Restriction Notice and the Interruption Notice shall contain reasonable details of the event due to which restriction/interruption is necessary, the quantity of Gas at the relevant Interconnection Point that the Transporter is able to make available to affected User during such event [and in case of Capacity Restriction reasonable estimation of the Transporter of the duration of such event].
- 16.3.3 If the Transporter has previously sent to the affected User the Confirmed Quantity Notice for a Gas Day to which any of the notices from this Article of this Network Code relates, the Transporter is obliged to send to the affected User a new Confirmed Quantity Notice with revised Confirmed Quantities at relevant Interconnection Point.
- 16.3.4 This Article 16.3 of this Network Code shall also apply to restrictions/interruptions in the case of the Scheduled Maintenance and Force Majeure from the Article 16.1.1 of this Network Code.

17. BALANCING AND ALLOCATION

17.1 General

- 17.1.1 The User is obliged to ensure for each Gas Day that the quantities of the Natural Gas delivered at the Entry Point Kirevo/Zaječar are equal to the quantities of the Natural Gas taken over at the Exit Point(s).
- 17.1.2 Transmission Imbalance is the difference between the quantities of the Natural Gas delivered at the Entry Point Kirevo/Zaječar and the quantities of the Natural Gas taken over at the Exit Point(s) for a Gas Day.
- 17.1.3 Transmission Imbalance for Physical Flow Direction is positive when the $TIPF_u$ from the Article 17.3.1 is positive and Transmission Imbalance for Commercial Reverse Capacity is positive when the $TICR_u$ from the Article 17.3.2 is positive.
- 17.1.4 Transmission Imbalance for Physical Flow Direction is negative when the $TIPF_u$ from the Article 17.3.1 is negative and Transmission Imbalance for Commercial Reverse Capacity is negative when the $TICR_u$ from the Article 17.3.2 is negative.
- 17.1.5 The User shall be liable to the Transporter for all Costs arising from the User's Transmission Imbalance.
- 17.1.6 The Transporter shall balance the Pipeline on principles of minimal costs, transparency and non-discrimination and in a manner that is efficient and does not impose a necessary cost for the Users by:
- 17.1.6.1 entering into Operational Balancing Agreements and procedures with AFOs; or
 - 17.1.6.2 use all technical measures including adjustment of Natural Gas flow, request to User to make the Renominations if possible, use the linepack of the Pipeline; or

17.1.6.3 charging the Users for Transmission Imbalance, in line with level of Transmission Imbalance caused by each User; or if necessary

17.1.6.4 sale or purchase of the Natural Gas for the purpose of balancing.

17.1.7 The Transporter shall apply the Article 17.1.6.4 of this Network Code if it assesses that the Transmission Imbalance shall occur which shall cause change of the pressure in the Pipeline which is higher than operational acceptable limit. The assessment shall take into account: i) Nominations/Renominations, ii) operational information obtained from AFOs, and iii) estimation of the Transporter acting as Prudent and Reasonable Operator.

17.1.8 The Transporter shall organize a tender for selection of the User from which it shall purchase or which it will sell a Natural Gas in line with the Article 17.1.6.4 of this Network Code. Such purchase/sale shall be considered as realized on VTP.

17.2 Allocation

17.2.1 By the usage of an Operational Balancing Agreement, the Transporter shall secure that the Allocated Quantities at the relevant Interconnection Point will be equal to the Confirmed Quantities. The steering difference between the Allocated Quantities and the Metered Quantities at the relevant Interconnection Point will be allocated to an operational balancing account held between the Transporter and its AFO.

17.2.2 If an Operational Balancing Agreement is not in effect at a particular Interconnection Point, then the Allocated Quantities will be calculated on the basis of a results provided by downstream AFO. In the case that downstream AFO do not deliver data regarding allocation of quantities by Users until the moment which is stipulated in the AFO Agreement, Transporter will apply the proportional allocation rule.

17.2.3 The Deemed Allocated Quantities at the VTP will be equal to the Trade Notifications and/or Balancing Nominations.

- 17.2.4 The Transporter will notify each User of any change between allocation rules at a particular Interconnection Point as soon as reasonably practicable.

17.3 Calculation of Imbalance

17.3.1 For Physical Flow Direction

The Transmission Imbalance for Physical Flow Direction for a Gas Day d for a User u will be calculated by the Transporter according to the following formula:

$$TIPF_u = \sum PFEN_u - \sum PFEX_u + \sum VTPB_u - \sum VTPS_u$$

Where:

$TIPF_u$ is the Transmission Imbalance for Physical Flow Direction for Gas Day d for User u .

$PFEN_u$ are the Allocated Quantities at the Entry Point Kirevo/Zaječar in respect of Physical Flow Direction for Gas Day d for User u .

$PFEX_u$ are the Allocated Quantities at each Contracted Exit Point in respect of Physical Flow Direction for Gas Day d for User u .

$VTPB_u$ are the Deemed Allocated Quantities bought at the VTP by User u , if any.

$VTPS_u$ are the Deemed Allocated Quantities sold at the VTP by User u , if any.

17.3.2 Balancing for Commercial Reverse Capacity

The Transmission Imbalance for Commercial Reverse Capacity for a Gas Day d for a User u will be calculated by the Transporter according to the following formula:

$$TICR_U = \sum CREN_U - \sum CREX_U$$

Where:

$TICR_u$ is the Transmission Imbalance for Commercial Reverse Capacity for Gas Day d for User u .

$CREN_u$ are the Allocated Quantities at each Contracted Entry Point in respect of Commercial Reverse Capacity for Gas Day d for User u .

$CREX_u$ are the Allocated Quantities at each Contracted Exit Point in respect of Commercial Reverse Capacity for Gas Day d for User u .

17.4 Daily Imbalance Charge

17.4.1 The Transporter will calculate the Daily Imbalance Charge for each User in respect of their Physical Flow Direction and Commercial Reverse Capacity for each Gas Day on which that User has Allocated Quantities. The aggregate of the Daily Imbalance Charges for each Gas Day in a Gas Month will be invoiced separately in accordance with the Balancing Agreement.

17.4.2 In case of a positive Transmission Imbalance, the Daily Imbalance Charge shall be calculated as follows:

$$DIC_u = TI_u * 0.8NP$$

Where:

DIC_u is Daily Imbalance Charge for Gas Day d for User u .

TI_u is the absolute value of the Transmission Imbalance for Gas Day d for User u calculated in line with the Article 17.3.1 and 17.3.2.

NP is neutral price for the Natural Gas which is defined as base price for Gas Day *d* on the Gas Exchange or represents last middle price of Natural Gas between the prices from the agreement between Transporter and User from the Article 17.1.8.

- 17.4.3 In case of a negative Transmission Imbalance, the Daily Imbalance Charge shall be calculated as follows:

$$DIC_u = TI_u * 1.2NP$$

where abbreviations from the formula have the same meaning set out in the Article 17.4.2.

18. MAINTENANCE AND EMERGENCIES

18.1 Maintenance Programme

- 18.1.1 The Transporter shall consult with the Users and AFOs on aligning the timing of Maintenance.
- 18.1.2 The consultation process shall commence on or before 1 October in each Gas Year by submission of proposal of the Maintenance Programme prepared by Transporter to Users and AFOs.
- 18.1.3 By 30 November in the Gas Year in question, the Users, acting through the Users' Committee, shall notify the Transporter of the decision of the Users' Committee in relation to the Users' Maintenance Period, whereby the Users shall use all reasonable endeavours to procure that, in each Gas Year, the Users' Maintenance Period falls within a period commencing on 1 May and ending on 31 August of that Gas Year.
- 18.1.4 By 31 December of the current Gas Year the Transporter shall notify the Users (via Gastrans Electronic Data Platform) of its decision, having reasonable regard to the Users' Maintenance Period and request of AFOs, on the final Maintenance

Programme in respect of that Gas Year ("**Maintenance Programme**"). Maintenance Programme shall provide a written description of the nature and scope of the work that the Transporter proposes to carry out and its duration and timing. The Transporter shall arrange for the Maintenance Programme to take place during the Off Peak Season.

- 18.1.5 The Transporter shall ensure that the Maintenance does not exceed ten (10) Gas Days of Scheduled Maintenance in every Gas Year during the Transportation Period.

18.2 Unscheduled Maintenance and Emergency Situation

- 18.2.1 The Transporter shall notify the User of its decision to carry out the Unscheduled Maintenance as soon as is reasonably practicable. Any Unscheduled Maintenance must be completed as quickly and efficiently as reasonably practicable, in accordance with Good Industry Practice.

- 18.2.2 Where, acting as a Reasonable and Prudent Operator, the Transporter is of the opinion that circumstances exist that affect the Pipeline and constitute an Emergency Situation, the Transporter shall give the User notice ("**Emergency Notice**") as soon as reasonably practicable. Nothing in this Article 18 shall prevent the Transporter from commencing and conducting all necessary measures before the Emergency Notice is issued.

- 18.2.3 Each Emergency Notice shall contain the following information:

- 18.2.3.1 reasonable details of the event or of the existence of circumstances which have resulted in the Emergency Situation;
- 18.2.3.2 the expected duration of the Emergency Situation; and
- 18.2.3.3 reasonable details of the steps being taken to remedy the Emergency Situation.

18.2.4 In case of an Emergency Situation, Physical Reverse Flow may take place in the Pipeline.

18.3 User's Obligations During Unscheduled Maintenance and Emergency Situation

During Unscheduled Maintenance and Emergency Situation the User shall:

18.3.1 take all reasonable steps to co-operate with the Transporter to the extent within the User's power; and

18.3.2 comply at all times with the Transporter's reasonable instructions and requests, as soon as reasonably practicable.

18.4 Transporter to Determine Existence of an Emergency Situation

The Transporter, acting as a Reasonable and Prudent Operator, shall determine the existence and end of an Emergency Situation in its sole judgment and irrespective of either its cause or whether or not the Transporter or any other Person may have contributed to the Emergency Situation.

18.5 Reduction of Transmission Fee Payment

If an Emergency Situation or Unscheduled Maintenance delays or prevents the Transporter from performing its obligations under the Short-Term GTA and/or Long-Term GTA related to Contracted Capacity and Gas Transmission Services, the User's payment obligation under the Short-Term GTA and/or Long-Term GTA shall be reduced in accordance with the Short-Term GTA and/or Long-Term GTA provisions on the Transmission Fee reduction for the period of such Emergency Situation or Unscheduled Maintenance. However, no reduction of the Transmission Fee shall be made if the Emergency is attributable to a negligent act or omission of the User. For the avoidance of any doubt, the User shall not be entitled for any compensation by Transporter save for reduction of Transmission Fee.

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with Applicable Laws, the User shall be entitled to refuse acceptance of the Non-Conforming Gas in whole or in part. The Transporter shall in any such case immediately reduce the supply of Non-Conforming Gas at that Contracted Exit Point accordingly. None of the User's rights as towards the Transporter shall be affected.

- 19.2.3 In the case of reduction in accordance with the preceding provisions, Renominations shall be made immediately in order to avoid Transmission Imbalances.
- 19.2.4 Transporter and User shall promptly inform each other if it becomes aware of the deliverance of Non-Conforming Gas at the Contracted Entry Point or Contracted Exit Point, or expect Non-Conforming Gas to be delivered.
- 19.2.5 Right to indemnity in case of delivering of Non-Conforming Gas and the manner of realization of such right are defined in the Long-Term GTA and Short-Term GTA respectively.

20. FUEL GAS

20.1 Election

- 20.1.1 The User shall be entitled to elect between providing Fuel Gas in kind for Nominations and use of Contract Capacity, or to be charged for the costs of Fuel Gas that the Transporter shall procure for the Nominations and use of Contract Capacity.
- 20.1.2 The election made by the User shall be valid for the whole period of the relevant Capacity Product it has contracted. In the event that User opts for Fuel Gas in-kind, it is User's responsibility to include in its Nomination the appropriate amount of Fuel Gas.

- 20.1.3 The transfer of the Title to the Fuel Gas provided in-kind shall occur on VTP in which case all costs of customs procedure shall be borne by the User. In case the User does not hold energy license under Applicable Laws the transfer of the Title to the Fuel Gas in-kind shall occur on Entry Point Kirevo/Zaječar in which case the customs procedure shall be conducted by the Transporter and the Transporter shall charge to the User all costs incurred in relation to fulfilling customs duties
- 20.1.4 Costs payable by the Transporter for procurement of Fuel Gas provided in-kind shall be zero, whereby all Taxes, including VAT, shall be calculated and borne by the User providing Fuel Gas in-kind.

20.2 Methodology for Fuel Gas calculation

- 20.2.1 Fuel Gas shall be calculated according to the following formula:

$$FG = X * Q$$

whereby

FG is quantity of Fuel Gas;

X is percentage to be provided on the Gastrans Electronic Data Platform;

Q is quantity of Gas the User intends to Nominate for transportation (excluding Fuel Gas).

20.3 Procurement of Fuel Gas

- 20.3.1 The Transporter shall procure all Fuel Gas by way of a tender with a lowest offered price on the territory of the Republic of Serbia as prevailing criteria.
- 20.3.2 Exceptionally, in case the successful tenderer cannot supply contracted quantities of Fuel Gas for any reason, the Transporter shall procure the Fuel Gas on the Gas Exchange and all Costs related to such procurement the Transporter shall reimburse from the tenderer.

20.4 Fuel Gas Allocation

20.4.1 The Transporter will use its reasonable endeavours to conduct the Fuel Gas allocation for hourly time intervals. If this is economically or technically not feasible or not appropriate, the Transporter will perform a Fuel Gas allocation for every full Gas Day.

20.4.2 The Fuel Gas used at the Compressor Station in a Gas Month/Gas Day/hour that will be allocated to each User that has Physical Flow Direction through Compressor Station will be calculated as follows:

$$FGQC_{USER} = CS * AAQC_{USER} / AAQC_{ALL}$$

where:

$FGQC_{USER}$ is the quantity of Fuel Gas to be allocated by the Transporter to a User that has Physical Flow Direction in respect of the Compressor Station in a Gas Month/Gas Day/hour.

CS is the total quantity of Fuel Gas used by the Transporter at the Compressor Station in that Gas Month/Gas Day/hour.

$AAQC_{USER}$ is the aggregate Allocated Quantities of that User in respect of its Physical Flow Direction through Exit Point Horgoš/Kiškundorožma in that Gas Month/Gas Day/hour.

$AAQC_{ALL}$ is the aggregate Allocated Quantities of all Users in respect of their Physical Flow Direction through Exit Point Horgoš/Kiškundorožma in that Gas Month/Gas Day/hour.

20.4.3 The Fuel Gas used at the Entry Point Kirevo/Zaječar and Exit Points, in a Gas Month/Gas Day/hour that will be allocated to each User that has Physical Flow Direction through Entry Point Kirevo/Zaječar and Exit Points will be calculated as follows:

$$FGQE_{USER} = PHG * AAQE_{USER} / AAQE_{ALL}$$

where:

$FGQE_{USER}$ is the quantity of Fuel Gas to be allocated by the Transporter to a User that has Physical Flow Direction in respect of the Entry Point Kirevo/Zaječar and Exit Points in a Gas Month/Gas Day/hour.

PHG is the total quantity of Fuel Gas for preheating, used by the Transporter at the Entry Point Kirevo/Zaječar and Exit Points in that Gas Month/Gas Day/hour.

$AAQE_{USER}$ is the aggregate Allocated Quantities of that User in respect of its Physical Flow Direction through Entry Point Kirevo/Zaječar and Exit Points in that Gas Month/Gas Day/hour.

$AAQE_{ALL}$ is the aggregate Allocated Quantities of all Users in respect of their Physical Flow Direction through Entry Point Kirevo/Zaječar and Exit Points in that Gas Month/Gas Day/hour.

20.5 Payment for Fuel Gas

20.5.1 In the case where the User has elected to reimburse the Transporter for costs of Fuel Gas, the Transporter shall calculate the costs of Fuel Gas to be charged to the User by multiplying the unit price agreed with the successful tenderer from the Article 20.3 with the quantity of Fuel Gas to be allocated to such User.

20.5.2 In the case where the User has elected to provide Fuel Gas in-kind, differences between delivered Fuel Gas and allocated Fuel Gas for each Gas Day (or hour, if applicable) will be credited or charged in-kind. Such User will be required to deliver, on the next Gas Day, either additional quantity of Fuel Gas equal to negative difference or quantity of Fuel Gas decreased for positive difference. For the

avoidance of any doubt, when the quantity of delivered Fuel Gas is higher than the quantity of allocated Fuel Gas, the difference is positive.

20.6 Transporter's Obligations regarding Fuel Gas

20.6.1 The Transporter shall:

20.6.1.1 meter all Fuel Gas consumption with calibrated Measurement Equipment;

20.6.1.2 notify the User before the commencement of the Transportation Period about its reasonable expectation of the percentage range of Fuel Gas to be allocated to the User, or the Fuel Costs to be charged to the User where the User has not elected to provide Fuel Gas in kind;

20.6.1.3 notify the User at least twenty-four (24) hours before the beginning of a Gas Day about the expected percentage of Fuel Gas to be allocated to the User on the following Gas Day; and

20.6.1.4 notify to the User the percentages above as percentages of the Energy Content of the Gas provided by the User to the Transporter at the Contracted Entry Point.

21. METERING AND MEASUREMENT

21.1 Measurement Equipment

21.1.1 The Pipeline shall have 4 measurement points:

21.1.1.1 measurement point GMS 1 at the Entry Point Kirevo/Zaječar with three measurement lines (2 working lines + 1 reserve line) ("GMS 1"). Each line have two measurement devices (for fiscal/commercial purposes and for control purposes);

- 21.1.1.2 measurement point GMS 2 at the Exit Point Paraćin with three measurement lines (2 working lines + 1 reserve line) (“**GMS 2**”). Each line have two measurement devices (for fiscal/commercial purposes and for control purposes);
 - 21.1.1.3 measurement point GMS 3 at the Exit Point Pančevo with three measurement lines (2 working lines + 1 reserve line) (“**GMS 3**”). Each line have two measurement devices (for fiscal/commercial purposes and for control purposes); and
 - 21.1.1.4 measurement point GMS 4 at the Exit Point Gospođinci with three measurement lines (2 working lines + 1 reserve line) (“**GMS 4**”). Each line have two measurement devices (for fiscal/commercial purposes and for control purposes).
- 21.1.2 On each GMS is envisaged measurement with ultrasound measurement flow and has reserve measurement line, whereby each of them is equipped with the interface for remote data transmission.
- 21.1.3 Before the measurement lines is envisaged collector, from which gas for gas chromatograph is gathered. On each GMS is envisaged process gas chromatograph, equipped with the interface for remote data transmission, which measure the following parameters:
- 21.1.3.1 content from C1 to C6+;
 - 21.1.3.2 content of sulphide compounds in Natural Gas;
 - 21.1.3.3 water dew point in C°; and
 - 21.1.3.4 carbohydrate dew point in C°.
- 21.1.4 In addition to Measurement Equipment for the measurement flow of Gas, the following are Measurement Equipment for the purpose of measuring utilization of Gas for the operation of the Pipeline:

- 21.1.4.1 at the GMS 2 for the need of preheating unit – working and reserve line;
 - 21.1.4.2 at the GMS 3 for the need of preheating unit – working and reserve line;
 - 21.1.4.3 at compressor station for: i) the operation of the compressor – Fuel Gas - working and reserve line and ii) the heating of Fuel Gas - working and reserve line.
- 21.1.5 Two separate lines (working and reserve) and measures with the rotating clips are envisaged, save for the measuring Fuel Gas consumption, for which are envisaged ultrasound measurers. For the Fuel Gas shall be gathered gas samples for process gas chromatograph.
- 21.1.6 The quantity and quality of Natural Gas delivered to, consumed by and redelivered by the Transporter will be measured for operational and fiscal reasons.
- When measuring Gas the Transporter shall measure Gas quantity, Gas pressure, Gas temperature, Energy Content and Gas composition. Referent measurement parameters are: i) for the calculation of volume of the Natural Gas, Gas temperature of 273,15 K (0°C) and pressure of 101,325 kPa (1,01325 bar abs) and ii) for calculation GCV and wobbe index (GCV) referent combustion temperature of 298,15 K (25°C).
- 21.1.7 The Transporter must, acting as a Reasonable and Prudent Operator, ensure that:
- 21.1.7.1 all Measurement Equipment that is necessary for the Transporter to comply with Applicable Laws and its obligations under this Network Code, the Short-Term GTAs and the Long-Term GTAs is installed in the Pipeline or an Interconnected System;
 - 21.1.7.2 all Measurement Equipment that is required to be operational is continuously operated, and its performance is monitored;

- 21.1.7.3 all Measurement Equipment is validated and calibrated with a frequency at least that specified in the requirements of Applicable Laws;
- 21.1.7.4 all Measurement Data is verified, recorded and kept for at least five years after it is generated;
- 21.1.7.5 logs of all calibrations, verifications and validations that have taken place are produced and kept for at least five years after their production;
- 21.1.7.6 all Measurement Equipment used by the Transporter shall be protected against power blackouts for at least 72 hours; and
- 21.1.7.7 all Measurement Equipment used by the Transporter shall be compliant with the requirements of Applicable Laws and this Network Code.

21.2 Correction of inaccurate Measurement Data

- 21.2.1 If, at any time, the Transporter becomes aware that the Measurement Data has not been metered or has been inaccurately metered for a period of time, the Transporter must promptly:
 - 21.2.1.1 ensure that the Measurement Equipment is validated and, to the extent necessary, adjusted or repaired so as to resume accurate metering and
 - 21.2.1.2 take such action as is necessary to replace any missing or incorrect Measurement Data with corrected data or default values.
- 21.2.2 The Transporter will determine the procedures to replace missing or incorrect Measurement Data and may rely on the advice of Experts. The procedures that the Transporter uses to determine corrected or default data include in order of preference:
 - 21.2.2.1 if available, use of data from additional standby/check meters installed by the Transporter or an Adjacent TSO; and

21.2.2.2 results of laboratory examination of Measurement Equipment.

21.2.3 The period for which any replacement values will apply will be either:

21.2.3.1 the period during which the Measurement Data were not metered or inaccurately metered, if known; or

21.2.3.2 the period between the date on which the last verification of Measurement Data occurred and the date on which the adjustment or repair of the Measurement Equipment as required by the Article 21.2.1.1 above, was completed,

subject to any limit on such period provided in a relevant AFO Agreements.

21.2.4 If any Measurement Data is corrected in accordance with this Article:

21.2.4.1 if that Measurement Data affects Natural Gas delivered at an Interconnection Point:

(a) the Transporter will liaise with the relevant Adjacent TSO to determine if the correction can be absorbed between the Transporter and the Adjacent TSO in accordance with any AFO Agreements or Operational Balancing Agreement then in effect at that Interconnection Point (or as otherwise agreed between the Transporter and the Adjacent TSO) without any need to revise the Allocated Quantities; or

(b) if it is not possible to absorb the correction in accordance with the Article (a) above, the Allocated Quantities will be revised for each Gas Day on which replacement values apply in accordance with the proportional allocation rule in the Article 17.2.2 and

- 21.2.4.2 the Transporter must, to the extent necessary, update any affected Monthly Statements in accordance with the Article 22.2.

21.3 Access to the Measurement Data

- 21.3.1 Transporter will ensure to provide for each User each hour during every Gas Day:
- 21.3.1.1 entire Energy Content for each Contracted Entry/Exit Point contracted by the User for that particular hour and cumulate Energy Content for current Gas Day; and
 - 21.3.1.2 Nominated and preliminary (for information purposes) Allocated Quantities of each User for each Contracted Entry/Exit Point contracted by the User for that particular hour and cumulative Energy Content for current Gas Day; and
 - 21.3.1.3 Trade Notification(s) for current Gas Day; and
 - 21.3.1.4 current Transmission Imbalance for current Gas Day.
- 21.3.2 For the avoidance of any doubt, if OBA is entered into, the Allocated Quantities shall be equal to Confirmed Quantities, whereby for the Interconnection Points where OBA is not in place, the Allocated Quantities from the Article 21.3.1.2 shall be determined *pro rata* to the latest Confirmed Quantities for that particular Interconnection Point.
- 21.3.3 In case of non-existence of OBA for the Interconnection Points, the final Allocation of quantities shall be performed only upon delivering of final allocations by downstream AFO.

21.4 Requests for Verification

- 21.4.1 The User may request copies of all calibration, validation and verification logs relevant to the period of previous three (3) months for Measurement Equipment

under consideration. The Transporter must provide all such logs in relation to the relevant Measurement Equipment within a period of two weeks of such request.

21.4.2 Following receipt and review of the information provided under the Article 21.4.2 above, the relevant User may, if it certifies to the Transporter that it reasonably believes there is a material error in the relevant Measurement Data, provide notice to the Transporter that it requires the Transporter to verify that Measurement Data.

21.4.3 Following receipt of a notice referred to in the Article 21.4.2 above, the Transporter must:

21.4.3.1 carry out the required verification as soon as reasonably practicable and provide that the User with at least five (5) Business Days' notice of the time and location of each step of the verification;

21.4.3.2 carry out the required verification in compliance with the requirements set out in this Article; and

21.4.3.3 no later than eight weeks after the end of the required verification, produce a report stating if the relevant Measurement Equipment subject to the verification is and was operating accurately and in compliance with the Measurement Equipment Technical Specifications and, if relevant, specifying any resulting actions to be taken by the Transporter.

21.4.4 If the verification concludes that:

21.4.4.1 the Measurement Equipment is and was functioning accurately, compliant with the Measurement Equipment Technical Specifications, the User requesting that verification must promptly reimburse the Transporter for all costs and expenses that the Transporter or any of its employees or contractors incurred in connection with that verification and the production of the report; or

21.4.4.2 the Measurement Equipment is not or was not functioning accurately, the Transporter will be responsible for any costs or expenses that the Transporter or any of its employees or contractors incurred in connection with that verification and the production of the report.

21.4.5 A User that requires a verification has the right to have its personnel present during the verification, provided that such User has included, in its notice given under the Article 21.4.2 above, confirmation that it intends to have its personnel present and the names and contact details of those personnel. The User is responsible for ensuring that its personnel comply at all times that they are present with all applicable site security and safety, insurance, confidentiality and legal requirements of the Transporter and/or a relevant Adjacent TSO.

22. MONTHLY STATEMENTS, INVOICING, PAYMENT AND TAXES

22.1 General

22.1.1 The Transporter shall issue Monthly Statements and subsequently Monthly Invoices to each User in the procedure and in the manner set out in the Long-Term GTA and/or Short-Term GTA. For the avoidance of any doubt, Monthly Invoices shall include all applicable Taxes (including VAT) in line with the Long-Term GTA and/or Short-Term GTA and shall be payable in the manner and the deadlines set out in the Long-Term GTA and/or Short-Term GTA.

22.1.2 When a User have contracted more than one Capacity Product for the same time period, the Transporter shall issue separate Monthly Statements and Monthly Invoices for each contracted Capacity Product, whereby it shall distribute Allocated Quantities, Fuel Gas and all other data measured as aggregate values so that the data is first assigned to the Capacity Product with longer duration.

22.1.3 Transmission Imbalance shall be charged through the separate invoice issued in accordance with the Balancing Agreement.

22.2 Correction of Monthly Statements

22.2.1 If any Measurement Data in respect of a Gas Month for which a Monthly Statement has been sent is subsequently corrected in accordance with the Article 21, then the Transporter must:

22.2.1.1 revise the Monthly Statement affected by the relevant Measurement Data so that it reflects the corrected Measurement Data; and

22.2.1.2 send to each affected User as soon as reasonably practical the updated Monthly Statements together with a reconciliation against the previously issued Monthly Statements, showing any and all changes to the Allocated Quantities, Transmission Imbalance, Fuel Gas allocation and all other data measured.

22.2.2 If the revised Monthly Statements provided under the Article 22.2.1 above result in an aggregate additional payment from the User to the Transporter, the Transporter shall issue revised Monthly Invoice and the User will pay such additional amount in accordance with the terms of the Short-Term GTA and/or Long-Term GTA to which it is distributed (or, if the relevant Short-Term GTA and/or Long-Term GTA is no longer in effect, in accordance with the terms of such Short-Term GTA and/or Long-Term GTA as though it were still in effect).

22.2.3 If the revised Monthly Statements provided under the Article 22.2.1.2 above result in a payment being required from the Transporter to the User, the Transporter will credit such amount against amounts payable by the User for future payments under Short-Term GTA and/or Long-Term GTA to which is distributed or will perform the payment of such amount to the User in accordance with Short-Term GTA and/or Long-Term GTA.

23. CHANGE IN LAW AND REVISION

23.1 Change in Law

- 23.1.1 On the occurrence of a Change in Law, the Transporter shall be entitled to provide a notice ("**Change in Law Notice**") to the Users to specify which changes the Transporter proposes to make to this Network Code and/or the Short-Term GTA to reflect the Change in Law.
- 23.1.2 Each Change in Law Notice shall contain the following information and documents:
- 23.1.2.1 a description, in reasonable detail, of the Change in Law and the manner in which it is proposed to be implemented and the effect it is expected to have on the ability of the Transporter to perform its obligations under this Network Code and/or the Short-Term GTA;
 - 23.1.2.2 a copy of the relevant legal requirement implementing the Change in Law or a written summary thereof, in reasonable detail;
 - 23.1.2.3 a description, in reasonable detail, of how the Change in Law will affect the operation and maintenance of the Pipeline;
 - 23.1.2.4 a description, in reasonable detail, of the estimated effect on Costs from the Change in Law.
- 23.1.3 Each of the Transporter and the Users shall negotiate in good faith the changes required to this Network Code and/or the Short-Term GTA to reflect the Change in Law.
- 23.1.4 If the Users shall not agree with the proposed amendments to this Network Code and/or the Short-Term GTA within sixty (60) days after the Change in Law Notice has been provided by the Transporter, the Users, without prejudice to its right to refer the issue to the arbitration, may refer the matter for Expert determination.

23.2 Revision of the Network Code

This Network Code may be revised from time to time in accordance with the procedures set out in this Article. The circumstances under which this Network Code may be revised include, but are not limited to:

- 23.2.1 when the Transporter intends to construct or make operational additional Interconnection Points;
- 23.2.2 when there is a change in the Interconnected Systems that requires a change to be made to the procedures in this Network Code for the Transporter to comply with its obligations under the AFO Agreements, the Operational Balancing Agreements, the Short-Term GTAs, the Long-Term GTAs and this Network Code; or
- 23.2.3 any other situation which the Transporter determines, acting as a Reasonable and Prudent Operator, that has made it necessary or desirable to update or modify the Network Code in order to facilitate the provision of Gas Transmission Services.

The revisions to this Network Code required as a result of the Change in Law shall be dealt with in accordance with the provisions of the Article 23.2.

23.3 Submission of Revision Requests

- 23.3.1 A Registered Party may, at any time, submit a proposal for the revision of this Network Code by sending a Revision Request to the Transporter.
- 23.3.2 Each Revision Request must:
 - 23.3.2.1 specify the name of the entity making the Revision Request, its registered address and the name, email address and telephone number of a contact person that is responsible for the Revision Request in the entity making the Revision Request;
 - 23.3.2.2 contain a detailed description of the amendments to the Network Code that are being proposed, together with a description of the technical,

operational or commercial reasons why those amendments are being proposed;

23.3.2.3 contain, where applicable, a written assessment of the consistency of the proposed amendments with the law applicable to the Pipeline and the objectives of the Network Code;

23.3.2.4 attach any document needed to substantiate any of the information provided in the Articles 23.3.2.1 to 23.3.2.3 above; and

23.3.2.5 specify a proposed date on which the proposed amendments should take effect, taking into account the time required to amend the Network Code and, in the case of proposed amendments that may affect the operation of the Pipeline, taking into account the time required to implement any required changes to the operation of the Pipeline.

23.3.3 The Transporter may also submit a proposal for the revision of this Network Code, in which case it will prepare a Revision Proposal in accordance with this Article.

23.4 Evaluation of Revision Requests

23.4.1 The Transporter must acknowledge receipt of a Revision Request submitted to the Transporter by any of the Persons referred to this Article ("**Submitting Person**") by no later than seven (7) days after receipt.

23.4.2 The Transporter must, no later than thirty (30) days after the later of:

23.4.2.1 acknowledging receipt of a Revision Request; and

23.4.2.2 where applicable, the receipt of the latest supplementary information requested under the Article 23.4.4 below, notify the Submitting Person if it either:

- (a) will progress the Revision Request, in which case, the Transporter must provide the Submitting Person with an estimated timeframe for implementation of the amendments proposed in the Revision Request; or
- (b) rejects the Revision Request, in which case, the Transporter must provide reasons for its rejection to the Submitting Person and the Serbian energy regulatory authority.

23.4.3 In making its decision on whether to progress or reject a Revision Request under the Article 23.4.2 above, the Transporter must consider:

- 23.4.3.1 the consistency of the amendments proposed in the Revision Request with the Applicable Laws, the Exemption Decision, the objective of the Network Code and the provisions of the existing Short-Term GTA and Long-Term GTA;
- 23.4.3.2 the ways in which the amendments proposed in the Revision Request contribute to improving the operation of the Pipeline;
- 23.4.3.3 the implications of the amendments proposed in the Revision Request on the ability of the Transporter to provide the Gas Transmission Services, including consideration of the effect that the proposed amendments would have on the complexity and cost of providing the Gas Transmission Services;
- 23.4.3.4 whether, following the Transporter's submission of the Revision Request in accordance with the Final Exemption Decision, the compliance officer of the Transporter approved the Revision Request or not. If the compliance officer has not approved the Revision Request, the Transporter has to reject it.

- 23.4.4 At any time prior to the deadline referred to in the Article 23.4.2 above, the Transporter may request supplementary information or explanations from the Submitting Person in respect of the Revision Request.

23.5 Public consultation of Revisions

- 23.5.1 If, under this Article, the Transporter progresses a Revision Request made by a Submitting Person, or if the Transporter itself has a proposal for the revision of this Network Code, subject to the Transporter having received approval thereon from the compliance officer (in accordance with the Article 23.4.3.4), the Transporter must prepare a Revision Proposal for public consultation, summarizing the proposed amendments to the Network Code, the supporting rationale for those amendments and an estimated timeframe for implementation of those amendments.
- 23.5.2 The Transporter must publish the Revision Proposal on its website for a consultation period lasting for a maximum of thirty (30) consecutive days. Only a Registered Party may send its comments on a Revision Proposal.

23.6 Approval process

- 23.6.1 After the end of the consultation period, the Transporter must consider any feedback received from the Registered Parties and position of the Users' Committee and with the assistance of its compliance officer, prepare its final decision on whether and how to amend the Network Code within five (5) working days ("**Final Draft of the Transporter's Final Decision**").
- 23.6.2 The Transporter will submit the following documents to AERS before the deadline to assess the Final Draft of the Transporter's Final Decision:
- 23.6.2.1 the Revision Proposal;
 - 23.6.2.2 any feedback received by the Transporter on the Revision Proposal during the consultation period;

23.6.2.3 approval of the Final Draft of the Transporter's Final Decision issued by the Users' Committee, and

23.6.2.4 the Final Draft of the Transporter's Final Decision.

23.6.3 The rendering and implementation of the Final Draft of the Transporter's Final Decision is subject to prior confirmation by AERS of its compliance with the Final Exemption Act. Any decision by AERS in relation to the Final Draft of the Transporter's Final Decision is, according to the Final Exemption Decision, to be rendered within five (5) days of AERS's receipt of the documents set out in the Article 23.6.2 above.

23.6.4 If AERS requests that the Final Draft of the Transporter's Final Decision shall be reconsidered and modified to comply with the Final Exemption Act, the Transporter will modify it with the assistance of its compliance officer, submit the modified Final Draft of the Transporter's Final Decision to the Users' Committee for approval and then forward the modified and approved Final Draft of the Transporter's Final Decision to AERS for assessment and confirmation of its compliance therewith.

23.7 Amendment of the Network Code

23.7.1 Following approval from AERS under the Article 23.6, the Transporter must amend this Network Code.

23.7.2 The Transporter must publish the revised Network Code on its website by no later than thirty (30) days after its amendment.

24. USERS' COMMITTEE

24.1.1 The Transporter must establish a Users' Committee to provide regular, advisory input to the Transporter as well as to participate in making decisions as set out in this Network Code. The Users' Committee's role will include the following activities:

- 24.1.1.1 providing the Transporter with the views of the members of the Users' Committee on strategic opportunities and challenges that may impact the Pipeline and the Gas Transmission Services provided by the Transporter;
 - 24.1.1.2 providing feedback on the Gas Transmission Services provided by the Transporter;
 - 24.1.1.3 expressing the views of the members of the Users' Committee on any Revision Proposals that are currently under consideration;
 - 24.1.1.4 providing feedback on the Final Draft of the Transporter's Final Decision or modified Final Draft of the Transporter's Final Decision in the form of approval or decision with detailed description of the amendments to the Final Draft of the Transporter's Final Decision or modified Final Draft of the Transporter's Final Decision that are being proposed by the Users' Committee, together with a description of the technical, operational or commercial reasons why those amendments are being proposed, and
 - 24.1.1.5 expressing the views of the members of the Users' Committee on any revisions to any procedures, methodologies or documents referred to in this Network Code that are published on the Transporter's website.
- 24.1.2 The Transporter must publish on its website a proposed date for formation of the Users' Committee, together with online application forms to allow a Person to apply to become a member of the Users' Committee within forty-five (45) days from commencing of the commercial operation of the Pipeline. The Transporter must notify AERS of the proposed formation of the Users' Committee no later than fifteen (15) days after such publication.

- 24.1.3 Subject to the Articles 24.1.4 and 24.1.8 below, the following Persons shall be entitled to become members of the Users' Committee:
- 24.1.3.1 Registered Parties; and
 - 24.1.3.2 Adjacent TSOs.
- 24.1.4 Each Person who becomes eligible to be a member of the Users' Committee under the Article 24.1.3 above after the formation of the Users' Committee may apply to the Transporter to join the Users' Committee by completing an online application form to be made available by the Transporter on its website.
- 24.1.5 Procedural rules for the Users' Committee will be developed by the members of the Users' Committee. These procedural rules may not be discriminatory against any members of the Users' Committee. Notwithstanding the foregoing, the procedural rules shall envisage that the voting rights of a particular Registered Party in the Users' Committee depend on and be proportionate to the Contracted Capacity of such Registered Party.
- 24.1.6 Following its establishment, the Users' Committee will meet on a periodic basis, at the times and places set out in the procedural rules to be developed under the Article 24.1.5 above.
- 24.1.7 A representative from the Transporter will chair each meeting of the Users' Committee.
- 24.1.8 Only one (1) representative from each member of the Users' Committee will be allowed to participate in each meeting of the Users' Committee.
- 24.1.9 The Users' Committee will not have any decision-making powers in relation to Revision Requests and Revision Proposals.
- 24.1.10 In case the Users' Committee issues a decision specified in the Article 24.1.1.4, the Transporter, with the assistance of its compliance officer, if necessary, and the

Users' Committee shall negotiate in good faith the changes proposed by the Users' Committee to the Final Draft of the Transporter's Final Decision or modified Final Draft of the Transporter's Final Decision.

- 24.1.11 If the Transporter or members of the Users' Committee are not agree on the changes proposed by the Users' Committee in a decision specified in the Article 24.1.1.4 to the Final Draft of the Transporter's Final Decision or modified Final Draft of the Transporter's Final Decision within thirty (30) days after the decision specified in the Article 24.1.1.4 has been issued, the Transporter or the respective member(s) of the Users' Committee may refer the matter, without prejudice to their right to refer the issue to the arbitration, for Expert determination.
- 24.1.12 If the membership of the Users' Committee becomes, in the sole opinion of the Transporter, too numerous to facilitate detailed dialogue on a particular issue, the Transporter may invite a sub-group of members of the Users' Committee to participate in detailed discussions in relation to that issue, the outcome of which will be shared with the full Users' Committee. Any such subgroup must always contain at least one (1) User that has entered into a Long-Term GTA with the Transporter, unless all such Users decline to participate.

25. GOVERNING LAW AND DISPUTE RESOLUTION

25.1 Governing Law

This Network Code and any non-contractual obligations arising out of or in connection with it shall be governed by and interpreted in accordance with Serbian law, with the exclusion of conflicts of law provisions.

25.2 Expert Determination

- 25.2.1 In the event that the Transporter and the Registered Party or User are unable to agree upon any dispute that arises in relation to: (a) the measurement of quantities or the quality of the Gas; (b) the interpretation or application of technical standards;

(c) the detailed computation of payments due including any payment of costs or liabilities following termination and, subject to Short-Term GTA, Monthly Invoice Disputes, or (d) any other subject matter where expert determination is expressly provided for in this Network Code, within forty (40) Business Days, each of the Transporter and the Registered Party or User may refer the matter in dispute to an independent expert or firm with the relevant experience ("**Expert**") agreed upon between them, or failing such agreement within five (5) Business Days to be selected at the insistence of either Party by the International Chamber of Commerce. The Transporter and the Registered Party or User shall use their respective reasonable endeavours to procure that the Expert delivers his decision within such time as may be stipulated in his terms of reference. In any case the Expert should have no more than two (2) months to deliver his decision.

25.2.2 The meetings between the Transporter and the Registered Party or User and the Expert shall take place in Belgrade, Republic of Serbia, unless the dispute is in relation to the measurement of quantities and the quality of Gas, in which case the venue shall be as directed by the Expert.

25.2.3 Status of Expert's Decision:

25.2.3.1 The Expert shall act as an independent expert and not as an arbitrator and shall determine the matter or matters in dispute and his decision shall, subject to the agreement by the Transporter and the Registered Party or User (confirmed in writing), be final and binding on them.

25.2.3.2 If the Transporter and the Registered Party or User in dispute do not provide written confirmation of their adoption of the Expert's decision pursuant to the Article 25.2.3.1, the matter may be referred to resolution by arbitration in accordance with the Article 25.3.

25.2.3.3 The Expert shall provide written reasons for his decision.

- 25.2.4 Each of the Transporter and the Registered Party or User shall provide to the Expert such information as the Expert may reasonably require to provide for the purpose of determining the dispute and which such party has in its possession or under its control. The Expert may so far as is reasonable engage and instruct engineers, valuers, solicitors and other professional advisers to the extent that the Expert consider(s) necessary to reach his determination.
- 25.2.5 The fees and expenses of the Expert, including the fees and expenses of any professional advisers appointed by him as aforesaid, and any professional fees incurred by the Transporter and the Registered Party or User in relation to the dispute shall be borne by the Transporter and the Registered Party or User in such proportions as the Expert shall direct.

25.3 Arbitration

- 25.3.1 Any dispute including those which are required to be firstly resolved by Expert determination pursuant to the Article 25.2, in case provided for in the Article 25.2.3.2, arising out of or in connection with this Network Code, including any question regarding the existence, scope, validity, or termination of this Network Code or this Article 25.3.1 and including any non-contractual or statutory claims, shall be referred to and finally resolved by arbitration before the ICC International Court of Arbitration in accordance with its arbitration rules ("**Rules**"), which Rules are deemed to be incorporated by reference into this Article.
- 25.3.2 The number of arbitrators shall be three (3).
- 25.3.3 The place of the arbitration shall be Geneva, Switzerland.
- 25.3.4 The arbitration proceedings shall be conducted in the English language and the award shall be in English.

26. RECORD KEEPING

26.1 Record keeping

26.1.1 In accordance with the Final Exemption Act, the Transporter shall keep all records required under the Applicable Laws in relation to the Long-Term GTAs, Short-Term GTAs and other entered into between the Transporter and the Registered Parties, respectively the Users under and in connection with this Network Code.

26.1.2 At the request of AERS, the Transporter shall provide such records to AERS, so to allow AERS to perform tasks within its authority.