

THE CROATIAN PARLIAMENT

1342

Pursuant to Article 88 of the Constitution of the Republic of Croatia, I hereby issue the

DECISION

PROMULGATING THE GAS MARKET ACT

I hereby promulgate the Gas Market Act passed by the Croatian Parliament at its session on 30 March 2007.

Class: 011-01/07-01/20
Reg. No: 71-05-03/1-07-2
Zagreb, 5 April 2007

The President
of the Republic of Croatia
Stjepan Mesić, m. p.

GAS MARKET ACT

I GENERAL PROVISIONS

Scope and application

Article 1

(1) This Act establishes rules and measures for performing energy-related activities in the natural gas sector, including liquefied natural gas (hereinafter: LNG), rights and obligations of the gas market participants, unbundling of activities of the system operators, the third party access to the natural gas system and the natural gas (hereinafter: gas) market opening.

(2) The rules established by this Act and the regulations brought pursuant to this Act shall also apply to biogas, gas from biomass and other types of gas in so far as such gases can be technically and safely transmitted with gas through the gas system.

(3) The relations in the gas sector which are not regulated by this Act the provisions of the Energy Act and the Act on Regulation of Energy Activities shall apply. The provisions of the Mining Act shall also apply to natural gas production, if not otherwise provided by this Act.

(4) The provisions of the Act on General Administrative Procedure shall apply accordingly to the procedures prescribed by this Act, if not otherwise provided by this Act.

Definitions

Article 2

For the purposes of this Act the following definitions apply:

1. *agency* means the independent regulator of energy-related activities established by the Act on Regulation of Energy Activities (hereinafter: Agency)
2. *gas distribution* means the transmission of gas through the distribution system with a view to its delivery to customers, but not including gas supply;
3. *gas procurement* means a supply to a supplier of tariff customers and a supplier who is a holder of public service obligation of gas supply;
4. *gas procurement undertaking* means a gas supplier performing the gas procurement activity;
5. *long-term planning* means the planning of supply and transmission capacity of natural gas undertakings on a long-term basis with a view to meeting the demand for gas of the system, diversification of sources and securing supplies to customers;
6. *gas undertaking* means any natural or legal person carrying out at least one of the following energy-related activities: gas production, supply and sale of natural gas from one's own production, gas transmission, gas distribution, gas storage, LNG facility operation, gas procurement, gas supply of tariff customers, gas supply of eligible customers, mediation on the gas market and representation on the gas market, and which is responsible for commercial and technical issues and maintenance of the systems related to those functions, but not including final gas customers;
7. *horizontally integrated undertaking* means a gas undertaking performing at least one non-gas activity, in addition to the energy-related activities in the gas sector;
8. *integrated gas undertaking* means vertically or horizontally integrated undertakings;
9. *direct line* means a gas pipeline which connects the system directly to the transmission system, the upstream pipeline network or the gas system of another state, and which is complimentary to the gas system;
10. *system user* means any natural or legal persons supplying gas to, or being supplied by, the gas system;
11. *final customer* means a customer purchasing gas for his/her own use;
12. *household customer* means a customer purchasing gas for his/her own household consumption;
13. *customer* means a wholesale and a final customer of natural gas, or a gas undertaking purchasing gas;
14. *wholesale customer* means any natural or legal person other than the transmission system operator, storage system operator, LGN system operator or distribution

- system operator purchasing gas for the purpose of resale inside or outside the system within which it is established;
15. *interconnected system* means a number of systems which are linked with each other;
 16. *Minister* is a minister competent for energy-related activities (hereinafter: Minister);
 17. *Ministry* is a central body of the state administration competent for energy-related activities (hereinafter: Ministry);
 18. *interconnector* means a transmission line which crosses or spans a border between the states for the sole purpose of connecting the national transmission systems of those states;
 19. *upstream pipeline network* means any pipeline or network of pipelines operated and/or constructed as part of an oil or gas production project, or used to convey natural gas from one or more such projects to a processing plant or terminal or final coastal landing terminal
 20. *new infrastructure* means an infrastructure not completed by the entry into force of this Act;
 21. *public service obligation* means the obligation of a gas undertaking to perform certain services as a regulated activity in a general economic interest or as an exclusive right;
 22. *linepack* means the gas volume stored by compression in gas transmission and distribution systems, but not including technological capacities used exclusively by transmission system operators;
 23. *transmission system operator* means a natural or legal person who carries out the function of transmission of gas and is responsible for operating, ensuring the maintenance of and developing the transmission system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the transmission of gas;
 24. *distribution system operator* means a natural or legal person who carries out the function of distribution of gas and is responsible for operating, ensuring the maintenance of and developing the distribution system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the distribution of gas;
 25. *storage system operator* means a natural or legal person who carries out the function of storage and is responsible for operating a storage facility;
 26. *LNG system operator* means a natural or legal person who carries out the function of LNG facility operation of liquefaction of gas, or the importation, offloading, and re-gasification of LNG and is responsible for operating a LNG facility;
 27. *gas supply* means the trade of gas;
 28. *gas supply undertaking* means any natural or legal person who carries out the function of gas supply, including gas procurement;
 29. *gas system* means any transmission system, distribution system, storage system and LNG facilities owned by and/or managed by a system operator, including linepack and the facilities supplying ancillary services and those of related

- undertakings necessary for providing access to transmission system, distribution system, storage system and LNG facilities;
30. *ancillary services* means all services necessary for access to and the operation of transmission system and/or distribution system and/or storage system and/or LNG facilities including load balancing and blending, but excluding facilities reserved exclusively for transmission system operators carrying out their functions;
 31. *related undertakings* means undertakings independent in their legal form associated, on a legal status or contractual basis, by a single management;
 32. *eligible customer* means a customer who is free to purchase gas from the supplier of his/her choice;
 33. *gas production* means production, delivery and sale of gas, but excluding natural gas production;
 34. *natural gas production* means delivery and sale of natural gas from one's own production;
 35. *gas producer* means any natural or legal person who produces gas, including natural gas;
 36. *security* means both security of gas supply and technical safety;
 37. *storage facility* means a facility owned and/or managed by a gas undertaking and used for the stocking of gas, including the part of LNG facilities used for storage, but excluding the portion used for production operations, and excluding facilities reserved exclusively for transmission system operators in carrying out their functions;
 38. *tariff customer* means a final customer supplied by gas in a regulated manner and according to regulated prices;
 39. *LNG facility* means a facility owned and/or managed by a gas undertaking and which is used for the liquefaction of gas or the importation, offloading, and re-gasification of LNG, including ancillary services and temporary storage necessary for the re-gasification process and subsequent delivery to the transmission system, excluding the portion of LNG terminals used for LNG storage;
 40. *gas transmission* means the transport of natural gas through a high pressure transmission system from the entry into the transmission system to the take-over measuring-reduction stations with a view to its delivery to customers, but excluding gas supply, and including the transport of gas from the entry into the transmission system to the gas storage system and the gas transit;
 41. *gas transit* means the transport of gas from another state intended for a third state through the territory of the Republic of Croatia, or the transport of gas with the origin in another state and intended for that state through the territory of the Republic of Croatia;
 42. *'take-or-pay' contract* means a type of contract under which the gas supplier undertakes to supply the contracted gas volume, and the gas customer undertakes to pay the contracted gas volume regardless of whether that volume has been taken;
 43. *vertically integrated undertaking* means a gas undertaking or several mutually related gas undertakings performing at least one of the following functions: gas transmission, gas distribution, gas storage or LNG facility operation, and one of the

following functions: gas production, gas procurement, gas supply of tariff customers and gas supply of eligible customers.

44. *protected customer* means a customer entitled to a sufficient gas volume in the case of partial disturbance in the gas supply and extremely low average daily temperatures.

II GAS MARKET

Gas market

Article 3

(1) With a view of ensuring a reliable, efficient and economic gas supply, the gas market shall be organised on the basis of third party right of access to upstream pipelines, transmission system, distribution system, gas storage system, including linepack and the LNG facility, without discrimination of any participant on the market who has the right of access pursuant to this Act.

(2) The gas market shall be opened gradually as regulated by this Act.

(3) The Ordinance on gas market organisation, which is brought by the Minister at the proposal of the Agency, shall determine the procedure for the reservation and allocation of gas system capacities, the rules for the trade of capacities and the balancing of the gas system, the procedure for change of gas supplier and other rules for the implementation of the principle of third party access to the gas system.

(4) The Network Rules for the Transmission System and the Network Rules for the Distribution System respectively shall determine, in accordance with this Act, technical conditions for the facility, operation and development of the transmission or distribution system respectively, its connection with other parts of the gas system, the connection to the transmission or distribution system respectively, and measuring rules for gas transmission or distribution respectively. The Network Rules for the Transmission System shall be brought by the Minister at the proposal of the transmission system operator. The Network Rules for the Distribution System shall be brought by the Minister at the proposal of the Agency.

(5) The Rules for the Use of Storage System, and the Rules for the Use of LNG Facility respectively shall determine, in accordance with this Act, technical conditions for the facility, operation and development of the storage system or the LNG facility respectively, its connection with other parts of the gas system, the connection to the transmission system, and measuring rules for gas storage or LNG facility operation respectively. The Rules for the Use of Storage System shall be brought by the Minister at the proposal of the storage system operator. The Rules for the LNG facility shall be brought by the Minister at the proposal of the LGN system operator.

Energy-related activities in the natural gas sector

Article 4

(1) Energy-related activities in the natural gas sector shall be performed as market activities or as regulated activities.

(2) Market activities include:

- a) gas production,
- b) delivery and sale of natural gas from one's own production,
- c) gas supply of eligible customers,
- d) mediation on the gas market
- e) representation on the gas market.

(3) Regulated activities, which are performed as a public service include:

- a) gas transmission,
- b) gas distribution,
- c) gas storage,
- d) LNG facility operation,
- e) gas procurement
- f) gas supply of tariff customers.

Gas market participants

Article 5

Gas market participants are:

- a) gas producer,
- b) transmission system operator,
- c) distribution system operator,
- d) gas storage system operator,
- e) LNG system operator,
- f) gas supply undertaking,
- h) mediator on the gas market
- i) representative on the gas market
- j) eligible customer,
- k) tariff customer.

Contracts between gas market participants

Article 6

(1) Gas market participants shall arrange their relations through contracts which they shall sign pursuant to the provisions of this Act, the Ordinance on natural gas market organisation, the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Rules for the Use of Storage System, the Rules for the Use of LNG Facility, the General Conditions of Natural Gas Supply, the Ordinance on the fee for connection to the gas network and for increase in connected power, the Ordinance on delivery of data on investment projects and the Regulation on the security of natural gas supply.

(2) The contracts signed by the gas market participants are the following:

- a) Contract on the connection to the gas system,
- b) Contract on gas transmission,
- c) Contract on gas distribution,
- d) Contract on gas storage,
- e) Contract on the use of a LNG facility,
- f) Contract on gas supply of tariff or eligible customers,
- g) Contract on gas procurement.

(3) The Contract on the connection to the gas system shall oblige the transmission system operator, or the distribution system operator, or the storage system operator, or the LNG system operator respectively, with a view of gas delivery, to connect to its system the equipment of a gas producer or other gas system operator or a final customer respectively who shall undertake to pay the connection fee. The Contract on the connection to the gas system shall include technical conditions for the connection of equipment, a determined amount of the connection fee and the date and place of the connection.

(4) The Contract on gas transmission shall oblige the transmission system operator to provide service of gas transmission, including ancillary services, to a transmission system user who shall undertake to pay a regulated price for the use of the system. The Contract on gas transmission shall include the conditions of gas transmission, a determined amount of the tariff item for the use of the transmission system, and the date and place of gas delivery.

(5) The Contract on gas distribution shall oblige the distribution system operator to provide the service of gas distribution, including the ancillary services, to a distribution system user who shall undertake to pay a regulated price for the use of the system. The Contract on gas distribution shall include the conditions of gas distribution, a determined amount of the tariff item for the use of the distribution system, and the date and place of gas delivery.

(6) The Contract on gas storage shall oblige the storage system operator to provide the service of gas storage, including the ancillary services, to a storage system user who shall undertake to pay a regulated price for the use of the system. The Contract on gas storage shall include the conditions of gas storage, a determined amount of the tariff item for the use of the storage system, and the date of gas delivery into the transmission system.

(7) The Contract on the use of a LNG facility shall oblige the LNG system operator to provide the services of importation, offloading and re-gasification of LNG, including the ancillary services and temporary storage necessary for the re-gasification process and

further delivery to the transmission system, to a LNG facility user who shall undertake to pay a regulated price for the use of the facility. The Contract on the use of a LNG facility shall include the conditions of facility use, a determined amount of the tariff item for the use of the LNG facility system, and the date of gas delivery into the transmission system.

(8) The Contract on gas supply shall oblige a gas supplier to deliver gas to eligible or tariff customers who shall undertake to pay a contracted or regulated price of gas. The Contract on gas supply shall include the conditions of gas supply, the gas price, date and place of delivery and the contracted gas volume.

(9) The Contract on gas procurement shall oblige the gas procurement undertaking to procure gas to a supplier of tariff customers or a supplier who is a holder of public service obligation of gas supply, who shall undertake to pay a regulated gas price. The Contract on gas procurement shall include the conditions of gas supply, the gas price, date, place and the contracted gas volume.

Security of gas supply

Article 7

(1) The gas market participants shall plan and take measures for a secure gas supply in accordance with the regulated standards of gas supply and shall be responsible for the security of gas supply within their scope of activity.

(2) A local (regional) self-government unit shall be responsible for monitoring the relation between offer and demand on its territory, producing estimates of future demands and available offer, planning the construction of additional capacities and the development of the distribution system on its territory, and proposing and taking measures within its scope of activity determined by the law.

(3) The Ministry shall be responsible for monitoring the relations between offer and demand on the gas market, producing estimates of future demands and available offer, planning the construction and development of additional capacities of the gas system, and proposing and taking measures in the case of a crisis situation.

(4) The Regulation on the security of natural gas supply, which shall be passed by the Government of the Republic of Croatia at the proposal of the Minister and with the opinion of the Agency, shall regulate, pursuant to this Act, measures for securing a reliable and efficient gas supply, criteria and methods of determining sufficient gas volumes for securing reliable supply for protected customers, a schedule for the reduction or cessation of gas supply to particular categories of customers in the case of a crisis situation, and the content of the report by a gas supplier on the security of gas supply.

(5) The Ordinance on the delivery of data on investment projects, which shall be passed by the Minister, shall regulate the obligation of the transmission system operator, storage system operator and LGN system operator to deliver to the Ministry data on planned investment projects related to the transmission system, gas storage system and LNG facility, and data on planned withdrawal from plants of particular facilities of the transmission system, storage system and LNG facility.

III GAS PRODUCER

Duties of a gas producer

Article 8

A gas producer shall:

1. secure a safe, reliable and efficient operation of the upstream pipeline network;
2. if he/she produces gas, excluding natural gas production, have a licence for performing energy-related activity of gas production,
3. if he/she produces natural gas, have a licence for performing energy-related activity of delivery and sale of natural gas from his/her own production,
4. connect the upstream pipeline network to the transmission system;
5. secure objective, equal and comprehensible conditions for access to the upstream pipeline, including access to facilities that provide supporting technical services, but not including those parts of the upstream pipeline used for gas production on the location of the gas field, pursuant to this Act, the Ordinance on natural gas market organisation, the Network Rules for the Transmission System, the Ordinance on the fee for connection to the gas network and for increase in connected power, and the General Conditions of Natural Gas Supply,
6. provide regulated information to the operator of the transmission system to which the upstream pipeline is connected, with a view to safe and efficient functioning of interconnected systems;
7. elaborate a plan for crisis situations on the basis of regulated measures, update it annually and deliver it to the Minister for approval;
8. establish and secure the operation of a management centre for the production system management, the measurement system and the system for monitoring gas quality parameters and gas delivery quality parameters;
9. elaborate a five-year upstream pipeline development plan, publish it and update it annually, and deliver it to the Minister,
10. provide regulated information to the Agency.

Gas producer's rights

Article 9

A gas producer shall have the right to:

1. connect the upstream pipeline to the transmission system pursuant to the Network Rules for the Transmission System, the Ordinance on the fee for connection to the gas network and for increase in connected power, and the General Conditions of Natural Gas Supply,
2. make contracts on the sale of gas from his/her own production at free prices

3. limit or discontinue gas delivery:

- a) in case of a direct threat to human lives, health or property with a view of eliminating such threats;
- b) in case of a crisis situation and with a view of preventing a crisis situation;
- c) in case of planned maintenance or reconstruction of gas production facilities;
- d) in order to eliminate breakdowns in gas production plants;

4. refuse access to the upstream pipeline under the conditions referred to in Article 54 of this Act.

IV TRANSMISSION SYSTEM OPERATOR

Designation of a transmission system operator

Article 10

The company PLINACRO d.o.o., Zagreb shall be designated as the transmission system operator in the Republic of Croatia for a period of 30 years.

Duties of the transmission system operator

Article 11

The transmission system operator shall:

1. have the permit for performing the natural gas transmission activity;
2. have the approval for use of the facilities of the existing transmission system;
3. operate, maintain and develop a safe, reliable and efficient transmission system;
4. secure technical preconditions, under economically optimal conditions, for the acceptance into the transmission system of gas produced on the territory of the Republic of Croatia, and gas imported from various sources and directions and for cross border gas transmission;
5. connect to the transmission system all legal or natural persons who comply with the conditions stipulated by the Network Rules for the Transmission System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply;
6. establish and secure the work of a dispatcher centre for the operation of the transmission system, measurement system and the system for monitoring gas quality parameters and gas delivery quality parameters;
7. transmit gas on the basis of signed contracts;
8. maintain gas quality parameters and gas delivery quality parameters and balance the transmission system pursuant to the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply;

9. secure objective, equal and comprehensible conditions for access to the transmission system pursuant to this Act, the Ordinance on natural gas market organisation, the Network Rules for the Transmission System and the General Conditions of Natural Gas Supply;
10. elaborate a plan for crisis situations on the basis of regulated measures, update it annually and deliver it to the Minister for approval;
11. manage the gas system in case of a crisis situation on the basis of regulated measures;
12. elaborate a five-year transmission system development plan, publish it and update it annually, and deliver it to the Minister for approval;
13. elaborate the annual financial plan and deliver it to the Agency;
14. elaborate and deliver to the Agency until 1 March of the current year the annual report on reliability, security and efficiency of the transmission system, the execution of the system development plan, the quality of meeting the customers' needs, the maintenance of the system equipment and the fulfilment of other duties and the use of rights pursuant to this Act;
15. provide stipulated information to the related transmission system operator, distribution system operator, storage system operator, and LNG system operator with a view of reliable, safe and efficient functioning and development of interconnected systems;
16. provide stipulated information to gas market participants whose equipment is directly connected to the transmission system, sufficiently in advance, on the volume and the date of the discontinuation of gas transmission and the expected reduction of transmission capacities;
17. provide stipulated information on investment projects related to the transmission system, and on the planned withdrawal from plants of particular transmission system facilities according to the Ordinance on the delivery of data on investment projects,
18. secure the protection of confidential information of commercial nature obtained in the course of carrying out its business, and which are considered a business secret;
19. maintain records of all stipulated data on signed contracts on gas supply.

The transmission system operator's rights

Article 12

The transmission system operator shall have the right to:

1. refuse access to the transmission system under the conditions referred to in Article 54 of this Act,
2. access the gas storage facility pursuant to the Ordinance on natural gas market organisation, the General Conditions of Natural Gas Supply, the Network Rules for the Transmission System and the Rules for the Use of Storage System, and deliver or take over a user's gas with a view of balancing energy mass flows of gas on the input and output of the transmission system,

3. purchase gas for performing its basic activity, its own consumption, compensation of gas losses in the transmission system while carrying out works on the system and compensation of gas losses above the permitted plant losses and with a view of balancing of the transmission system pursuant to the Ordinance on natural gas market organisation,
4. establish and secure the operation of its own telecommunications networks for monitoring, measurement and automatisisation of the transmission system;
5. limit or discontinue the contracted gas transmission:
 - a) in case of a direct threat to human lives, health or property with a view to eliminating such threats;
 - b) in case of a crisis situation and with a view to preventing a crisis situation;
 - c) in case of planned maintenance or reconstruction of gas production plants;
 - d) in order to eliminate breakdowns in the transmission system;
 - e) when the user takes over gas in a way which could endanger human lives, health or property;
 - f) in case of unauthorised gas consumption,
 - g) in cases when a user does not respect his/her contractual obligations in accordance with the General Conditions of Natural Gas Supply.

V DISTRIBUTION SYSTEM OPERATOR

Designation of a distribution system operator

Article 13

A distribution system operator shall be a gas undertaking with a permit for performing gas distribution activities which has a concession for gas distribution or a concession for the distribution system construction and gas distribution.

The scope of the concession

Article 14

(1) A concession for gas distribution or a concession for the distribution system construction and gas distribution shall be granted for the territory or a part of the territory of a local (regional) self-government unit.

(2) Representative bodies of two or more local (regional) self-government units may decide to grant a joint concession for gas distribution or a concession for the distribution system construction and gas distribution on the territory or parts of the territory of those units.

Granting a concession

Article 15

(1) The concession for gas distribution on the territory with an existing distribution system shall be granted upon the application submitted by the gas undertaking which carried out the gas distribution activity on the territory, on the basis of the concession which has expired or other legal basis which has ceased. The gas distribution concession shall include the right to construction with a view of enlarging the distribution system capacities within the territory for which the concession is granted.

(2) The concession for the distribution system construction and gas distribution on the system which will be connected to the existing distribution system shall be granted upon the application submitted by the gas undertaking which is a concessionaire on the existing distribution system, under the condition that the new network construction will enable an annual supply of minimum 15 million m³ of gas to final customers.

(3) By way of derogation from paragraph 2 of this Article, the concession for the distribution system construction and gas distribution on the system which will be connected to the existing distribution system may, with prior approval by the Agency, be granted to a gas undertaking which is a concessionaire on the existing distribution system even in the case when the new network construction will not enable an annual supply of minimum 15 million m³ of gas to final customers, when granting such a concession is justified by a geography of a territory on which the system is constructed, environmental protection and nature preservation and/or the economic development policy of the territory, provided such projects are feasible.

(4) The concession for the distribution system construction and gas distribution on the territory without a distribution system shall be granted on the basis of a tender provided that the distribution system construction will enable an annual supply of minimum 15 million m³ of gas to final customers.

(5) By way of derogation from paragraph 4 of this Article, the concession for the distribution system construction and gas distribution may, with prior approval of the Agency, be granted even in the case when the new network construction will not enable an annual supply of minimum 15 million m³ of gas to final customers, when granting such a concession is justified by the geographical features of the territory on which the system is constructed, environmental protection and nature preservation and/or the economic development policy of the territory, provided such projects are feasible.

(6) The Agency shall grant approval for the exemption referred to in paragraphs 3 and 5 of this Article on the basis of the application of the executive body of local (regional) self-government unit which grants a concession, and documents justifying the application for exemption.

Period for which a concession is granted

Article 16

(1) A gas distribution concession on the territory with an existing distribution system shall be granted for a period of minimum 15 and maximum 30 years.

(2) A concession for the distribution system construction and gas distribution shall be granted for a period of minimum 20 and maximum 30 years.

The content of application for granting the gas distribution concession

Article 17

(1) The application for granting a gas distribution concession on the territory with an existing distribution system shall include:

1. subject of the concession,
2. area for which the concession is requested,
3. distribution system capacity,
4. number of connected customers,
5. data from the interconnection approval,
6. period for which the concession is requested,
7. data on the amount of the annual concession fee for gas distribution activities,
8. other data relevant for bringing a decision on granting a concession.

(2) The attachment to the application for granting a gas distribution concession shall include the documents referred to in Article 22 of this Article.

The content of application for granting a concession for distribution system enlargement

Article 18

(1) The application for granting a concession for distribution system construction and gas distribution through a system which will be connected to the existing distribution system shall include:

1. subject of the concession,
2. area encompassed by the concession,
3. existing and planned distribution system capacity,
4. number of connected and planned customers,
5. data from the preliminary interconnection approval,
6. period for which the concession is requested,
7. data on the available funds for the distribution system construction,
8. data on of the excerpt from the detailed physical plan or the location permit.
9. data on the amount of the annual concession fee for gas distribution activities,
10. other duties of the concessionaire, particularly regarding environmental protection and preservation,
11. other data relevant for bringing a decision on granting a concession.

(2) The attachment to the application for granting a concession for distribution system construction and gas distribution through a system which will be connected to the existing distribution system shall include the following documents :

1. an excerpt from the detailed physical plan or the location permit for the extension of the distribution system with the accompanying design solution – an expert basis for the location permit. The minimum scope of the excerpt from the detailed physical plan or the location permit shall include the routes of the high pressure distribution pipeline and the reduction station.

2. a preliminary interconnection approval,

3. other documents referred to in Article 22 of this Act.

The decision on the application for granting a concession

Article 19

(1) The executive body of a local (regional) self-government unit shall pass a decision on the application for granting a gas distribution concession on a territory without a distribution system within six months from the receipt of the application, and it shall be published in the Official Gazette, on the web site of the local (regional) self-government unit and in at least one daily newspapers which are usually sold on the territory for which the concession is granted.

(2) The executive body of a local (regional) self-government unit shall bring a decision on the application for granting a concession for distribution system construction and gas distribution through a system which will be connected to the existing distribution system within six months from the receipt of the application, and it shall be published in the Official Gazette, on the web site of the local (regional) self-government unit and in at least one daily newspapers which are usually sold on the territory for which the concession is granted.

(3) In the case that the concession has not been granted by the decision referred in paragraphs 1 and 2 of this Article, the executive body of the local (regional) self-government unit shall invite tenders for granting a concession.

Invitation of tenders for granting a concession

Article 20

(1) The representative body of a local (regional) self-government unit shall bring a decision on initiating the tendering procedure for granting a concession for the distribution system construction and gas distribution, and the executive body of a local (regional) self-government unit shall invite tenders and carry out the tendering procedure.

(2) The invitation for tenders for granting a concession for the distribution system construction and gas distribution shall be published in the Official Gazette, on the web site of the local (regional) self-government unit and in at least one daily newspapers which are usually sold in the territory for which the concession is granted. A deadline for submitting tenders shall be as of the date of the latest announcement.

Content of tender for granting a concession

Article 21

- (1) The decision referred to in paragraph 1 Article 20 of this Act shall include:
1. subject of the concession,
 2. area encompassed by the concession,
 3. planned distribution system capacity,
 4. number of planned customers,
 5. data from the preliminary interconnection approval,
 6. period for which the concession is granted,
 7. data on the necessary funds for the distribution system construction,
 8. data on of the excerpt from the detailed physical plan or the location permit,
 9. data on the amount of the annual concession fee for gas distribution activities,
 10. other duties of the concessionaire, particularly regarding environmental protection and preservation,
 11. terms and conditions for the concession contract termination,
 12. deadline for submitting tenders,
 13. data on the place, time and method of examination, or acceptance of tender documents,
 14. data on the place, time and method of submitting tenders, and opening and evaluation of tenders,
 15. other requirements relevant for bringing a decision on granting a concession.
- (2) A constituent part of the decision referred to in paragraph 1 of this Article shall be the tender documentation including:
1. an excerpt from the detailed physical plan or the location permit for the extension of the distribution system with the accompanying design solution – an expert basis for the location permit. The minimum scope of the excerpt from the detailed physical plan or the location permit shall include the routes of the high pressure distribution pipeline and the reduction station,
 2. a preliminary interconnection approval,
 3. draft concession contract,
 4. other data relevant for bringing the decision.

Documents accompanying the application for granting a concession or the tender

Article 22

- (1) An applicant for a concession, or a tenderer for a concession shall submit the following documents or statements:

1. excerpt from the court register of companies or the register of trades and crafts,
2. permit issued by the Agency for performing gas distribution activities, or a statement that the applicant or tenderer will obtain the permit before commencing gas distribution activities,
3. title deed substantiating that the gas distribution operator owns the distribution system facilities or evidence that he/she has the right to use the distribution system on the basis of the lease contract or other contract with the system owner, if a concession is required for performing gas distribution activities on the territory with an existing distribution system,
4. preliminary interconnection approval if a concession is required for the distribution system construction and gas distribution,
5. final interconnection approval if a concession is required for gas distribution on the territory with the existing distribution system,
6. statement of a commercial bank of the applicant, or the tenderer, that he/she has sufficient available funds for performing gas distribution activities, or that he/she is able to secure funds for the distribution system construction,
7. concession contract or any other contract or document on the basis of which the applicant is performing gas distribution activities if a concession is required for gas distribution on the territory with the existing distribution system,
8. certificate by the tax administration confirming that all tax liabilities and pension and health insurance liabilities and all other liabilities are current and settled,
9. certified statement for legal persons confirming the non-existence of a criminal record pertaining to participation in organised crime, corruption, fraud, money laundering, submitted by a responsible person of the applicant or the tenderer,
10. schedule (Gantt chart) of the distribution system construction per year, including the Gantt chart of investments into the distribution system per year with the total investment into the distribution system per particular technological units if a concession is required for the distribution system construction and gas distribution,
11. payment instruments for the payment of a concession fee, such as a bank guarantee, or a blank promissory note, or a blank bill of exchange, or any other appropriate payment instrument,
12. statement on the deadline within which the gas undertaking, provided that it is granted a concession, will connect customers to the distribution system and commence gas supply if the concession includes the distribution system construction or if a concession is required for the distribution system construction and gas distribution,
13. statement on the method of payment of the concession fee,
14. documents confirming compliance with the provisions referred to in paragraphs 2, 3, 4 and 5 of Article 15 of this Act with regard to the volume of annual gas supply,
15. other documents relevant for bringing a decision on granting a concession, which the applicant or the party granting a concession decides to be relevant,
16. building inspection certificate for the facilities of the existing distribution system,

17. other documents by which the applicant for a concession or the tenderer proves his/her qualification for acquiring a concession.

Decision on granting a concession on the basis of a tender

Article 23

(1) The representative body of the local (regional) self-government unit, at the proposal of the executive body of the local (regional) self-government, shall bring a decision on granting a concession for gas distribution or a concession for the distribution system construction and gas distribution on the basis of the tendering procedure within six months from the expiry of the deadline for submitting tenders.

(2) With the proposal referred to in paragraph 1 of this Article, the executive body of the local (regional) self-government shall propose granting a concession to the applicant for concession, or the tenderer for concession, for whom it is determined, on the basis of the submitted documents, to meet the conditions for granting a concession.

(3) In the case that several tenderers have submitted their tenders for concession for the distribution system construction and gas distribution, and they all meet the conditions with regard to their qualifications for acquiring a concession and other conditions in accordance with the tender documentation, the executive body of the local (regional) self-government unit shall propose the most favourable tenderer for granting a concession, selected according to the criteria from the tender documentation, particularly with regard to the suitability of the offer (technical and financial), distribution system capacity, deadlines for the distribution system construction and for the connection of customers, and presented measures for the preservation and protection of the environment.

(4) No appeal shall be permitted against the decision on granting the concession, but an administrative dispute may be initiated.

Concession contract

Article 24

(1) On the basis of the decision on granting the concession as referred to in Article 23 of this Act, the executive body of the local (regional) self-government unit shall sign a concession contract with the applicant for concession, or the selected tenderer for concession within 60 days from the day the decision was brought.

(2) The concession contract referred to in paragraph 1 of this Article shall include:

1. subject of the concession,
2. area encompassed by the concession,
3. planned distribution system capacity,
4. data from the interconnection approval,
5. period for which the concession is granted,

6. deadline by which the concessionaire shall connect customers to the distribution system,
7. data on the amount and method of payment of the concession fee,
8. conditions for the concession contract termination,
9. rights and obligations of the concessionaire and the party granting a concession in case the concession terminates before the expiry of the period for which the concession is granted,
10. special rights and obligations of the concessionaire and the party granting the concession.

(3) In the case that the concession is granted for the distribution system construction and gas distribution on the territory where it is necessary to construct the distribution system, the following shall appear as a constituent part of the concession contract:

1. an excerpt from the detailed physical plan or the location permit for the extension of the distribution system with the accompanying design solution – an expert basis for the location permit. The minimum scope of the excerpt of the detailed physical plan or the location permit shall include the routes of the high pressure distribution pipeline and the reduction station,
2. a preliminary interconnection approval,
3. the schedule (Gantt chart) of the distribution system construction.

Concession termination

Article 25

(1) The concession shall terminate:

1. upon the expiry of the period for which the concession is granted,
2. upon liquidation or bankruptcy of the concessionaire as a legal person, or the bankruptcy or death of the concessionaire as a natural person,
3. upon the termination of the concession contract,
4. upon the agreement of the party granting the concession and the concessionaire.

(2) The termination of the concession shall be determined by the executive body of the local (regional) self-government unit.

Revocation of the concession

Article 26

(1) The concession may be revoked if:

1. the concessionaire fails to perform gas distribution in accordance with the concession contract;
2. the permit for performing gas distribution activities has been revoked from the concessionaire, or he/she has not obtained a new permit after the expiry of the previous one;

3. the concessionaire fails to pay the contracted concession fee;
 4. the construction of the distribution system is not executed according to the contracted schedule, or the works are significantly behind the schedule, or the concessionaire fails to construct the distribution system in accordance with the concession contract;
- (2) The representative body of the local (regional) self-government unit which brought the decision on granting the concession shall issue the decision on revoking the concession. Before issuing such a decision, the concessionaire shall be invited to make a statement on the reasons for which the concession is intended to be revoked from him.
 - (3) The revocation of the concession creates the conditions for termination of the concession contract.
 - (4) The concessionaire performing gas distribution activities from whom the concession has been revoked shall continue performing gas distribution until the party granting the concession secures another gas undertaking for performing gas distribution, but no longer than six months from the date of termination of the concession contract.

Transfer of the concession

Article 27

- (1) The concession may be transferred to another person to whom the concessionaire transfers the ownership rights of the distribution system, under the conditions from the previous concession contract, if those conditions are not contrary to the provisions of this Act, and providing that the designated person meets the conditions for granting a concession.
- (2) The body of the local (regional) self-government unit, which brought the decision on granting a concession, shall issue the decision on approving the transfer of the concession referred to in paragraph 1 of this Article, and the local (regional) self-government authority shall sign a concession contract with the new concessionaire within 60 days from the day of bringing the decision on the approval of the concession transfer.
- (3) The provisions of this Act on granting a concession shall apply accordingly in the concession transfer procedure, as regards the conditions which a new concessionaire has to meet.

The concession fee

Article 28

- (1) The concessionaire shall pay an annual concession fee determined by the concession contract to the party granting the concession.
- (2) The concession fee shall include a fixed and variable part of the fee.
- (3) The fixed part of the concession fee shall be determined in the annual amount of HRK 10,000.00.

- (4) The variable part of the concession fee shall be determined in the amount of 0.5 % of the realised total income of the concessionaire achieved by performing the gas distribution activity in the previous year on the territory for which the concession is granted.
- (5) The method of payment of the concession fee may be determined on an annual, semi-annual and quarterly basis, and it shall be determined by the concession contract.
- (6) The minimum amount of the concession fee shall be equal to the fixed part of the concession fee.
- (7) The party granting the concession shall inform the Ministry of Finance, the Register of Concessions, on all changes made on the basis of the concession contract.

Duties of the distribution system operator

Article 29

The distribution system operator shall:

1. operate, maintain and develop a safe, reliable and efficient distribution system,
2. connect to the distribution system all legal and natural persons who comply with the conditions stipulated by the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply and who have a building permit or it is considered pursuant to the provisions of a special regulation that the facility is built in accordance with the building permit,
3. establish and secure the work of a dispatcher centre for the operation of the distribution system, measurement system, the system for monitoring gas quality parameters and gas delivery quality parameters and devices for gas odourisation,
4. distribute gas on the basis of signed contracts,
5. elaborate a plan for crisis situations on the basis of prescribed measures, update it annually and deliver it to the Minister for approval,
6. maintain gas quality parameters and gas delivery quality parameters pursuant to the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply,
7. secure objective, equal and comprehensible conditions for access to the distribution system pursuant to this Act, the Ordinance on natural gas market organisation, the Network Rules for the Distribution System and the General Conditions of Natural Gas Supply,
8. secure, at the level of the distribution system, measurement of gas consumption, including meter reading, and, pursuant to the Ordinance on natural gas market organisation, deliver data necessary for the balancing of gas system to the transmission system operator,
9. elaborate a five-year distribution system development plan, publish it and update it annually, and deliver it to the Minister for approval,
10. elaborate the annual financial plan and deliver it to the Agency,

11. elaborate and deliver to the Agency until 1 March of the current year the annual report on reliability, security and efficiency of the distribution system, the execution of the system development plan, the quality of meeting the customers' needs, the maintenance of the system equipment and the fulfilment of other duties and the use of rights pursuant to this Act,
12. provide stipulated information to the transmission system operator, and the related distribution system operators, with a view to safe and efficient functioning and development of interconnected systems,
13. provide stipulated information to gas market participants whose equipment is directly connected to the distribution system, sufficiently in advance, on the volume and the date of the cessation of gas distribution and the expected reduction of distribution capacities,
14. secure the protection of confidential information of commercial nature, obtained in the course of carrying out his/her business, and which are considered a business secret.

The distribution system operator's rights

Article 30

The distribution system operator shall have the right to:

1. refuse access to the distribution system under the conditions referred to in Article 54 of this Act;
2. purchase gas for his/her own consumption and compensation of gas losses in the distribution system;
3. establish and secure the operation of his/her own telecommunications network for monitoring, measurement and automatisisation of the distribution system;
4. limit or discontinue the contracted gas distribution:
 - a) in case of a direct threat to human lives, health or property with a view to eliminating such threats;
 - b) in case of a crisis situation and with a view to preventing a crisis situation;
 - c) in case of planned maintenance or reconstruction of the distribution system;
 - d) in order to eliminate breakdowns in the distribution system;
 - e) when the devices connected to the distribution system take over gas in a way which could endanger human lives, health and property;
 - f) in case of unauthorized consumption and unauthorised gas distribution;
 - g) in cases when a user does not respect his/her contractual obligations in accordance with the General Conditions of Natural Gas Supply.

VI STORAGE SYSTEM OPERATOR

Designation of a gas storage system operator

Article 31

A gas storage system operator is a legal or natural person who obtained a permit for performing gas storage activities.

Duties of the gas storage system operator

Article 32

The gas storage system operator shall:

1. operate, maintain and develop a safe, reliable and efficient gas storage system;
2. have the approval for use of the gas storage system facilities;
3. connect the gas storage system to the gas system pursuant to the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Rules for the Use of Storage System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply;
4. establish and secure the work of a dispatcher centre for the operation of the gas storage system, and the system of measurement of inflows and outflows and the gas quality parameters;
5. storage gas on the basis of signed contracts;
6. secure objective, equal and comprehensible conditions of access to the gas storage system pursuant to this Act, the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply;
7. elaborate a plan for crisis situations on the basis of prescribed measures, update it annually and deliver it to the Minister for approval;
8. elaborate a five-year gas storage system development plan, publish it and update it annually, and deliver it to the Minister for approval;
9. elaborate the annual financial plan and deliver it to the Agency;
10. elaborate and deliver to the Agency until 1 March of the current year the annual report on reliability, security and efficiency of the storage system, the execution of the system development plan, the quality of meeting the customers' needs, the maintenance of system equipment and the fulfilment of other duties and the use of rights pursuant to this Act;
11. provide prescribed information to the transmission system operator, distribution system operator and LNG system operator for the purpose of safe and efficient functioning and development of interconnected systems;
12. provide prescribed information to gas market participants, sufficiently in advance, on the volume and the date of discontinuation of gas storage operation and the expected reduction of storage capacities;

13. provide prescribed information on investment projects related to the gas storage system, and on the planned withdrawal from plants of particular gas storage system facilities in accordance with the Ordinance on the delivery of data on investment projects;

14. secure the protection of confidential information of commercial nature obtained in the course of carrying out his/her business, and which are considered a business secret.

The gas storage system operator's rights

Article 33

The gas storage system operator shall have the right to:

1. refuse access to the gas storage system under the conditions referred to in Article 54 of this Act;
2. purchase gas for his/her own consumption and compensation of gas losses in the gas storage system and for the purpose of balancing mass flows in the storage facility.
3. limit or temporarily discontinue the contracted gas storage:
 - a) in case of a direct threat to human lives, health or property with a view to eliminating such threats;
 - b) in case of a crisis situation and with a view to preventing a crisis situation;
 - c) in case of planned maintenance or reconstruction of the gas storage system;
 - d) in order to eliminate breakdowns in the gas storage system;
 - e) in cases when a user does not respect his/her contractual obligations in accordance with the General Conditions of Natural Gas Supply.

VII LIQUEFIED NATURAL GAS (LNG) SYSTEM OPERATOR

Designation of a liquefied natural gas (LNG) system operator

Article 34

A liquefied natural gas (LNG) system operator is a legal or natural person who has obtained the permit for performing the LNG facility operation activities.

Duties of the liquefied natural gas (LNG) system operator

Article 35

The LGN system operator shall:

1. operate, maintain and develop a safe, reliable and efficient LNG facility,
2. have the approval for use of the existing LNG system facilities,

3. connect the LNG facility to the transmission system pursuant to the Network Rules for the Transmission System, the Rules for the Use of LNG Facility, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply,
4. establish and secure the work of a dispatcher centre for the operation of the LNG facility, and the system of measurement of inflows and outflows and the gas quality parameters,
5. offload and re-gasify LNG on the basis of signed contracts,
6. secure objective, equal and comprehensible conditions of access to the LNG facility pursuant to this Act, the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply,
7. elaborate a plan for crisis situations on the basis of regulated measures, update it annually and deliver it to the Minister for approval,
8. elaborate a five-year LNG facility development plan, publish it and update it annually, and deliver it to the Minister for approval,
9. elaborate the annual financial plan and deliver it to the Agency,
10. elaborate and deliver to the Agency until 1 March of the current year the annual report on reliability, security and efficiency of the LNG facility, the execution of the system development plan, the quality of meeting the customers' needs, the maintenance of the system equipment and the fulfilment of other duties and the use of rights pursuant to this Act,
11. provide stipulated information to the transmission system operator for the purpose of safe and efficient functioning and development of interconnected systems,
12. provide stipulated information to gas market participants, sufficiently in advance, on the volume and the date of the cessation of the LNG facility operation and the expected reduction of the LNG facility capacities,
13. provide stipulated information on investment projects related to the LNG facility, and on the planned withdrawal from plants of particular LNG system facilities in accordance with the Ordinance on the delivery of data on investment projects,
14. secure the protection of confidential information of commercial nature obtained in the course of carrying out his/her business, which are considered a business secret.

The liquefied natural gas (LNG) system operator's rights

Article 36

The liquefied natural gas (LNG) system operator shall have the right to:

1. refuse access to the LNG facility under the conditions referred to in Article 54 of this Act,
2. purchase gas for his/her own consumption and compensation of gas losses in the LNG facility,
3. limit or temporarily discontinue the contracted offloading and re-gasification of LNG:

- a) in case of a direct threat to human lives, health or property with a view to eliminating such threats,
- b) in case of a crisis situation and with a view to preventing a crisis situation,
- c) in case of planned maintenance or reconstruction of the LNG facility,
- d) in order to eliminate breakdowns in the LNG facility,
- e) in cases when a user does not respect his/her contractual obligations in accordance with the General Conditions of Natural Gas Supply.

VIII SUPPLIER

Selection of a gas supplier of eligible customers

Article 37

The eligible customer shall have the right to choose a gas supplier of his/her choice, including the right to switch to a new gas supplier pursuant to the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply.

Designation of a gas procurement undertaking for tariff customers

Article 38

(1) The company INA – INDUSTRIJA NAFTE d.d., Zagreb shall be designated as the gas procurement undertaking for the suppliers of tariff customers.

(2) The Government of the Republic of Croatia, at the proposal of the Minister, shall determine the price for gas procurement to the gas procurement undertaking for the suppliers of tariff customers, and in determining the price it may take into account the delivery period, season or daily dynamics of delivery, quality and other elements of delivered gas.

Designation of a gas supplier of tariff customers

Article 39

The gas undertaking performing the gas distribution activity on a certain territory on the date of entry into force of this Act, on the basis of the concession or other legal basis, shall be designated as a gas supplier of tariff customers on that territory.

Duties of the gas supplier

Article 40

The gas supplier shall:

1. have the permit for performing the energy-related activity of natural gas supply,
2. perform the gas supply activity in safe, reliable and efficient way, pursuant to the Ordinance on natural gas market organisation, the General Conditions of Natural Gas Supply and the Regulation on the security of natural gas supply,
3. provide stipulated information to the transmission system operator, distribution system operator, storage system operator and LGN system operator with a view to reliable, safe and efficient functioning and development of interconnected systems,
4. supply gas to customers on the basis of signed contracts,
5. if he/she supplies gas to tariff customers, or is a holder of public service obligation of gas supply of household customers, supply gas to customers according to regulated prices,
6. if he/she performs gas procurement activity, supply gas, according to regulated prices, to the suppliers of tariff customers,
7. if he/she supplies gas to tariff customers, or is a holder of the public service obligation of gas supply to household customers, deliver data on the structure of tariff customers consumption to the gas procurement undertaking,
8. if it is a holder of the public service obligation of gas procurement, supply gas, according to regulated prices, to the holder of the public service of gas supply to household customers,
9. if it is a holder of the public service obligation of gas supply to household customers, inform the customer on his/her right to switch to a new supplier, including the right of the customer to request the gas supply again by a holder of the public service obligation of gas supply,
10. during a crisis situation and in order to prevent a crisis situation, observe the instructions given by a dispatcher centre, or a management centre of the relevant operator,
11. secure that the gas volume taken from the gas system corresponds to the gas volume delivered to the gas system, pursuant to the Ordinance on natural gas market organisation, the General Conditions of Natural Gas Supply, the Rules for the Use of Gas Storage System, the Rules for the Use of LNG Facility and other special regulations,
12. publish and maintain the contracted gas supply quality parameters for customers, pursuant to the General Conditions of Natural Gas Supply,
13. in its business records, pursuant to the rules of internal accounting, keep separate records for the supply of eligible customers and the supply of tariff customers, or the supply of eligible customers who use public service of gas supply, or gas procurement,
14. submit to the transmission system operator stipulated data on all signed contracts on gas supply,
15. if supplying protected customers referred to in Article 48 of this Act, supply them with sufficient gas volume, in accordance with the Regulation on the security of natural gas supply, even in case of:
 - a. partial disturbance in gas supply causing the reduction of gas import into the Republic of Croatia and the reduction of domestic gas production up to 20%, for

a duration determined by the Regulation on the security of natural gas supply, but no longer than 30 days,

b. extremely low average daily temperatures over a five-day period, according to the calculations of the Meteorological and Hydrological Service of Croatia, in the period from 1 December to 1 March, pursuant to the Regulation on the security of natural gas supply.

16. deliver to the Minister until 31 January of the current year to the latest the report on the achievement of gas supply security for the previous calendar year, pursuant to the Regulation on the security of natural gas supply.

The gas supplier's rights

Article 41

The gas supplier shall have the right to:

1. purchase and sell gas, or supply gas to other gas market participants,
2. be procured with gas according to regulated prices, if he/she supplies gas to tariff customers on the basis of a contract or pursuant to this Act,
3. use, according to regulated prices, the services of transmission system operator, distribution system operator, storage system operator and LGN system operator, on the basis of signed contracts,
4. access to the upstream pipeline network, transmission system, distribution system, gas storage system, including access to linepack, pursuant to this Act, the Ordinance on natural gas market organisation, the General Conditions of Natural Gas Supply and the Regulation on the security of natural gas supply,
5. discontinue or terminate a delivery in case of an unauthorised gas consumption,
6. discontinue or terminate a delivery in case that a customer does not respect his/her contractual obligations in accordance with the General Conditions of Natural Gas Supply.

IX CUSTOMER

Designation of eligible customers

Article 42

The eligible customers shall be:

1. gas customers purchasing gas for electricity generation, regardless of their annual output and within the limits of gas volume intended for such use,
2. gas customers purchasing gas for combined heat and power generation, regardless of their annual output and within the limits of gas volume intended for such use,

- 3 gas customers with a demand of more than 25 million of cubic metres (m³) of gas in the previous calendar year,
4. gas customers purchasing gas for the production of crude iron, steel and ferroalloys, with the annual production of at least 50,000 tonnes of crude steel.

Duties of eligible customers

Article 43

The eligible customer shall:

1. connect his/her gas connection devices to the transmission system or the corresponding distribution system, pursuant to the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply,
2. enable the installation of a gas metering device (gas meter) to the operator of the transmission system or the distribution system respectively to which the eligible customer is connected,
3. enable access to a gas metering device to the operator of the system to which the eligible customer is connected,
4. observe the instructions of dispatcher or management centres,
5. maintain the gas connection device in such condition that it does not pose a threat to human lives, health or property, and in case of a breakdown, eliminate such breakdown without delay,
6. observe the Ordinance on natural gas market organisation, the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Rules for the Use of Storage System, the Rules for the Use of LNG Facility, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply,
7. provide necessary information to the transmission system operator, distribution system operator, storage system operator and LGN system operator, in case that he/she signs a contract on the use of their services,
8. in case he/she signs a contract on the use of the transmission or distribution system, secure that the gas volume taken from the gas system corresponds to the gas volume delivered to the gas system, pursuant to the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply.

The eligible customer's rights

Article 44

The eligible customer shall have the right to:

1. choose a gas supplier of his/her choice, including the right to switch to a new gas supplier pursuant to the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply,
2. connect his/her gas connection devices to the transmission or distribution system respectively, pursuant to the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply,
3. use, according to regulated prices, the services of transmission system operator, distribution system operator, storage system operator and LGN system operator, on the basis of signed contracts,
4. construct a direct pipeline under the conditions regulated by this Act,
5. access to the upstream pipeline network, transmission system, distribution system, gas storage system, including access to linepack, pursuant to the Ordinance on natural gas market organisation, the General Conditions of Natural Gas Supply and the Regulation on the security of natural gas supply,
6. be supplied with gas by a supplier who is a holder of the public service obligation of gas supply if the customer is a household.

Designation of tariff customers

Article 45

- (1) The tariff customer shall be any customer without the status of eligible customer.
- (2) The tariff customer shall acquire the status of eligible customer within the period determined in Article 67 of this Act.

Duties of tariff customers

Article 46

The tariff customer shall:

1. connect his/her gas connection devices to the transmission system or the corresponding distribution system, pursuant to the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply,
2. enable the installation of a gas metering device (gas meter) to the operator of the transmission system or the distribution system respectively to which the eligible customer is connected,
3. enable access to a gas metering device to the operator of the system to which the eligible customer is connected,
4. respect the instructions of dispatcher centres,

5. maintain the gas connection device in such condition that it does not pose a threat to human lives, health or property, and in case of a breakdown, eliminate such breakdown without delay,
6. observe the Ordinance on natural gas market organisation, the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply.

The tariff customer's rights

Article 47

The tariff customer shall have the right to:

1. be supplied with gas according to regulated prices,
2. connect his/her gas connection devices to the transmission or distribution system pursuant to the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply.

Protected customer

Article 48

The protected customer shall be:

1. a household,
2. a customer performing health services (including rehabilitation and care of patients), educational services and welfare services, and a customer purchasing gas for heating premises intended for accommodation of people (student dormitories, hotels and other facilities used for overnight accommodation),
3. a customer purchasing gas for the production of thermal energy for heating of premises of the customers referred to in paragraphs 1 and 2 of this Article, in the volume necessary for production of the required thermal energy,
4. a system operator purchasing gas for his/her own consumption, or for the operation of the gas system.

X UNBUNDLING OF ACTIVITIES

Unbundling of activities of the transmission system, distribution system, LNG facility and storage system operators

Article 49

(1) The activity of the transmission system operator, including the operator which is a part of a vertically integrated undertaking, shall be organised as independent in terms of its legal form, independently from other activities in the gas-related sector.

(2) The provision referred to in paragraph 1 of this Article shall apply equally to the activities of the distribution system operator, storage system operator and LGN system operator.

(3) The activity of the distribution system operator, which is a part of a horizontally integrated undertaking, shall be organised as independent in terms of its legal form and independently from other activities outside the gas-related sector.

(4) In order to ensure the independence of the transmission system operator, distribution system operator, storage system operator and LGN system operator, pursuant to paragraphs 1 and 2 of this Article, the following shall apply:

a) those persons responsible for the management of the operator which is a part of a vertically integrated undertaking may not participate in management of other activities in the gas sector which are different than the activities of the related operator,

b) the professional interests of persons responsible for the management of the operator shall be taken into account,

c) the operator shall make an independent decision on the assets necessary to operate, maintain and develop the system which it manages, independently from other activities performed by a vertically integrated undertaking. This shall not change the right of the parent company in the vertically integrated undertaking system to approve the annual financial plan of the operator and to set limits on the levels of indebtedness. The parent company shall not have the right to give instructions to the system operator regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of parts of the system managed by the operator that do not exceed the terms of the approved annual financial plan.

(5) In order to ensure the independence of the distribution system operator, pursuant to paragraph 3 of this Article, the following shall apply:

a) those persons responsible for the management of the operator which is a part of a horizontally integrated undertaking may not participate in management of other activities outside the gas sector,

b) the professional interests of persons responsible for the management of the operator shall be taken into account,

c) the operator shall make an independent decision on the assets necessary to operate, maintain and develop the system which it manages, independently from other activities performed by a horizontally integrated undertaking. This shall not change the right of the parent company in the horizontally integrated undertaking system to approve the annual financial plan of the operator and to set limits on the levels of indebtedness. The parent company shall not have the right to give instructions to the system operator regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of parts of the system managed by the operator that do not exceed the terms of the approved annual financial plan.

(6) The transmission system operator, distribution system operator, storage system operator and LGN system operator shall bring a programme of measures in order to ensure the implementation of impartial conditions for access to the system it operates, including special obligations of employees, and it shall submit it to the Agency for opinion.

(7) The operator shall submit to the Agency the annual report on the implementation of measures taken, pursuant to paragraph 6 of this Article, for the previous year until 1 March every year. The operator shall publish the programme of measures and the report on the implementation of measures taken for the previous year on its web site.

(8) The provisions referred to in paragraphs 2, 4 and 6 of this Act shall not apply to the distribution system operator which is a part of a vertically integrated undertaking serving less than 100,000 customers connected to the distribution system.

The combined system operator

Article 50

(1) By way of derogation from paragraphs 1 and 2 of Article 49 of this Act, the activities of the transmission system operator, distribution system operator, storage system operator and LGN system operator may be organised jointly, as a combined system operator, but separate from the gas production and gas supply activities.

(2) The provisions of this Act regarding the duties and rights of the transmission system operator, including the provisions on duties and rights of the distribution system operator, storage system operator and LGN system operator, shall apply accordingly to the duties and rights of the combined system operator.

(3) The combined system operator which is a part of a vertically integrated undertaking shall organise its activities as independent in terms of its legal form, independently from the gas production and gas supply activities.

(4) In order to ensure the independence of the combined system operator, pursuant to paragraph 3 of this Article, the following shall apply:

a) those persons responsible for the management of the combined system operator which is a part of an integrated undertaking may not participate in management of the gas production and gas supply activities;

b) the professional interests of persons responsible for the management of the combined system operator shall be taken into account;

c) the combined system operator shall make an independent decision on the assets necessary to operate, maintain and develop the system which it owns, independently from the gas production and supply activities. This shall not change the right of the parent company in the integrated undertaking system to approve the annual financial plan of the combined system operator and to set limits on the levels of indebtedness. The parent company shall not have the right to give instructions to the combined system operator regarding day-to-day operations, nor with respect to individual decisions concerning the construction or upgrading of parts of the system managed by the combined system operator that do not exceed the terms of the approved annual financial plan.

(5) The combined system operator shall bring a programme of measures in order to ensure the implementation of impartial conditions for access to the system it operates, including special obligations of employees, and it shall submit it to the Agency for opinion.

(6) The combined system operator shall submit to the Agency the annual report on the implementation of measures taken, pursuant to paragraph 5 of this Article, for the previous year until 1 March each year. The combined system operator shall publish the programme of measures and the report on the implementation of measures taken for the previous year on its web site.

Unbundling of accounts

Article 51

(1) Gas undertakings shall draw up, publish and submit to audit their annual accounts in accordance with the Accounting Act and the Audit Act. Gas undertakings which are not legally obliged to publish their annual accounts shall keep a copy of these at the disposal of the public at their head office. The audit of the annual accounts shall verify that the obligation to avoid discrimination of gas system users and cross-subsidies of regulated and market activities within the gas sector is respected. The annual accounts shall indicate in notes any transaction conducted with related undertakings.

(2) Gas undertakings shall in their books, according to the rules of internal accounting, keep separate accounts for each of their gas transmission, gas distribution, gas storage and LNG facility operation activities with a view of avoiding discrimination of gas system users, cross-subsidisation of regulated and market activities and distortion of market competition. Gas undertakings shall also keep separate accounts, which may be consolidated, for other gas activities in the gas-related sector.

(3) Gas undertakings shall in their books, according to the rules of internal accounting, keep separate accounts for supply activities for eligible customers and supply activities for tariff customers.

(4) After opening of the gas market, gas undertakings shall in their books, according to the rules of internal accounting, keep separate accounts for gas procurement and gas supply of customers as referred to in paragraph 1 of Article 69 of this Act and accounts for the supply of other eligible customers.

(5) Within the rules of internal accounting, gas undertakings shall specify the rules for the allocation of assets and liabilities, expenditure and income as well as for depreciation which they follow in drawing up the separate accounts for the activities of gas transmission, gas distribution, gas storage, LNG facility operation and other activities in the gas-related sector.

Right of access to business records

Article 52

The gas undertaking shall enable access to its business records to the Agency, including the right of the Agency to require all necessary information and a delivery of necessary

data, direct access to business records, book-keeping documents, financial reports and other documents of the gas undertaking as well as taking other actions insofar as necessary to carry out the functions within the scope of the Agency.

XI RIGHT OF THIRD PARTY ACCESS

Third party access

Article 53

(1) The gas producer, transmission system operator, distribution system operator, storage system operator and LGN system operator shall enable efficient and non-discriminatory access to the upstream pipeline network, transmission system, distribution system, storage system and LNG facility, pursuant to the Ordinance on natural gas market organisation, the General Conditions of Natural Gas Supply, the Ordinance on the fee for connection to the gas network and increase in connected power, the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Rules for the Use of Storage System, and the Rules for the Use of LNG Facility.

(2) The transmission system operator, distribution system operator, storage system operator and LGN system operator shall not use confidential information of commercial nature obtained by third parties during the sale or purchase of gas for his/her own needs, or contrary to the purpose for which the information were obtained.

(3) Access to the transmission system, distribution system, gas storage system and LNG facility shall be enabled by application of regulated third party access, and access to upstream pipeline networks shall be enabled by application of negotiated third party access.

(4) The regulated third party access shall be based on the published tariff system, or the methodology and tariff items for gas transmission, gas distribution, gas storage and the use of the LNG facility, which is applied objectively and without discrimination for all gas market participants.

(5) The negotiated third party access shall be based on commercial conditions for access to the upstream pipeline network, which are the subject of negotiations.

Refusal of third party access

Article 54

(1) The gas producer may refuse access to the upstream pipeline network in the case of:

- a) lack of capacity,
- b) non-compliance of technical specifications which can not be overcome in a reasonable way,

- c) a need to avoid difficulties, which cannot be avoided in a reasonable way, which could endanger present and future hydrocarbon production, including the production from a field of limited economic sustainability,
- d) a need to respect validated, reasonable needs of the owner or operator of the upstream pipeline network and the interests of all other users of the upstream pipeline network or related facilities and plants for gas processing.
- (2) The transmission system operator, distribution system operator, storage system operator and LGN system operator may refuse third party access to the system in the case of:
- a) lack of capacity,
 - b) where access to the system would prevent them from performing the public service obligation,
 - c) where access to the system would cause serious financial and economic difficulties to gas undertakings with regard to take-or-pay contracts concluded prior to a request for approval of access, under the conditions referred to in Article 55 of this Act.
- (3) The gas producer, transmission system operator, distribution system operator, storage system operator and LGN system operator shall, in case of refusal of access to the system, duly notify the party refused and substantiate in writing the reasons for such a refusal.
- (4) An unsatisfied party may file an appeal to the Agency against the gas undertaking decision on the refusal of access to the system, or against the conditions for access to the system.
- (5) The Agency shall issue a decision within 60 days from the day the appeal was filed. The decision issued by the Agency shall be final, and a party unsatisfied with such a decision may initiate an administrative dispute against the decision issued by the Agency.
- (6) The gas producer, transmission system operator, distribution system operator, storage system operator and LGN system operator refusing access to the system on the basis of lack of capacity or a lack of connection shall make the necessary enhancements in the system in order to enable access within a reasonable period of time, as far as it is economically feasible to do so or when a potential customer is willing to pay for them.

Derogations in relation to take-or-pay commitments

Article 55

- (1) If a gas undertaking encounters, or considers that it will encounter, serious economic and financial difficulties because of its take-or-pay commitments accepted in one or more take-or-pay contracts, an application for a temporary derogation from the application of the third party access right, as referred to in Article 53 of this Act, may be submitted to the Agency. Applications may be submitted on a case-by-case basis either before or immediately after refusal of access to the system. The applications shall be accompanied by documentation with all relevant information on the nature and extent of

the problem and on the efforts undertaken by the gas undertaking to resolve the problem.

(2) If alternative solutions are not available, the Agency may decide to grant a derogation from the application of the third party access right taking into account the following criteria:

- a) the objective of creating a competitive gas market,
- b) the need to fulfil public service obligations and to ensure security of supply,
- c) the position of the gas undertaking in the gas market and the actual state of competition in this market,
- d) the seriousness of the economic and financial difficulties encountered by gas undertakings and eligible customers,
- e) the dates of signature and terms of the take-or-pay contract or contracts in question, including the extent to which they allow for market changes,
- f) the efforts made to find a solution to the problem,
- g) the extent to which, when accepting the take-or-pay commitments in question, the gas undertaking could reasonably have foreseen that serious economic and financial difficulties were likely to arise,
- h) the level of connection of the system with other systems and the degree of interoperability of these systems,
- i) the effects the granting of a derogation would have on the application of this Act as regards the smooth functioning of the gas market.

(3) Serious economic and financial difficulties referred to in paragraph 1 of this Article shall be deemed not to exist if the gas supply does not fall below the level of minimum off-take guarantees contained in take-or-pay contracts or in so far as the relevant take-or-pay contract can be adapted or the gas undertaking is able to find alternative outlets.

Direct lines

Article 56

A gas undertaking which wishes to contract gas supply, but has been refused access to the distribution or transmission system by a final decision, may construct a direct gas line.

Derogation for new infrastructure

Article 57

(1) Major new gas infrastructures, i.e. interconnectors, gas storage system and LNG facilities, may, upon request, be exempted from the application of third party access right, as referred to in Article 53 of this Act, under the following conditions:

- a) the investment must enhance competition in gas supply and enhance security of supply,

- b) the level of risk attached to the investment is such that the investment would not take place unless an exemption was granted,
- c) the infrastructure must be owned by a natural or legal person which is separate at least in terms of its legal form from the system operators in whose systems that infrastructure will be built,
- d) charges for the use of infrastructure are levied on users of that new infrastructure,
- e) the exemption is not detrimental to competition or the effective functioning of the gas market, or the efficient functioning of the regulated system to which the infrastructure is connected.
- (2) Paragraph 1 of this Article shall apply also to significant increases of capacity in existing infrastructures and to modifications of such infrastructures which enable the development of new sources of gas supply.
- (3) The Agency shall decide on the exemption referred to in paragraphs 1 and 2 of this Article. The exemption decision issued by the Agency shall be duly reasoned and published in the Official Gazette.
- (4) The decision on exemption referred to in paragraphs 1 and 2 of this Article may cover all or parts of the new infrastructure, the existing infrastructure with significantly increased capacity or the modification of the existing infrastructure.
- (5) In deciding to grant an exemption referred to in paragraphs 1 and 2 of this Article, the Agency shall consider the need to impose conditions regarding the duration of the exemption and non-discriminatory access to the interconnector. The Agency shall take into account the duration of contracts, additional capacities to be built or the modification of existing capacity, the time horizon of the project and other particular circumstances. The Agency shall take care that the rules and mechanisms for management and allocation of capacity do not prevent the implementation of long term contracts.
- (6) In the case of an interconnector, any decision on exemption shall be taken after consultation with other states or regulatory authorities concerned.

XII SUPERVISION

Article 58

- (1) The Ministry shall be responsible for administrative supervision over the enforcement of this Act.
- (2) The State Inspectorate and other competent inspections shall be responsible, pursuant to special regulations, for inspectional supervision over the enforcement of this Act.

XIII PENAL PROVISIONS

Article 59

(1) A gas producer shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if he/she:

- fails to secure objective, equal and comprehensible conditions for access to the upstream pipeline network, contrary to item 5 of Article 8 and paragraphs 1 and 3 of Article 53 of this Act,
- fails to provide regulated information to a transmission system operator, contrary to item 6 of Article 8 of this Act,
- fails to elaborate, update and submit to the Ministry a plan for crisis situations, contrary to item 7 of Article 8 of this Act,
- fails to elaborate, publish and update a five-year upstream pipeline development plan, contrary to item 9 of Article 8 of this Act,
- in his/her business records, in accordance with the rules of internal accounting, fails to keep separate records relating to the gas production activity with regard to other activities in the gas sector, contrary to paragraph 2 of Article 51 of this Act,
- fails to ensure access to business records to the Agency, contrary to Article 52 of this Act.

(2) A responsible person of the gas producer shall be fined in the amount of HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 1 of this Article.

Article 60

(1) A transmission system operator shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if he/she:

- fails to connect to the transmission system legal and natural persons who meet the criteria set out in the Network Rules for the Transmission System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply, contrary to item 5 of Article 11 of this Act,
- fails to transmit gas on the basis of signed contracts, contrary to paragraphs 1 and 4 of Article 6 and item 7 of Article 11 of this Act,
- fails to ensure conditions for access to the transmission system, contrary to item 9 of Article 11 and paragraphs 1 and 3 of Article 53 of this Act,
- fails to elaborate, update and submit to the Minister for approval a plan for crisis situations, contrary to item 10 of Article 11 of this Act,
- fails to elaborate, publish and update a five-year transmission system development plan, contrary to item 12 of Article 11 of this Act,
- fails to elaborate and submit to the Agency the annual financial plan, contrary to item 13 of Article 11 of this Act,
- fails to elaborate and submit to the Agency the report on reliability, security and efficiency of the transmission system, contrary to item 14 of Article 11 of this Act,
- fails to provide regulated information to a related transmission system operator, distribution system operator, storage system operator and LGN system operator, contrary to item 15 of Article 11 of this Act,

- fails to provide regulated information to the gas market participants whose equipment is directly connected to the transmission system on the volume and the date of the cessation of gas transmission and the expected reduction of transmission capacities, contrary to item 16 of Article 11 of this Act,
- fails to provide regulated information on investment projects related to the transmission system, and on planned withdrawal from plants of particular transmission system facilities according to the Ordinance on the delivery of data on investment projects, contrary to item 17 of Article 11 of this Act,
- fails to secure the protection of confidential information obtained in the course of carrying out his/her business, and which are considered a business secret, contrary to item 18 of Article 11 of this Act,
- fails to keep records of all regulated data on signed gas supply contracts, contrary to item 19 of Article 11 of this Act,
- fails to organise his/her activity in an independent legal form, independently from other activities in the gas sector, contrary to paragraph 1 of Article 49 of this Act,
- fails to ensure independence from other activities in the gas sector, if part of a vertically integrated gas undertaking, contrary to paragraphs 4 and 6 of Article 49 of this Act,
- in his/her business records, in accordance with the rules of internal accounting, fails to keep separate records relating to the gas transmission activity with regard to other activities, contrary to paragraph 2 of Article 51 of this Act,
- fails to ensure access to business records to the Agency, contrary to Article 52 of this Act.

(2) A responsible person of the transmission system operator shall be fined HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 1 of this Article.

(3) A transmission system operator who committed two misdemeanours or he/she has repeated a misdemeanour referred to in paragraph 1 of this Article within a period of one year may be pronounced a precautionary measure of ban on performing the energy-related activity for a maximum of one year, and a responsible person of the transmission system operator may be pronounced a precautionary measure of ban on performing the duty of responsible person for a maximum of one year.

Article 61

(1) A distribution system operator shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if he/she:

- fails to connect to the distribution system legal and natural persons who meet the criteria set out in the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply, contrary to item 2 of Article 29 of this Act,
- fails to distribute gas on the basis of a contract, contrary to paragraphs 1 and 5 of Article 6 and item 4 of Article 29 of this Act,
- fails to elaborate, update and submit to the Minister for approval a plan for crisis situations, contrary to item 5 of Article 29 of this Act,

- fails to ensure conditions for access to the distribution system, contrary to item 7 of Article 29 hereof and paragraphs 1 and 2 of Article 53 of this Act,
- fails to elaborate, publish and update a five-year distribution system development plan, contrary to item 9 of Article 29 of this Act,
- fails to elaborate and submit to the Agency the annual financial plan, contrary to item 10 of Article 29 of this Act,
- fails to elaborate and submit to the Agency the annual report on reliability, security and efficiency of the distribution system, the execution of the plan for the system development, the quality of meeting of customers' needs and the fulfilment of other duties and the use of rights pursuant to this Act, contrary to item 11 of Article 29 of this Act,
- fails to provide regulated information to the transmission system operator and related distribution system operators, contrary to item 12 of Article 29 of this Act;
- fails to provide regulated information to the gas market participants whose equipment is directly connected to the distribution system, sufficiently in advance, on the volume and the date of the cessation of gas distribution and the expected reduction of distribution capacities, contrary to item 13 of Article 29 of this Act;
- fails to secure the protection of confidential information obtained in the course of carrying out his/her business, and which are considered a business secret, contrary to item 14 of Article 29 of this Act;
- fails to organise his/her activity in an independent legal form, independently from other activities in the gas sector, although he/she has 100,000 or more customers connected to the distribution system, contrary to paragraph 2 of Article 49 of this Act;
- fails to ensure independence from other activities in the gas sector, if part of a vertically integrated gas undertaking, although he/she has 100,000 or more customers connected to the distribution system, contrary to paragraphs 4 and 6 of Article 49 of this Act;
- fails to organise its operation independently in its legal form, if part of a horizontally integrated undertaking, independently from other activities outside the gas sector, contrary to paragraphs 3, 5 and 6 of Article 49 of this Act;
- in his/her business records, in accordance with the rules of internal accounting, fails to keep separate records relating to the gas distribution activity with regard to other activities, contrary to paragraph 2 of Article 51 of this Act;
- fails to ensure access to business records to the Agency, contrary to Article 52 of this Act.

(2) A responsible person of the distribution system operator shall be fined in the amount of HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 1 of this Article.

(3) A distribution system operator who committed two misdemeanours or he/she has repeated a misdemeanour referred to in paragraph 1 of this Article within a period of one year may be pronounced a precautionary measure of ban on performing the energy-related activity for a maximum of one year, and a responsible person of the distribution system operator may be pronounced a precautionary measure of ban on performing the duty of responsible person for a maximum of one year.

Article 62

(1) A storage system operator shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if he/she:

- fails to storage gas on the basis of a contract, contrary to paragraphs 1 and 6 of Article 6 and item 5 of Article 32 of this Act,
- fails to ensure conditions for access to the storage system, contrary to item 6 of Article 32 and paragraphs 1 and 2 of Article 53 of this Act,
- fails to elaborate, update and submit to the Minister for approval a plan for crisis situations, contrary to item 7 of Article 32 of this Act,
- fails to elaborate, publish and update a five-year storage system development plan, contrary to item 8 of Article 32 of this Act,
- fails to elaborate and submit to the Agency the annual financial plan, contrary to item 9 of Article 32 of this Act,
- fails to elaborate and submit to the Agency the annual report on reliability, security and efficiency of the storage system, the execution of the plan for the system development, the quality of meeting the customers' needs, the maintenance of the system equipment and the fulfilment of other duties and the use of rights pursuant to this Act, contrary to item 10 of Article 32 of this Act,
- fails to provide regulated information to the transmission system operator, distribution system operator and LGN system operator, contrary to item 11 of Article 32 of this Act,
- fails to provide regulated information to the gas market participants, sufficiently in advance, on the volume and the date of the cessation of gas storage and the expected reduction of storage capacities, contrary to item 12 of Article 32 of this Act,
- fails to provide regulated information on investment projects related to storage system, and on the planned withdrawal from plants of particular storage system facilities according to the Ordinance on the delivery of data on investment projects, contrary to item 13 of Article 32 of this Act,
- fails to secure the protection of confidential information obtained in the course of carrying out his/her business, and which are considered a business secret, contrary to item 14 of Article 32 of this Act,
- fails to organise his/her activity in an independent legal form, independently from other activities in the gas sector, contrary to paragraph 2 of Article 49 of this Act,
- fails to ensure independence from other activities in the gas sector, if part of a vertically integrated gas undertaking, contrary to paragraphs 4 and 6 of Article 49 of this Act,
- in his/her business records, in accordance with the rules of internal accounting, fails to keep separate records relating to the gas storage activity with regard to other activities, contrary to paragraph 2 of Article 51 of this Act,
- fails to ensure access to business records to the Agency, contrary to Article 52 of this Act.

(2) A responsible person of the storage system operator shall be fined in the amount of HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 1 of this Article.

(3) A storage system operator who committed two misdemeanours or repeated a misdemeanour referred to in paragraph 1 of this Article within a period of one year may be pronounced a precautionary measure of ban on performing the energy-related activity for a maximum of one year, and a responsible person of the storage system operator may be pronounced a precautionary measure of ban on performing the duty of responsible person for a maximum of one year.

Article 63

(1) A LGN system operator shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if he/she:

- fails to offload and re-gasify LNG on the basis of a contract, contrary to paragraphs 1 and 7 of Article 6 and item 5 of Article 35 of this Act,
- fails to ensure conditions for access to the LNG facility, contrary to item 6 of Article 35 and paragraphs 1 and 2 of Article 53 of this Act,
- fails to elaborate, update and submit to the Minister for approval a plan for crisis situations, contrary to item 7 of Article 35 of this Act,
- fails to elaborate, publish and update a five-year LNG facility development plan, contrary to item 8 of Article 35 of this Act,
- fails to elaborate and submit to the Agency the annual financial plan, contrary to item 9 of Article 35 of this Act,
- fails to elaborate and submit to the Agency the annual report on reliability, security and efficiency of the system, the execution of the plan for the system development, the quality of meeting the customers' needs, the maintenance of the system equipment and the fulfilment of other duties and the use of rights pursuant to this Act, contrary to item 10 of Article 35 of this Act,
- fails to provide regulated information to the transmission system operator, contrary to item 11 of Article 35 of this Act,
- fails to provide regulated information to the gas market participants, sufficiently in advance, on the volume and the date of the cessation of its operations and the expected reduction of LNG facility capacities, contrary to item 12 of Article 35 of this Act,
- fails to provide regulated information on investment projects related to the LNG facility, and on the planned withdrawal from plants of particular LGN system facilities according to the Ordinance on the delivery of data on investment projects, contrary to item 13 of Article 35 of this Act,
- fails to secure the protection of confidential information obtained in the course of carrying out his/her business, and which are considered a business secret, contrary to item 14 of Article 35 of this Act,
- fails to organise his/her activity in an independent legal form, independently from other activities in the gas sector, contrary to paragraph 2 of Article 49 of this Act,

- fails to ensure independence from other activities in the gas sector, if part of a vertically integrated gas undertaking, contrary to paragraphs 4 and 6 of Article 49 of this Act,
- in his/her business records, in accordance with the rules of internal accounting, fails to keep separate records relating to the activity of LNG facility operation with regard to other activities, contrary to paragraph 2 of Article 51 of this Act,
- fails to ensure access to business records to the Agency, contrary to Article 52 of this Act,

(2) A responsible person of the LGN system operator shall be fined in the amount of HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 1 of this Act,

(3) A LGN system operator who committed two misdemeanours or he/she has repeated a misdemeanour referred to in paragraph 1 of this Article within a period of one year may be pronounced a precautionary measure of ban on performing the energy-related activity for a maximum of one year, and a responsible person of the LGN system operator may be pronounced a precautionary measure of ban on performing the duty of responsible person for a maximum of one year.

Article 64

(1) A combined system operator shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if he/she:

- fails to connect to the transmission system and/or the distribution system legal and natural persons who meet the criteria set out in the Network Rules for the Transmission System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply, contrary to paragraph 2 of Article 50 of this Act,
- fails to transmit gas and/or distribute gas and/or storage gas and/or offload and re-gasify LNG on the basis of a contract, contrary to paragraph 2 of Article 50 of this Act,
- fails to ensure conditions for access to the transmission system and/or distribution system and/or storage system and/or LNG facility, contrary to paragraph 2 of Article 50 of this Act,
- fails to elaborate, update and submit to the Minister for approval a plan for crisis situations, contrary to paragraph 2 of Article 50 of this Act,
- fails to elaborate, publish and update a five-year development plan for the transmission system and/or distribution system and/or storage system and/or LNG facility, contrary to paragraph 2 of Article 50 of this Act,
- fails to elaborate and submit to the Agency the annual financial plan, contrary to paragraph 2 of Article 50 hereof;
- fails to elaborate and submit to the Agency the report on reliability, security and efficiency of the transmission system and/or distribution system and/or storage system and/or LNG facility, contrary to paragraph 2 of Article 50 of this Act,
- fails to provide regulated information to the related transmission system operator, distribution system operator, storage system operator and LGN system operator, contrary to paragraph 2 of Article 50 of this Act,

- fails to provide regulated information to the gas market participants on the volume and the date of the cessation of gas transmission and/or gas distribution and/or gas storage and/or LNG facility operations and the expected reduction of the transmission capacities and/or distribution capacities and/or storage capacities and/or LNG facility capacities, contrary to paragraph 2 of Article 50 of this Act,
 - fails to secure the protection of confidential information obtained in the course of carrying out his/her business, and which are considered a business secret, contrary to paragraph 2 of Article 50 of this Act,
 - fails to organise his/her activity in an independent legal form, independently from other activities of gas production and gas supply, contrary to paragraph 3 of Article 50 of this Act,
 - fails to ensure independence from other activities of gas production and gas supply, if part of a vertically integrated gas undertaking, contrary to paragraphs 3 and 4 of Article 50 of this Act,
 - in his/her business records, in accordance with the rules of internal accounting, fails to keep separate records relating to the activity of gas transmission and/or gas distribution and/or gas storage and/or LNG facility operation with regard to the activities of gas production and gas supply, contrary to paragraph 2 of Article 51 of this Act,
 - fails to ensure access to business records to the Agency, contrary to Article 52 of this Act.
- (2) A responsible person of the combined system operator shall be fined HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 1 of this Article.
- (3) A combined system operator who committed two misdemeanours or repeated a misdemeanour referred to in paragraph 1 of this Article within a period of one year may be pronounced a precautionary measure of ban on performing the energy-related activity for a maximum of one year, and a responsible person of the combined system operator may be pronounced a precautionary measure of ban on performing the duty of responsible person for a maximum of one year.

Article 65

- (1) A gas supply undertaking shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if it:
- fails to supply gas to customers on the basis of signed contracts, contrary to item 4 of Article 40 of this Act,
 - fails to supply gas, according to regulated prices, to customers, if it supplies gas to tariff customers or is a holder of public service obligation of gas supply, contrary to item 5 of Article 40 of this Act,
 - fails to supply gas, according to regulated prices, to suppliers of tariff customers, if it performs the gas procurement activity, contrary to item 6 of Article 40 of this Act,
 - fails to deliver data on the structure of tariff customers consumption to the gas procurement undertaking, if it supplies gas to tariff customers, or is a holder of public service obligation of gas supply of household customers, contrary to item 7 of Article 40 of this Act,

- fails to supply gas, according to regulated prices, to the holder of public service obligation of gas supply of household customers, if it is a holder of public service obligation of gas procurement, contrary to item 8 of Article 40 of this Act,
- fails to inform the customer on his/her right to switch to a new supplier, including the right of the customer to request gas supply again by a holder of public service obligation of gas supply, if it is a holder of public service obligation of gas supply, contrary to item 9 of Article 40 of this Act,
- fails to observe the instructions given by a dispatcher centre or a management centre of the relevant operator in the case of a crisis situation, contrary to item 10 of Article 40 of this Act,
- in its business records, in accordance with the rules of internal accounting, fails to keep separate records for the supply of eligible customers and the supply of tariff customers respectively, or the supply of eligible customers who are users of obligatory public service of gas supply or gas procurement respectively, contrary to item 13 of Article 40 of this Act,
- fails to submit to the transmission system operator all regulated data on signed contracts on gas supply, contrary to item 14 of Article 40 of this Act,
- fails to supply protected customers with sufficient gas volume, contrary to item 15 of Article 40 of this Act,
- fails to elaborate and submit to the Ministry the report on the achievement of gas supply security in the previous calendar year, pursuant to the Regulation on the security of natural gas supply, contrary to item 16 of Article 40 of this Act,
- fails to ensure access to business records to the Agency, contrary to Article 52 of this Act.

(2) A responsible person of the gas supply undertaking shall be fined HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 1 of this Article.

(3) A gas supply undertaking who committed two misdemeanours or repeated a misdemeanour referred to in paragraph 1 of this Article within a period of one year may be pronounced a precautionary measure of ban on performing the energy-related activity for a maximum of one year, and a responsible person of the gas supply undertaking may be pronounced a precautionary measure of ban on performing the duty of responsible person for a maximum of one year.

Article 66

(1) A gas customer - natural person shall be fined for a misdemeanour in the amount of HRK 2,000.00 to 15,000.00 if he/she:

- fails to connect his/her gas connection devices to the transmission system or the corresponding distribution system, pursuant to the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply, contrary to item 1 of Article 43 and item 1 of Article 46 her of this Act,

- fails to enable the installation of a gas metering device to the operator of the transmission system or the distribution system respectively to which he/she is connected, contrary to item 2 of Article 43 and item 2 of Article 46 of this Act,
- fails to enable access to a gas metering device to the operator of the system to which the customer is connected, contrary to item 3 of Article 43 and item 3 of Article 46 of this Act,
- fails to observe the instructions of dispatcher centres, contrary to item 4 of Article 43 and item 4 of Article 46 of this Act,
- fails to maintain the gas connection device in such condition that it does not pose a threat to human lives, health and property, and in case of a breakdown, fails to eliminate such breakdown without delay, contrary to item 5 of Article 43 and item 5 of Article 46 of this Act,

(2) A gas customer - legal person shall be fined for a misdemeanour in the amount of HRK 10,000.00 to 500,000.00 if he/she:

- fails to connect his/her gas connection devices to the transmission system or the corresponding distribution system, pursuant to the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Ordinance on the fee for connection to the gas network and for increase in connected power and the General Conditions of Natural Gas Supply, contrary to item 1 of Article 43 and item 1 of Article 46 of this Act,
- fails to enable the installation of a gas metering device to the operator of the transmission system or the distribution system respectively to which he/she is connected, contrary to item 2 of Article 43 and item 2 of Article 46 of this Act,
- fails to enable access to a gas metering device to the operator of the system to which the customer is connected, contrary to item 3 of Article 43 and item 3 of Article 46 of this Act,
- fails to observe the instructions of dispatcher centres, contrary to item 4 of Article 43 and item 4 of Article 46 of this Act,
- fails to maintain the gas connection device in such condition that it does not pose a threat to human lives, health and property, and in case of a breakdown, fails to eliminate such breakdown without delay, contrary to item 5 of Article 43 and item 5 of Article 46 of this Act,

(3) A responsible person in the legal person of the gas customer shall be fined HRK 2,000.00 to 15,000.00 for a misdemeanour referred to in paragraph 2 of this Article.

XIV TRANSITIONAL AND FINAL PROVISIONS

Market opening

Article 67

(1) The gas market shall be opened gradually, so that the status of eligible customers shall be granted, from 1 August 2007, to non-household customers, and from 1 August 2008, the status of eligible customers shall be granted to all household customers.

(2) Gas supply contracts with eligible customers in a system of another state shall be permitted provided that the customers are eligible in the Republic of Croatia and in the state in which gas is supplied.

(3) Gas supply contracts with a gas supplier in a system of another state shall be permitted provided that the customers are eligible in the Republic of Croatia and in the state in which gas is supplied.

Selection of a gas supplier after the market opening

Article 68

(1) Each gas supplier shall, before the market opening day, on its web site and in at least one daily newspapers which are usually sold on the territory on which the supplier intends to perform his/her activity, publish its contractual terms for gas supply of customers who are granted the status of eligible customers pursuant to the General Conditions of Natural Gas Supply.

(2) The eligible customer shall select, within a period of six months from the market opening day, a gas supplier with whom he/she shall sign a contract on gas supply, pursuant to the General Conditions of Natural Gas Supply.

Designation of the holder of the public service obligation of gas supply and gas procurement

Article 69

(1) An eligible customer from the household category who did not select a gas supplier within six months from the market opening day shall have the right to be supplied with gas by a supplier who is a holder of the public service obligation of gas supply. The right to public service of gas supply shall also be given to an eligible customer from the household category whose supplier has discontinued operation, or who decided to switch to a new supplier after the market opening, pursuant to the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply.

(2) A gas supplier who is a holder of public service obligation of gas supply of household customers shall be a supplier who, on 31 July 2008, performs the gas supply activity for tariff customers from the household category, and he/she shall be appointed for a period of five years. A holder of public service obligation of gas supply of household customers shall have the right to be procured by a supplier who is a holder of the public service obligation of gas procurement.

(3) A holder of the public service obligation of gas procurement for suppliers referred to in paragraph 2 of this Article shall be a gas supplier who, on 31 July 2008, performs the gas procurement activity, and he/she shall be appointed for a period of five years.

(4) The users of public service from the household category as referred to in paragraph 1 of this Article shall have the position, rights and obligations of tariff customers as long as there are conditions on the basis of which the public service obligation of gas supply of household customers is established.

(5) A gas supplier who is a holder of the public service obligation of gas supply to household customers as referred to in paragraph 2 of this Article shall have the position, rights and

obligations of a supplier of tariff customers from the household category as long as there are conditions on the basis of which the public service obligation of gas supply of household customers and gas procurement is established.

(6) After the expiry of the period referred to in paragraphs 2 and 3 of this Article, a holder of the public service obligation of gas supply to household customers, or a holder of the public service obligation of gas procurement for the next period of five years shall be selected on the basis of a tender.

Invitation of tenders for the selection of the holder of public service obligation of gas supply and gas procurement

Article 70

(1) Tenders for the selection of a holder of the public service obligation of gas procurement shall be invited by the Agency for the territory of the Republic of Croatia.

(2) Tenders for the selection of a holder of the public service obligation of gas supply to household customers shall be invited by the representative body of the local (regional) self-government unit for the territory of that self-government unit.

(3) The provisions of Articles 21, 22 and 23 of this Act regarding the tendering procedure for the selection of a holder of the public service obligation of gas procurement shall apply accordingly.

Content of the public service obligation of gas supply and gas procurement

Article 71

(1) A gas supplier who is a holder of the public service obligation of gas supply to household customers shall supply gas to eligible customers from the household category as referred to in paragraph 1 of Article 60 of this Act, under regulated conditions.

(2) A gas supplier who is a holder of the public service obligation of gas procurement shall procure gas to a supplier who is a holder of the public service obligation of gas supply to eligible customers from the household category as referred to in paragraph 1 of Article 69 of this Act, under regulated conditions.

The highest level of gas price

Article 72

(1) The Government of the Republic of Croatia may, within the period from the day of entry into force of this Act to 1 August 2011, for a specified period of time, determine the highest level of gas price for eligible customers, and particularly for customers purchasing gas for production of thermal energy for tariff customers pursuant to the Act on Production, Distribution and Supply of Thermal Energy, with a view to protecting the customers, the regulation of the market or for other justified reasons, taking into account the gas prices on the international market and available volumes of gas produced in the territory of the Republic of

Croatia and in the submarine area of the epicontinental belt in the gas consumption schedule of the Republic of Croatia.

(2) The Government of the Republic of Croatia may, within the period from the day of entry into force of this Act to 1 August 2011, for a specified period of time, determine the highest level of gas price, based on measurable market elements and actual expenses of research and production, to a gas producer, for the sale of gas to customers in the Republic of Croatia, with a view to protecting the customers, the regulation of the market or for other justified reasons.

Deadlines for unbundling of activities

Article 73

(1) INA – INDUSTRIJA NAFTE d.d., Zagreb, which is a vertically integrated gas undertaking, shall organise the activity of gas storage independently from other activities in the gas sector, independent in its legal form, pursuant to this Act, within one year from the entry into force of this Act.

(2) A vertically integrated gas undertaking with the organised distribution system activity as part of its operations, whose distribution system has 100,000 and more connected customers, shall organise the activity of gas distribution independently from other activities in the gas sector, independent in its legal form, pursuant to this Act, within one year from the entry into force of this Act.

(3) A horizontally integrated undertaking with the organised distribution system activity as part of its operations, shall organise the activity of gas distribution independently from other activities outside the gas sector, independent in its legal form, pursuant to this Act, within one year from the entry into force of this Act.

(4) The gas undertakings referred to in paragraphs 1, 2 and 3 hereof shall ensure that the activities of gas storage and/or gas distribution are independent from other activities in the gas sector, pursuant to paragraphs 4, 5 and 6 of Article 49 of this Act, within one year from the entry into force of this Act.

Alignment of gas undertakings with this Act

Article 74

(1) The gas undertaking performing the gas production activity, but excluding natural gas production, shall obtain the permit from the Agency for performing gas production activity within 18 months from the entry into force of this Act.

(2) The gas undertaking performing the natural gas production activity shall obtain the permit from the Agency for performing the activity of delivery and sale of natural gas from its own production within 18 months from the entry into force of this Act.

(3) The gas undertaking performing the activity of gas production and/or gas storage shall align its operation with the provisions of this Act within three months from the entry into force of this Act, except for the part referred to in Article 73 of this Act and paragraph 1 of this Article.

(4) The gas undertaking performing the activity of gas production and the activity of delivery and sale of natural gas from its own production shall elaborate a plan for crisis situations on the basis of regulated measures, update it annually and deliver it to the Minister for approval within six months from the entry into force of the Regulation on the security of natural gas supply.

(5) The gas undertaking performing the activity of gas production and the activity of delivery and sale of natural gas from its own production shall establish and secure the operation of a management centre for the production system management, the measurement system and the system for monitoring gas quality parameters and gas delivery quality parameters within one year from the entry into force of the Network Rules for the Transmission System and the General Conditions of Natural Gas Supply.

(6) The gas undertaking performing the activity of gas production and the activity of delivery and sale of natural gas from its own production shall elaborate a five-year upstream pipeline development plan, publish it and update it annually, and deliver it to the Minister, within six months from the entry into force of this Act.

(7) The gas undertaking performing the activity of gas storage shall establish and secure the work of a dispatcher centre for the operation of the gas storage system, and the system of measurement of inflows and outflows and the gas quality parameters within 18 months from the entry into force of this Act.

(8) The gas undertaking performing the activity of gas storage shall elaborate a five-year gas storage system development plan, publish it and update it annually, and deliver it to the Minister for approval, within 18 months from the entry into force of this Act.

(9) The gas undertaking performing the activity of gas storage shall elaborate the annual financial plan and deliver it to the Agency within 18 months from the entry into force of this Act.

(10) The transmission system operator, distribution system operator, storage system operator and LGN system operator shall elaborate a plan for crisis situation on the basis of regulated measures, update it annually and deliver it to the Minister for approval within six months from the entry into force of the Regulation on the security of natural gas supply.

Article 75

(1) The concession contracts for gas distribution or other legal acts on the basis of which gas undertakings perform gas distribution and gas supply shall remain in force, except for the part in which they are contrary to this Act, and shall be aligned with the provisions of Articles 6, 29, 30, 40, 41, 49, 53 and 54 of this Act within six months from the entry into force of the Ordinance on natural gas market organisation and the General Conditions of Natural Gas Supply.

(2) The gas undertaking performing the gas distribution activity on the territory with an existing distribution system shall have the right to perform the gas distribution activity until the expiry of the concession contract or other legal basis pursuant to which it performs the gas distribution activity, including the right to construction with a view to enlarging the distribution system capacities within the territory encompassed by the concession, or referred to in other legal acts pursuant to which it performs the gas distribution activity.

(3) The gas undertaking performing the gas distribution activity shall establish and secure the work of a dispatcher centre for the operation of the distribution system, measurement system, the system for monitoring gas quality parameters and gas delivery quality parameters and

devices for gas odourisation within one year from the entry into force of the Network Rules and the General Conditions of Natural Gas Supply.

(4) The gas undertaking performing the gas distribution activity shall elaborate a plan for crisis situations on the basis of regulated measures, update it annually and deliver it to the Minister for approval within six months from the entry into force of the Regulation on the security of natural gas supply.

(5) The gas undertaking performing the gas distribution activity shall elaborate a five-year gas distribution system development plan, publish it and update it annually, and deliver it to the Minister for approval, within six months from the entry into force of this Act.

(6) The gas undertaking performing the gas distribution activity shall elaborate the annual financial plan and deliver it to the Agency within six months from the entry into force of this Act.

Subordinate legislation in the gas sector

Article 76

(1) The Government shall pass the Regulation on the security of natural gas supply and the General Conditions of Natural Gas Supply within one year from the entry into force of this Act.

(2) The Agency shall pass the Tariff System for Regulated Prices in the Gas Sector within one year from the entry into force of this Act.

(3) The Minister shall pass the Ordinance on natural gas market organisation within six months from the entry into force of this Act.

(4) The Minister shall pass the Network Rules for the Transmission System, the Network Rules for the Distribution System, the Rules for the Use of Storage System and the Ordinance on the delivery of data on investment projects within one year from the entry into force of this Act.

(5) The Minister shall pass the Rules for the Use of LNG Facility within six months from the day of the designation of the LGN system operator, pursuant to Article 34 of this Act.

(6) The Agency shall pass the Ordinance on the fee for connection to the gas network and for increase in connected power within six months from the entry into force of the General Conditions of Natural Gas Supply.

(7) The Ministry shall propose the price for gas procurement, pursuant to paragraph 2 of Article 38 of this Act within six months from the entry into force of this Act.

(8) The Basic Market Conditions for the Access to the Transmission System of Pipelines (Official Gazette, 49/04) and the Network Rules for the Access to the Transmission System of Pipelines (Official Gazette, 126/03) shall remain in force until the entry into force of the Ordinance on natural gas market organisation, the Network Rules for the Transmission System and the General Conditions of Natural Gas Supply.

(9) Subordinate legislation regarding gas and brought pursuant to the Energy Act (Official Gazette, 68/01 and 177/04) and the Gas Market Act (Official Gazette, 68/01 and 87/05), except for the acts referred to in paragraph 8 of this Article, shall remain in force until the entry into force of subordinate legislation referred to in this Article, in a part in which they are not contrary to this Act.

(10) On the date of the entry into force of the decision of the Government of the Republic of Croatia referred to in paragraph 2 of Article 38 of the Act, the Tariff System for Natural Gas Procurement for Tariff Customers (Official Gazette 99/02) and all acts passed pursuant to this Tariff System shall cease to have effect.

Entry into force

Article 77

On the date of the entry into force of this Act, the Gas Market Act (Official Gazette 68/01 and 87/05) shall cease to have effect.

Article 78

This Act shall enter into force on the eighth day after the day of its publication in the Official Gazette.

Class: 310-05/07-01/01
Zagreb, 30 March 2007

THE CROATIAN PARLIAMENT
The President of the Croatian Parliament
Vladimir Šeks, m.p.