

Emergency plan concerning measures to safeguard security of gas supply of the Republic of Croatia

Prepared in accordance with Article 4 paragraph 1 item b) and Article 10 of the REGULATION (EU) No 994/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC

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1. INTRODUCTION

Pursuant to Article 4 of the REGULATION (EU) No 994/2010 of 20 October 2010 (hereinafter: the Regulation) concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC, there is an obligation to establish a Preventive Action Plan and an Emergency Plan.

The Competent Authority of each Member State shall establish

- a) a Preventive Action Plan containing the measures needed to remove or mitigate the risks identified, in accordance with the risk assessment undertaken pursuant to Article 9 of the Regulation; and
- b) an Emergency Plan containing the measures to be taken to remove or mitigate the impact of a gas supply disruption in accordance with Article 10 of the Regulation.

Emergency Plan was developed by taking into account the risk assessment of the national security of gas supply of the Republic of Croatia, which was undertaken in accordance with the risk assessment requirements, as regulated pursuant to Article 9 of the Regulation.

This Emergency Plan governs, pursuant to the Regulation, measures for ensuring reliable and efficient natural gas supply, criteria and methods for determining sufficient quantities of natural gas for ensuring reliable natural gas supply for protected customers, sequence of reductions or interruptions in natural gas supply for certain customer categories in cases of emergencies, and the content of the gas suppliers' report on the security of natural gas supply.

2. LEGISLATIVE FRAMEWORK

2.1 Content and the method of preparing the Emergency Plan

Content and the method of preparing the Emergency Plan is prescribed pursuant to Article 10 of the Regulation, in the manner that it shall

- (a) build upon the established crisis levels;
- (b) define the role and responsibilities of natural gas undertakings and of industrial gas customers including relevant electricity producers, taking account of the different extents to which they are affected in the event of gas supply disruptions, and their interaction with the Competent Authorities and where appropriate with the national regulatory authorities at each of the crisis levels;
- (c) define the role and responsibilities of the Competent Authorities and of the other bodies to which tasks have been delegated as referred to in Article 2 paragraph 2 of the Regulation at each of the crisis levels;
- (d) ensure that natural gas undertakings and industrial gas customers are given sufficient opportunity to respond at each crisis level;
- (e) identify, if appropriate, the measures and actions to be taken to mitigate the potential impact of a gas supply disruption on district heating and the supply of electricity generated from gas;
- (f) establish detailed procedures and measures to be followed for each crisis level, including the corresponding schemes on information flows;
- (g) designate a crisis manager or team and define its role;

- (h) identify the contribution of market-based measures, notably those listed in Annex II of the Regulation, for coping with the situation at alert level and mitigating the situation at emergency level;
- (i) identify the contribution of non-market based measures planned or to be implemented for the emergency level, notably those listed in Annex III of the Regulation, and assess the degree to which the use of such non-market based measures is necessary to cope with a crisis, assess their effects and define the procedures to implement them, taking into account the fact that non-market based measures are to be used only when market-based mechanisms alone can no longer ensure supplies, in particular to protected customers;
- (j) describe the mechanisms used to cooperate with other Member States for each crisis level;
- (k) detail the reporting obligations imposed on natural gas undertakings at alert and emergency levels;
- (l) establish a list of predefined actions to make gas available in the event of an emergency, including commercial agreements between the parties involved in such actions and the compensation mechanisms for natural gas undertakings where appropriate, taking due account of the confidentiality of sensitive data. Such actions may involve cross- border agreements between Member States and/or natural gas undertakings.

2.2 National and joint Emergency Plans and updating obligations

Article 10 paragraph 2 of the Regulation regulates that national and joint Emergency Plans shall be updated every two years, unless circumstances warrant more frequent updates, and shall reflect the updated risk assessment. The consultation provided for between Competent Authorities under Article 4 paragraph 2 of the Regulation shall be carried out before the adoption of the updated Plans.

The national and joint Emergency Plans shall ensure that cross-border access to infrastructure in accordance with Regulation (EC) No 715/2009 is maintained as far as technically and safely possible in the event of an emergency.

2.3 Crisis levels

The three main crisis levels, pursuant to Article 10 paragraph 3 of the Regulation shall be as follows:

- (a) early warning level (early warning): when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the supply situation and is likely to lead to the alert or the emergency level being triggered; the early warning level may be activated by an early warning mechanism;
- (b) alert level (alert): when a supply disruption or exceptionally high gas demand occurs which results in significant deterioration of the supply situation, but the market is still able to manage that disruption or demand without the need to resort to non-market measures;
- (c) emergency level (emergency): in the event of exceptionally high gas demand, significant supply disruption or other significant deterioration of the supply situation and in the event that all relevant market measures have been implemented but the supply of gas is insufficient to meet the remaining gas demand so that non-market measures have to be additionally introduced with a view, in particular, to safeguarding supplies of gas to protected customers according to Article 8 of the Regulation.

The following table shows a schematic overview of the crisis levels referred to in the Regulation related to the basic measures that can be undertaken in the gas market of the Republic of Croatia at each crisis level, as well as the competencies for making decisions on implementation of measures for elimination of the crisis for each crisis level.

			CRISIS LEVELS		
			<i>(applicable / on the basis of and implementation method)</i>		
			1. EARLY WARNING	2. ALERT	3. EMERGENCY
			Declared by the Minister following the proposal from the Crisis Team	Declared by the Minister following the proposal from the Crisis Team	Declared by the Croatian Government following the Minister's proposal
MARKET	1	Increase natural gas production	<i>YES / Order of the Crisis Team to the energy undertaking</i>	<i>YES / Order of the Crisis Team to the energy undertaking</i>	-
	2	Increase natural gas imports	<i>Energy undertakings</i>	<i>YES / Order of the Crisis Team to OVT*</i>	-
	3	Reduction or discontinuance of supply – use of other fuels	<i>YES / Order of the Crisis Team to the customers</i>	<i>YES / Order of the Crisis Team to the customers</i>	-
	4	Safeguard sufficient gas stock	<i>YES / Order of the Crisis Team to the energy undertakings</i>	<i>YES / Order of the Crisis Team to the energy undertakings</i>	-
	5	Other measures contributing to security of supply	<i>Energy undertakings coordinated with the Crisis Team</i>	<i>Energy undertakings coordinated with the Crisis Team</i>	-
NON-MARKET	1	Maximal increase in the natural gas production	<i>NO / -</i>	<i>YES / Croatian Government's decision</i>	<i>YES / Order of the Crisis Team</i>
	2	Limit natural gas exports	<i>NO /</i>	<i>YES / Croatian Government's decision</i>	<i>YES / Order of the Crisis Team</i>
	3	Increase natural gas imports	<i>NO /</i>	<i>YES / Croatian Government's decision</i>	<i>YES / Order of the Crisis Team</i>
	4	Maximal withdrawal of gas from storage	<i>NO /</i>	<i>YES / Croatian Government's decision</i>	<i>YES / Order of the Crisis Team</i>
	5	Reduction or discontinuance of supply – levels 1 to 11	<i>NO /</i>	<i>NO /</i>	<i>YES / Order of the Crisis Team</i>

OVT* supplier in the wholesale market pursuant to the Gas Market Act („Official Gazette« 28/13, 14/14)

2.4 Primary and secondary legislative acts of the Republic of Croatia which are relevant for establishment and implementation of the Emergency Plan

Primary and secondary legislative acts of the Republic of Croatia which are relevant for establishment and implementation of the Emergency plan shall be:

- Energy Act (»Official Gazette« 120/2012 and 14/2014)
- Gas Market Act (»Official Gazette« 28/2013 and 14/2014)
- Act on Thermal Energy Market (»Official Gazette« 80/2013 and 14/2014)
- Oil and Petroleum Products Market Act (»Official Gazette« 19/2014)
- General conditions of natural gas supply (»Official Gazette« 158/2013)
- Network rules for the gas distribution system (»Official Gazette« 158/2013)
- Decision on the designation of suppliers in the wholesale gas market (»Official Gazette« 29/2014)
- Decision determining the obligation of the natural gas producer to sell the natural gas to the supplier in the wholesale gas market (»Official Gazette« 29/2014)
- Decision on prioritization during implementation of the procedure for distribution of capacities of the storage facilities system to the suppliers in the wholesale gas market (»Official Gazette« 29/2014)
- Rules on organisation of the gas market (Croatian Energy Market Operator, 12/2013, 02/2014)
- Network rules for the transmission system (PLINACRO, 12/2013)
- Rules for using the gas storage system (Podzemno skladište plina d.o.o, 12/2013)

3. PRINCIPLES APPLIED IN THE DEVELOPMENT OF THE EMERGENCY PLAN

The following was taken into account for the purpose of developing this Emergency Plan:

- enforcement of the Regulation's determinants,
- relevant interactions between individual participants in the Croatian gas market
- results of implemented risk assessment related to security of gas supply of the Republic of Croatia,
- determinants in Croatian legislative and regulatory framework, which prescribe the obligations related to the security of gas and/or energy supply,
 - experiences from implementing procedures related to crisis procedures, in particular the provisions of the Regulation on the security of natural gas supply (»Official Gazette« 112/2008, 92/2009 and 153/2009) which are transposed into this Emergency Plan,
- principle of minimal costs related to the procedures of implementing activities during crisis,
- principle of support to wider use of market-oriented measures,
- efficiency of individual measures for protection of resistance of gas system operations during crisis,
- possibility of harmonising these measures with the measures undertaken in the countries whose systems are connected to the Croatian gas system.

Special consideration was given to the gas system of the Republic of Croatia:

- as a part of the common EU gas market,
- as a whole which is developed in accordance with joint plans for development of EU gas infrastructure,
- and solidarity principles related to transboundary cooperation,
- and possibilities of using new suppliers – emergency import liquefied natural gas / marine transport of compressed gas.

4. TERMS AND DEFINITIONS

Terms used in the Regulation shall have the meanings defined pursuant to the Energy Act and Gas Market Act, Act on Thermal Energy Market and Oil and Petroleum Products Market Act.

The Emergency Plan shall also use the terms with following meanings:

– *crisis* – disruption in the natural gas supply due to unexpected or continual shortage of natural gas in the Croatian market, direct threat to independence and integrality of the Republic of Croatia, and large natural disasters or technological catastrophes,

– *early warning* – when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the supply situation and is likely to lead to the alert or the emergency level being triggered; the early warning level may be activated by an early warning mechanism;

– *alert* – when a supply disruption or exceptionally high gas demand occurs which results in significant deterioration of the supply situation, but the market is still able to manage that disruption or demand without the need to resort to non-market measures;

– *emergency* – in the event of exceptionally high gas demand, significant supply disruption or other significant deterioration of the supply situation and in the event that all relevant market measures have been implemented but the supply of gas is insufficient to meet the remaining gas demand so that non-market measures have to be additionally introduced with a view, in particular, to safeguarding supplies of gas to protected customers.

– *heating season* – period from 1 October of the current year until 31 March of the next year,

– *protected customers* – protected customers at the times of crisis are:

1. households,
2. customer who performs healthcare services (including rehabilitation and patient care), childcare and educational activities and social welfare activities, as well as the customer who purchases gas for heating of premises intended for accommodation of people (student dorms, hotels and other facilities used for overnight stays),
3. customer who purchases gas to produce heating energy for heating of premises of customers referred to in items 1 and 2 of this Article, to the extent necessary for the production of that heating energy,
4. system operator who is purchasing gas for its own consumption, that is for the operations of the gas system
5. customers of special significance –
6. customers with particularly sensitive technological and/or production processes

– *customers of special significance* – customers who provide services which ensure irreplaceable living and working conditions of citizens, economic and other operators (for example, bakeries, public kitchens, crematorium, etc.),

– *customers with particularly sensitive technological and/or production processes* – customers for whom the disruption in natural gas supply would cause material damage in their production facility unless first implementing certain safety procedures in the time period needed for shutting down the production facilities,

– *technological minimum* – quantities of natural gas needed for maintenance of minimal production,

– *technical minimum* – the smallest quantities of natural gas necessary for preservation of technical characteristics of production facilities, which do not include quantities of natural gas needed for production.

5. REGULATORY AND INSTITUTIONAL FRAMEWORK IN THE REPUBLIC OF CROATIA, RIGHTS AND OBLIGATIONS OF THE GAS MARKET PARTICIPANTS

5.1. Regulatory framework

The Ministry of Economy, Ulica grada Vukovara 78, 10000 Zagreb, is appointed as the competent authority for safeguarding reliable and secure energy supply in the Republic of Croatia in accordance with the prescribed responsibilities for security of gas supply as referred to in Article 3 paragraph 2 of the Regulation (EU) 994/2010 and provisions of the Article 27 paragraph 1 of the Energy Act (»Official Gazette« 120/2012).

Energy Act (»Official Gazette« 120/2012 and 14/2014) in Article 3 paragraph 2 item 40 defines a protected customer as a customer who, in case of partial distortion of energy supply, has the right to supply of a specific quantity of energy. Furthermore, Article 39 paragraph 1 of the Energy Act prescribes that for safety reasons in emergency situations, potential threats to their lives and work, end customers of energy from networked systems may be under special protection as a protected customer, while the paragraph 2 of the same Article regulates that the Government of the Republic of Croatia shall by means of a regulation establish the criteria for acquiring the status of a protected customer, as well as the protection measures for securing reliable supply for protected customers.

Pursuant to the prescribed obligation, the existing obligations of public service in terms of security of gas supply are prescribed in Article 5 paragraph 3 of the Gas Market Act (»Official Gazette« 28/2013 and 14/2014) in a way that in order to preserve the security of supply, energy undertakings conducting energy activities as a public service shall primarily ensure a sufficient amount of gas necessary for the private and professional usage by Croatian citizens, as well as for the operations and development of economic and social undertakings, including a secure, reliable and high-quality gas supply, while complying with the principle of supply cost-effectiveness. Paragraph 4 of the same Article regulates that the Government of the Republic of Croatia upon proposal of the Ministry and a prior opinion of the Agency, may decide that the energy undertakings licensed for gas supply may provide supply as a public service for the area of regional self-government.

Furthermore, pursuant to Article 57 of the Gas Market Act, the supplier under public service obligation shall be obliged to give information to participants in the gas market in accordance with the Rules on organisation of the gas market, Network rules for the transmission system, Network rules for the gas distribution system, Rules for using the gas storage system and General conditions of natural gas supply, to inform the customer on the right to choose any other gas supplier and to supply customers with gas on the basis of signed contracts.

In Article 27 paragraph 4 of the Energy Act it is prescribed that energy undertakings carrying out the energy activity of energy production, energy transmission or transport, energy storage, energy distribution or energy facility management shall prepare a report for the previous year and deliver it to the Ministry of Economy by 31 March of the current year, and pursuant to the obligation for natural gas undertakings referred to in Article 5 paragraph 10 of the Gas Market Act (»Official Gazette« 28/2013 and 14/2014) as participants in the gas market, they shall plan and undertake measures for a secure gas supply, in accordance with the prescribed gas supply standards, and shall be responsible for gas supply security within the scope of their activity.

In Article 26 paragraph 1 of the Energy Act it is regulated that the Government of the Republic of Croatia in case of disruption in the domestic market due to unexpected or continual shortage of energy, in case of immediate threat to the sovereignty and integrity of the country and major natural disasters or technological catastrophes (emergency situations) may prescribe measures to impose

constraints on trading with specific energy-generating products and/or energy, may prescribe special trading conditions, limit exports or imports of energy, prescribe special conditions for exports or imports of energy, introduce measures for obligatory energy generation, impose obligation of energy delivery to selected customers only, prescribe manner and conditions for pricing and monitoring prices, and impose special conditions for carrying out energy activities. Pursuant to Article 26 paragraph 2 of the Energy Act, the abovementioned prescribed measures are temporary and may last only as long as the circumstances due to which such measures were prescribed exist, or as long as there are consequences from such circumstances.

Article 26 paragraph 2 of the Energy Act regulates the obligation of the Ministry competent for energy to report to the competent authorities, in accordance with obligations ensuing from ratified international agreements. Pursuant to this stipulation, Ministry of Economy shall be obliged to deliver the abovementioned report.

Article 39 paragraph 2 of the Energy Act stipulates that the Government of the Republic of Croatia shall by means of a regulation specify the criteria for acquiring the status of protected customer and protection measures for securing reliable supply for protected customers.

Article 5 paragraph 13 of the Gas Market Act prescribes that the Ministry of Economy shall be responsible for monitoring the supply and demand ratio in the gas market, for forecasting the future demand and available supply, the planned construction and development of additional gas system facilities, and for proposing and undertaking measures in case a crisis has been declared, obligation to submit a detailed assessment of the emergency and efficiency of implemented measures after the emergency.

5.2. Institutional framework

Competent authorities for main activities regarding safeguarding of reliable gas supply:

1. Government of the Republic of Croatia
2. Ministry of Economy, as a competent authority for energy related issues is the central authority for implementation of measures from the Regulation.
3. Crisis Team
4. Croatian Energy Regulatory Agency as an independent regulatory body in charge of Croatian energy market regulation and supervision.
5. Operator of the gas transmission system PLINACRO d.o.o., where the national dispatcher centre is located.
6. Gas storage operator PSP d.o.o.
7. Other energy operators for gas in accordance with the activities they perform:

- President of the Board of the gas storage system operator,
- representative of the distribution system operator with more than 100 000 customers connected to the distribution system at the level of the responsible person, pursuant to the Companies Act
- representative of the supplier in the wholesale market at the level of the responsible person, pursuant to the Companies Act
- representative of the balance group with a share of total reserving at the inlets and outlets of the transmission system greater than 20% in comparison to the total reserving at the inlets and outlets of the transmission system, at the level of the responsible person, pursuant to the Companies Act (»Official Gazette« 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 125/2011, 152/2011, 111/2012, 68/2013)
- representative of the natural gas producer at the level of the responsible person, pursuant to the Companies Act,
- director of the Croatian Energy Market Operator.

President of the Crisis Team shall be the minister competent for energy, while the deputy president of the Crisis Team shall be the representative of the transmission system operator.

Members of the Crisis Team, with the exception of the president of the Crisis Team, shall propose their deputies to the Ministry competent for energy.

Crisis Team:

1. shall propose to the Minister to bring a decision on declaration of a crisis,
2. shall decide, in case of declared emergency, on implementation of non-market measures and on the level of gas distribution reduction or discontinuation for certain customers,
3. shall supervise gas supply of the domestic market
4. shall manage the implementation of the Emergency Plan,
5. shall propose to the Minister to bring a decision to lift a crisis level.

Crisis Team shall make decisions at the Crisis Team's sessions. Sessions of the Crisis Team shall be summoned and chaired by the president of the Crisis Team. Operations and decision making procedures of the Crisis Team shall be regulated pursuant to the Rules of procedure on the operations of the Crisis Team, which shall be issued by the Crisis Team.

Preparations for the sessions of the Crisis Team, as well as administrative and technical activities related to the operations of the Crisis Team, shall be performed by the Ministry competent for energy.

Energy operators, Croatian Energy Regulatory Agency and gas customers are obliged to cooperate with the Crisis Team pursuant to the provisions of the Emergency Plan, in case of declaration of a crisis or in order to prevent the crisis.

Decision on the appointment of the president, deputy president, members and deputy members of the Crisis Team shall be published in the Official Gazette.

6. POSSIBLE SCENARIOS OF DISRUPTIONS IN THE GAS SUPPLY AND THE BASIS FOR MAKING DECISIONS AT THE TIMES OF CRISIS

Article 9 of the Regulation prescribes the obligation of all Member States to undertake risk assessment of gas supply.

Risk Assessment shall, in accordance with best practices and standard procedures, take into account use of infrastructure, supply standards, relevant national and regional circumstances, various scenarios of supply disruption, interaction and correlation of risks with other Member States, as well as the maximal interconnection capacity of each border entry and exit point.

Document *Risk assessment of gas supply for Republic of Croatia* assesses the following scenarios of disruptions of gas supply in the Croatian market, while taking into account the maximal gas consumption in Croatia in the 7 consecutive coldest days in the last 20 years under the assumption of maximally available capacities of the Croatian gas storage system:

- disruption of supply through interconnection Donji Miholjac
- disruption of production Sjeverni Jadran
- disruption of supply through interconnection Rogatec
- disruption of supply due to technical malfunction in the underground gas storage facility PSP Okoli
- disruption of supply from gas fields Panona
- disruption of gas supply through Ukraine
- simultaneous disruption of gas supply from two entry points into the transmission system or an event on the transmission system which would have an equivalent effect
- Crisis Team is summoned on the basis of reliable information about a possible disruption, or already present disruption, in natural gas supply at the level of:
 - EU gas market
 - regional gas market
 - neighbouring countries' gas markets
 - national gas market

Crisis Team performs an assessment of impacts of concrete disruptions on the basis of all available information about the circumstances in the Croatian and neighbouring gas markets, and issues short-term measures for reducing the impacts of disruptions on the possibility to meet Croatian market's needs for gas.

Furthermore, data from the Crisis plans of energy undertakings and certain customers are used for the drafting of the Emergency Plan, while particularly taking into account the assessment of sufficient quantities of natural gas for safeguarding reliable supply of natural gas to protected customers in case of:

- a) partial disruption in natural gas supply caused by the reduced imports of natural gas into the Republic of Croatia and reduction in production of domestic natural gas up to 20% for 30 days;
- b) extremely low average daily temperatures in a five-day period, according to the calculations of the State Meteorological and Hydrological Service, in the period from 1 December to 1 March
- c) periods of extremely high demand for natural gas during the period of extremely cold weather that according to statistical data happens every 20 years.

The bases used by the Crisis Team for the purpose of operational crisis management and for decision making regarding declaration of crisis levels, levels of emergencies and/or measures to be undertaken shall be the following:

- assessment of current gas supply circumstances (information given by the transmission system operator, storage system operator, gas importer and gas producer),
- assessment of risks affecting natural gas supply, done in accordance with Article 9 paragraph 1 of the Regulation
- valid Crisis plans produced by the gas producers, transmission system operator, distribution system operator and storage system operator,

- all relevant data regarding the events that may lead to disruptions on the market, or that can endanger, or are already endangering the stability of operations of the gas transmission system.

7. MARKET-BASED SECURITY OF GAS SUPPLY MEASURES – IN ACCORDANCE WITH THE ANNEX II OF THE REGULATION

Measures for safeguarding reliable and efficient natural gas supply shall be the following:

- development of domestic production of natural gas,
- diversification of sources of natural gas supply,
- long-term contracts for supply of natural gas from outside of the Republic of Croatia,
- investments in infrastructure for importing natural gas – LNG terminal and transmission pipelines,
- connecting the Croatian transmission system with the transmission systems of neighbouring countries,
- securing sufficient natural gas storage capacities in the territory of the Republic of Croatia,
- securing sufficient quantities of stored natural gas to cover the demand at the times of increased consumption,
- securing gas system capacities in the territory of the Republic of Croatia allowing natural gas supply for all customers in the territory of the Republic of Croatia
- stimulating the development of the category of natural gas customers for whom natural gas supply can be discontinued at certain conditions and time periods
- stimulating the development of the category of customers who have operational stocks or storage for peak consumption of natural gas in the form of tanks for compressed natural gas or LNG,
- stimulating the development of the category of customers who at certain conditions and time periods may use some other fuels instead of natural gas,
- cooperation between Croatian transmission system operators with transmission system operators from neighbouring countries in order to have harmonised natural gas transmission,
- harmonise the activities of transmission system operator, distribution system operator and gas storage system operator
- develop a solvent gas market in the Republic of Croatia.

Participants in the gas market shall be obliged to plan measures for safeguarding reliable and efficient natural gas supply in their development and business plans.

8. CRITERIA AND THE METHOD FOR DETERMINING SUFFICIENT QUANTITIES OF NATURAL GAS TO SECURE RELIABLE NATURAL GAS SUPPLY

Sufficient quantities of natural gas for safeguarding reliable natural gas supply to customers, with the exception of protected customers, shall be the those quantities of natural gas that the gas suppliers contract with the customers at the annual level.

Sufficient quantities of natural gas for safeguarding reliable natural gas supply to protected customers shall be the those quantities of natural gas that the gas suppliers contract with the protected customers, as well as sufficient quantities of natural gas in case of:

- a) partial disruption in natural gas supply caused by the reduced imports of natural gas into the Republic of Croatia and reduction in production of domestic natural gas up to 20% for 30 days;
- b) extremely low average daily temperatures in a five-day period, according to the calculations of the State Meteorological and Hydrological Service, in the period from 1 December to 1 March
- c) periods of extremely high demand for natural gas during the period of extremely cold weather that according to statistical data happens every 20 years.

Company which is the gas supplier of the protected customer shall be obliged to secure sufficient quantities of natural gas for safeguarding reliable natural gas supply for protected customers.

Suppliers under public service obligation shall deliver to the company which is the supplier in the wholesale gas market the data on sufficient gas quantities for the next gas year at the monthly level by the 1 July of the current year.

Gas suppliers who are not under the public service obligation but who do supply protected customers, shall deliver data on sufficient gas quantities for supplying protected customers for the next gas year at the monthly level to its gas supplier or gas trader in case it is an energy undertaking in the Republic of Croatia, by the 1 July of the current year.

Company which is a supplier in the wholesale gas market and supplier or trader who supplies gas supplier supplying protected customers, shall deliver to the Ministry the assessment of natural gas consumption necessary for safeguarding reliable natural gas supply to protected customers for the next year by 1 August of the current year.

Gas suppliers shall deliver to the Ministry the assessment of sufficient quantities of natural gas for not protected customers for the next gas year at the monthly level by 1 August of the current year.

Users of the gas storage system in the Republic of Croatia shall report to the Ministry on planned dynamics of filling up leased storage capacities and expected state of stocks at the end of storage system injection cycle by 1 August of the current year.

Gas producer shall deliver to the Ministry the plan for natural gas production for the next year on a monthly level with stated possibility to increase production in case of declaration of measures for removing effects of the crisis by 1 August.

Ministry shall bring an assessment of natural gas consumption for the starting heating season and the following gas year by 15 September of the current year.

By way of derogation for the gas year 2014/2015, the suppliers under public service obligation shall deliver to the company which is a supplier in the wholesale market the data on sufficient gas quantities for supplying protected customers in the gas year 2014/2015 within 15 days from the day of adoption of this Emergency Plan.

By way of derogation for the gas year 2014/2015, the suppliers who are not under public service obligation but who do supply protected customers shall deliver to their gas supplier or trader the data on sufficient gas quantities for supplying protected customers in the gas year 2014/2015 within 15 days from the day of adoption of this Emergency Plan.

9. NON-MARKET BASED SECURITY OF GAS SUPPLY MEASURES – IN ACCORDANCE WITH ANNEX III OF THE REGULATION

9.1. Natural gas market measures with the aim to remove the effects of the crisis

In the case of crisis the following measures shall be prescribed to remove the effects of the crisis:

- I. for gas producers – increase in natural gas production from domestic sources in accordance with physical and geological features of the gas deposit and up to technically feasible level,
- II. for gas traders, suppliers, producers, wholesale market suppliers and customers – limiting natural gas exports in the amount sufficient to cover the shortage of gas in the Croatian market
- III. for traders, suppliers, wholesale market suppliers and customers – increase of natural gas imports, imports of LNG and compressed natural gas by maritime means,
- IV. for storage system users – increase in withdrawal of gas up to maximal contracted and available capacities of the storage system
- V. reduction or discontinuance of natural gas supply to customers.

Special feature of gas supply system operations in the Republic of Croatia is the need to fill up the storages in order to secure seasonal gas supply, related to the characteristic of maximal possible hourly withdrawal of gas from storage depending on the fullness of the storage. Due to this it is necessary to ensure maximal fullness of gas storages prior to the heating season before Croatia develops a diversified system of supply sources (e.g., through LNG terminal).

9.2 Measures of reduction or discontinuance of natural gas supply for certain customers with the aim to remove the effects of the crisis

(1) Measures of reduction or discontinuance of natural gas supply for certain customers with the aim to remove the effects of the crisis shall be the following:

Level 1:

- reduce the delivery of natural gas to the customer directly connected to the transmission system HEP d.d., Zagreb down to 62 000 m³/h, quantity sufficient for the operations of cogeneration facility producing in a joint system both electricity and heating for district heating covering customers from the category;
- reduce the delivery of natural gas to the customer directly connected to the transmission system Petrokemija d.d., Kutina down to 60 000 m³/h;
- reduce the delivery of natural gas to oil refineries directly connected to the transmission system INA – Industrija nafte d.d., Zagreb down to 10 000 m³/h;

Level 2:

- reduce the delivery of natural gas to the customer directly connected to the transmission system Petrokemija d.d., Kutina down to 15 000 m³/h;
- reduce the delivery of natural gas to oil refineries directly connected to the transmission system INA – Industrija nafte d.d., Zagreb down to the technical minimum;
- reduce the delivery of natural gas to other customers directly connected to the transmission system down to the technical minimum;

Level 3:

- discontinue natural gas supply to customers directly connected to the transmission system which have available other fuels up to the level of availability of the other fuel;

Level 4:

- reduce the delivery of natural gas to the customer directly connected to the transmission system HEP d.d., Zagreb down to 32 000 m³/h, which is the quantity sufficient for supplying protected customers with heating energy;
- reduce the delivery of natural gas to the customer directly connected to the transmission system Petrokemija d.d., Kutina down to the technical minimum;

- reduce the delivery of natural gas to other customers directly connected to the transmission system down to the technical minimum;

Level 5:

- discontinue natural gas supply to customers connected to the distribution system, which have available other fuels up to the level of availability of the other fuel, except for protected customers;

Level 6:

- discontinue natural gas supply to customers connected to the distribution system, who perform non-production activities, except for protected customers and customers of special significance;

Level 7:

- reduce the delivery of natural gas to customers connected to the distribution system, who perform production activities down to the technological minimum, except for protected customers and customers of special significance;

Level 8:

- reduce the delivery of natural gas to customers connected to the distribution system, who perform production activities down to the technical minimum, except for protected customers and customers of special significance;

Level 9:

- discontinue the delivery of natural gas to customers directly connected to the transmission system, except for customer HEP d.d.
- discontinue the delivery of natural gas to customers connected to the distribution system, who perform production activities, except for protected customers and customers of special significance;

Level 10:

- discontinue the delivery of natural gas to customers who provide services which ensure irreplaceable living and working conditions of citizens, economic and other operators, except for protected customers;

Level 11:

- reduce the delivery of natural gas to HEP d.d. and protected customers down to the level ensuring existence of the gas system.

Measures from Level 1 to 11 shall be implemented in the shortest possible timeframe according to the abovementioned sequencing.

Depending on the circumstances in the Croatian gas system, the Crisis Team shall issue a decision on reduction or discontinuance of natural gas supply.

Measures from individual levels up to the declared level of crisis shall be implemented simultaneously and proportionally up to determined quantities, in accordance with the need to remove the effects of the crisis.

Reduction and/or discontinuance of natural gas supply to customers with particularly sensitive technological and/or production processes shall be done according to the procedure prescribed in the crisis plan.

Expected contribution of measures from individual levels towards the reduction of gas supply in the Croatian market for the starting heating season shall be adopted by the Crisis Team and delivered to the transmission system operator and distribution system operators.

9.3. Obligation to develop a crisis plan

Gas producer, transmission system operator, distribution system operator and storage system operator shall be obliged to develop a crisis plan, each for its own activity, which among other things shall include the following:

- method of implementation of measures for removing the effects of the crisis as prescribed pursuant to the Regulation,
- planned savings in the quantities of natural gas for each of the levels prescribed pursuant to Article 6 of the Regulation,
- procedures and timely sequence of reduction and/or discontinuance of natural gas delivery to customers with particularly sensitive technological and/or production processes,
- communication methods between energy undertakings
- person responsible for implementation of the crisis plan,
- informing customers about the implementation of measures for removing the effects of the crisis,
- reporting to the Ministry, local self-government units and regional self-government units and general public about the implementation of measures for removing the effects of the crisis,
- reporting of the transmission system operator on the implementation of measures for removing the effects of the crisis with the objective of gas system management in case of declaring a crisis level.

With the aim of producing the system operator's crisis plan, the protected customers with the exception of households, shall deliver data on the assessment of consumption under regular circumstances following the request from their gas supplier by 1 June of the current year. Customers with particularly sensitive technological and/or production processes shall deliver the data on the assessed consumption under the technological and technical minimum of gas consumption, availability of other fuels, as well as the time needed for reducing the consumption and the time needed for discontinuing consumption together with the data on the assessment of consumption under regular conditions.

With the aim of producing the distribution system operator's crisis plan, gas supplier of customers connected to the distribution system shall deliver to the distribution system operator the data on the structure of consumption and possible savings expressed per level of reduction or discontinuance of natural gas supply, in accordance with the data requested by the distribution system operator by 1 July of the current year.

With the aim of producing the transmission system operator's crisis plan, end-customers connected directly to the transmission system and distribution system operators shall deliver to the transmission system operator the data on the structure of consumption and possible savings expressed per level of reduction or discontinuance of natural gas supply, in accordance with the data requested by the transmission system operator, by 15 July of the current year.

Gas producer, transmission system operator, distribution system operator and storage system operator shall deliver to the Minister their crisis plans for the next gas year by 1 August of the current year, for Minister's approval.

Before the approval of the crisis plans, the gas producer, transmission system operator, distribution system operator and storage system operator shall apply crisis plans brought in accordance with the provisions of the Regulation on the security of natural gas supply («Official Gazette» 112/2008, 92/2009 and 153/2009).

By way of derogation for the gas year 2014/2015, the protected customers, except households, shall deliver to the gas supplier data listed in this Emergency Plan within 15 days from the day of adoption of this Emergency Plan.

By way of derogation for the gas year 2014/2015, the supplier of customers connected to the distribution system shall deliver to the distribution system operator the data on the structure of consumption and possible savings expressed per level of reduction or discontinuation of natural gas

supply, in accordance with the data requested by the distribution system operator, within 30 days from the day of adoption of this Emergency Plan.

By way of derogation for the gas year 2014/2015, end-customers connected directly to the transmission system and distribution system operators shall deliver to the transmission system operator the data on the structure of consumption, possible savings expressed per level of reduction or discontinuation of natural gas supply, in accordance with the data requested by the transmission system operator, within 40 days from the day of adoption of this Emergency Plan.

By way of derogation for the gas year 2014/2015, gas producer, transmission system operator, distribution system operator and storage system operator shall deliver to the Minister their crisis plans for the gas year 2014/2015 within 50 days from the day of adoption of this Emergency Plan.

Activities at the time of crisis should be performed according to actual crisis plans and according to Operational plan stipulated in Annex 1.

10. EARLY WARNING

Early warning level is declared when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the supply situation and is likely to lead to the alert or the emergency level being triggered; the early warning level may be activated by an early warning mechanism. Duties of state institutions and bodies with public authorities, as well as market participants at the early warning level shall be as follows:

10.1 Duties of the state institutions

10.1.1. Government of the Republic of Croatia

- issues measures of mandatory production
- issues conditions for export of gas from domestic production
- issues decisions on safeguarding of gas stocks in the Croatian territory

10.1.2. Minister

- summons the Crisis Team
- manages the operations of the Crisis Team
- declares early warning and explains the reasons that led to the early warning
- informs the European Commission about the undertaken measures
- communicates and coordinates activities with European Union competent authorities related to the security of supply
- communicates and coordinates activities with the ministers competent for energy from the neighbouring countries
- communicates with and reports on the activities to the minister competent for foreign and European affairs
- issues instructions to deliver to energy undertakings for gas a written notification on declaration of the early warning or on its lifting
- initiates a meeting of the Expert committee for monitoring security of supply in the oil and petroleum products market

10.1.3. Croatian Energy Regulatory Agency (HERA)

- participates in the work of the Crisis Team
- monitors the work of energy undertakings within its authorities

10.1.4. Crisis Team

- proposes to the Minister to declare early warning, or to lift early warning and gives justifications for it
- decides on the measures for lifting early warning, and their scope

- monitors implementation of measures for lifting early warning
- implements, monitors and coordinates the Emergency Plan
- orders participants in the gas market how to act in accordance with the Emergency Plan and Minister's decisions
- ensures appropriate and timely informing of the public
- proposes to the Minister to lift early warning
- submits a report to the Government of the Republic of Croatia on the implemented measures

10.2 Duties of market participants

10.2.1. Gas producer

- informs the Ministry about the circumstances of gas production
- acts according to the order of the Crisis Team

10.2.2. Transmission system operator

- informs the Ministry about the circumstances in the transmission system
- informs the Ministry about the implementation of the issued early warning measures
- communicates with the distribution system operator, balance group leaders and end-customers on the transmission system
- regularly updates the data necessary for drafting of the Emergency Plan of the transmission system operator
- implements measures in accordance with the Crisis Team's order

10.2.3. Gas storage operator

- informs the Ministry about the state of stocks of gas in the storage system
- implements measures in accordance with the Crisis Team's order

10.2.4. Gas distribution system operator

- informs the Ministry about the state and circumstances of the distribution system
- implements measures in accordance with the Crisis Team's order

10.2.5. Supplier, supplier under public service obligation and balance group leader

- informs the Ministry about the circumstances of the gas supply
- implements measures in accordance with the Crisis Team's order
- submits three-day plans and weekly plans of available and required quantities of gas to the operator of the system of his gas customers or members of the balance group

10.2.6. Croatian Energy Market Operator (HROTE)

- participates in the work of the Crisis Team

10.2.7. Customers related to the early warning measures

- maintain normal consumption unless reduction or discontinuance is proposed
- ensure transmission or distribution system operator daily readings of consumption
- prepare daily and weekly nominations of consumption, if it is so requested by the transmission operator or distribution system operator or its supplier

11. ALERT

Alert level is declared when a supply disruption or exceptionally high gas demand occurs which results in significant deterioration of the supply situation, but the market is still able to manage that disruption or demand without the need to resort to non-market measures. Duties of state institutions and bodies with public authorities, as well as market participants at the alert level shall be as follows:

11.1 Duties of the state institutions

11.1.1. Government of the Republic of Croatia

- issues measures of mandatory production
- issues conditions for export of gas from domestic production
- issues decisions on safeguarding of gas stocks in the Croatian territory
- issues decisions on business hours or non-business days
- issues special conditions for performing energy activities

11.1.2. Minister

- summons the Crisis Team
- manages the operations of the Crisis Team
- declares alert level and explains the reasons that led to the alert level
- issues an order to deliver a written notification to all energy undertakings for gas regarding the introduction of alert level measures
- informs the European Commission about the undertaken measures
- communicates and coordinates activities with European Union competent authorities related to the security of supply
- communicates and coordinates activities with the ministers competent for energy from the neighbouring countries
- communicates with and reports on the activities to the minister competent for foreign and European affairs,
- initiates a meeting of the Expert committee for monitoring security of supply in the oil and petroleum products market
- proclaims activation of certain measures in order to safeguard reliable supply in the gas market, oil and petroleum products market, electricity market and thermal energy market

11.1.3. Croatian Energy Regulatory Agency (HERA)

- participates in the work of the Crisis Team,
- upon the request of the Crisis Team gathers data on the conditions and circumstances related to business agreements between energy undertakings, and gives the information to the Crisis Team while respecting the protection of confidentiality of sensitive commercial data
- monitors the work of energy undertakings within its authorities

11.1.4. Crisis Team

- proposes to the Minister to declare an alert and gives justifications for it,
- decides on the measures for lifting an alert, and their scope
- monitors implementation of measures for lifting an alert
- implements, monitors and coordinates the Emergency Plan
- proposes special conditions for performing energy activities
- orders participants in the gas market how to act in accordance with the Emergency Plan and decisions of the Government of the Republic of Croatia and of the Minister

- ensures appropriate and timely informing of the public
- proposes to the Minister to lift an alert level
- submits a report to the Government of the Republic of Croatia on the implemented measures

11.2 Duties of market participants

11.2.1. Gas producer

- informs the Ministry about the circumstances of gas production
- acts according to the order of the Crisis Team

11.2.2. Transmission system operator

- informs the Ministry about the circumstances in the transmission system
- informs the Ministry about the implementation of the issued alert measures
- communicates with distribution system operator, balance group leaders and end-customers on the transmission system
- regularly updates the data necessary for drafting of the Emergency Plan of the transmission system operator
- implements measures in accordance with the Crisis Team's order

11.2.3. Gas storage operator

- informs the Ministry about the state of stocks of gas in the storage system
- implements measures in accordance with the Crisis Team's order

11.2.4. Gas distribution system operator

- informs the Ministry about the state and circumstances of the distribution system
- implements measures in accordance with the Crisis Team's order

11.2.5. Supplier, supplier under public service obligation and balance group leader

- informs the Ministry about the circumstances of the gas supply
- implements measures in accordance with the Crisis Team's order
- submits three-day plans and weekly plans of available and required quantities of gas to the operator of the system of his gas customers or members of the balance group

11.2.6. Croatian Energy Market Operator (HROTE)

- participates in the work of the Crisis Team

11.2.7. Customers related to the alert measures

- maintain normal consumption unless reduction or discontinuance is proposed
- ensure transmission or distribution system operator daily readings of consumption
- prepare daily and weekly nominations of consumption, if it is so requested by the transmission operator or distribution system operator or its supplier

12. EMERGENCY

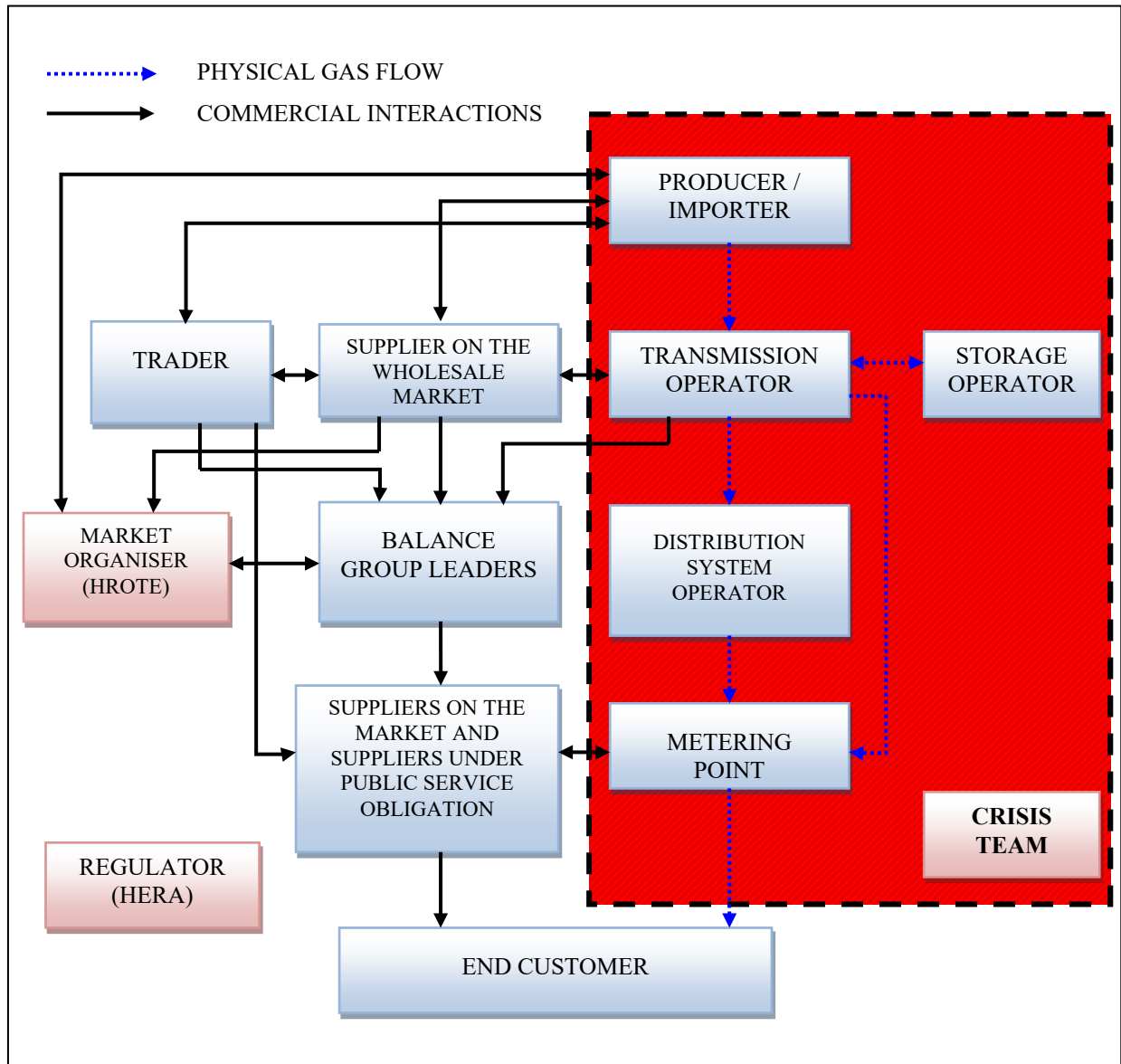
Appearance of an event or existence of circumstances that result in, or have an impact on, significant increase in the risk of loss of pressure in the gas transmission system that can endanger its existence, shall be considered as an emergency.

Emergency level is declared in the event of exceptionally high gas demand, significant supply disruption or other significant deterioration of the supply situation and in the event that all relevant

market measures have been implemented but the supply of gas is insufficient to meet the remaining gas demand so that non-market measures have to be additionally introduced with a view, in particular, to safeguarding supplies of gas to protected customers.

Duties of state institutions and bodies with public authorities, as well as market participants at the emergency level shall be as follows:

Overview of the Croatian market in the context of risk assessment:



Activities during implementation of measures of reduction or discontinuation of gas supply to certain categories of customers during an emergency shall be done according to the available quantities of gas in the gas system (area of the dotted box) in a manner to ensure its existence.

12.1 Duties of the state institutions

12.1.1. Government of the Republic of Croatia

- decides on the declaration of an emergency level following the proposal of the Minister competent for energy, and authorises the Crisis Team to implement measures for normalisation of the gas market supply

- issues decisions on business hours or non-business days

12.1.2. Minister

- summons the Crisis Team
- manages the operations of the Crisis Team
- proposes to the Government of the Republic of Croatia to declare an emergency level and explains the reasons that led to the emergency level
- issues an order to deliver a written notification to all energy undertakings for gas regarding the introduction of emergency level measures and declares the level of the emergency
- informs the European Commission about the undertaken measures
- communicates and coordinates activities with European Union competent authorities related to the security of supply
- communicates and coordinates activities with the ministers competent for energy from the neighbouring countries
- communicates with and reports on the activities to the minister competent for foreign and European affairs,
- initiates a meeting of the Expert committee for monitoring security of supply in the oil and petroleum products market
- proclaims activation of certain measures in order to safeguard reliable supply in the gas market, oil and petroleum products market, electricity market and thermal energy market

12.1.3. Croatian Energy Regulatory Agency (HERA)

- participates in the work of the Crisis Team
- upon the request of the Crisis Team gathers data on the conditions and circumstances related to business agreements between energy undertakings, and gives the information to the Crisis Team while respecting the protection of confidentiality of sensitive commercial data
- monitors the work of energy undertakings within its authorities

12.1.4. Crisis Team

- proposes to the Minister to declare an emergency, or to lift an emergency, and gives justifications for it,
- decides on the enforcement of measures for normalisation of the gas market supply, and on the level of reduction or discontinuance of gas supply to certain customers,
- implements, monitors and coordinates the Emergency Plan,
- orders participants in the gas market how to act in accordance with the Emergency Plan and decisions of the Government of the Republic of Croatia
- ensures appropriate and timely informing of the public,
- proposes special conditions for performing energy activities,
- -proposes to the Minister to lift the emergency,
- submits a report to the Government of the Republic of Croatia on the implemented measures.

12.2 Duties of market participants

12.2.1. Gas producer

- informs the Ministry about the circumstances of gas production
- acts according to the order of the Crisis Team

12.2.2. Transmission system operator

- informs the Ministry about the circumstances in the transmission system
- informs the Ministry about the implementation of the issued alert measures
- communicates with the distribution system operator, balance group leaders and end-customers on the transmission system
- regularly updates the data necessary for drafting of the Emergency Plan of the transmission system operator
- implements measures in accordance with the Crisis Team's order

12.2.3. Gas storage operator

- informs the Ministry about the state of stocks of gas in the storage system
- implements measures in accordance with the Crisis Team's order

12.2.4. Gas distribution system operator

- informs the Ministry about the state and circumstances of the distribution system
- implements measures in accordance with the Crisis Team's order

12.2.5. Supplier, supplier under public service obligation and balance group leader

- informs the Ministry about the circumstances of the gas supply
- implements measures in accordance with the Crisis Team's order
- submits three-day plans and weekly plans of available and required quantities of gas to the operator of the system of his gas customers or members of the balance group

12.2.6. Croatian Energy Market Operator (HROTE)

- participates in the work of the Crisis Team

12.2.7. Customers related to the emergency measures

- implements a decision on business hours or non-business days
- obliged to accept the decision on the reduction and discontinuance of gas supply and fuel switching
- maintain normal consumption unless reduction or discontinuance is proposed
- ensure transmission or distribution system operator daily readings of consumption
- prepare daily and weekly nominations of consumption, if it is so requested by the transmission operator or the distribution system operator

ANNEX 1

OPERATIONAL PLAN

I

Activities during implementation of measures of reduction or discontinuance of natural gas supply to certain categories of customers in case of an emergency shall be done in the following manner:

1. The Ministry shall deliver to all energy undertakings for gas, verbally and in writing, a notification on introduction of measures of reduction or discontinuance of natural gas supply.
2. Crisis Team shall declare an appropriate level of reduction or discontinuance of natural gas supply to certain customers and shall inform about this the transmission system operator in writing.
3. Transmission system operator shall notify in writing the balance group leaders, distribution system operators, end-customers of the transmission system and their suppliers about the level of reduction or discontinuance of natural gas supply, and shall also inform the Crisis Team about the implemented measures and achieved impacts.
4. Balance group leaders shall inform in writing the suppliers, members of their balance group, about the level of reduction or discontinuance of natural gas supply.
5. Distribution system operator shall inform in writing the suppliers on the distribution system and end-customers of the distribution system about the level of reduction or discontinuance of natural gas supply, and shall also inform in writing the transmission system operator about the implemented measures and achieved impacts.
6. Gas customer affected by the declared level of reduction or discontinuance of natural gas supply shall act accordingly and shall adhere by the instructions issued by the transmission system operator and distribution system operator.
7. In case a gas customer who is directly connected to the transmission system does not adhere to the transmission system operator's instructions, the transmission system operator may partially reduce or discontinue the delivery of gas with prior written notification to the customer and customer's supplier about the time when these activities will be undertaken. The transmission system operator is obliged to immediately inform the competent person at the Ministry about this in writing.
8. In case a gas customer who is directly connected to the distribution system does not adhere to the distribution system operator's instructions, the distribution system operator may partially reduce or discontinue the delivery of gas with prior written notification to the customer and customer's supplier about the time when these activities will be undertaken. The distribution system operator is obliged to immediately inform the competent person at the Ministry about this in writing.
9. In case the undertaken measures from the declared level of reduction or discontinuance of natural gas supply are not sufficient, the transmission system operator shall inform about this the Crisis Team, which shall then declare a higher level of reduction or discontinuance of natural gas supply, and shall inform about this the transmission system operator.
10. The Ministry shall supervise the implementation of measures from this Operational Plan.

II

1. All energy undertakings shall be obliged to deliver to the Ministry updated data on persons responsible for implementation of measures for reduction or discontinuation of the natural gas supply to certain categories of customers, their telephone numbers, their mobile phone numbers, their email addresses and fax numbers, with the purpose of implementing measures of reduction or discontinuance of the natural gas supply to certain categories of customers.
2. Ministry shall deliver to the transmission and distributions system operators consolidated updated data on responsible persons referred to in item 1.