

Pursuant to Article 71, Paragraph 1 of the Energy Law (Official Gazette RS, No 84/04),

the Government hereby passes

Ordinance on Terms of Natural Gas Supply

The Ordinance was published in the "Official Gazette RS", No. 47/2006 on 2.6.2006.

I. GENERAL PROVISIONS

Article 1

This Ordinance defines more precisely the terms of natural gas supply, as well as, measures to be taken in case of jeopardized natural gas supply caused by disruptions in transportation, i.e. distribution system or by disruptions on the natural gas market on the territory of the Republic of Serbia:

- 1) terms and methods of giving consent for connection to natural gas transportation or distribution systems;
- 2) measures to be taken in case of short disturbance in supply due to outages and other unforeseen circumstances that enable safe operation of natural gas transportation, i.e. distribution system, measures to be taken in case of necessary maintenance of energy facilities or enlargement of the system, as well as other terms and methods of natural gas supply to customers;
- 3) measures to be taken in case of general shortage of natural gas caused by circumstances stipulated in Article 76 of the Energy Law (hereinafter: the Law);
- 4) terms and methods of discontinuance of natural gas supply;
- 5) terms and methods of rational consumption and natural gas saving;
- 6) terms and methods of measures taken and schedules of restrictions in natural gas supply, as well as measures of savings and rational consumption of natural gas in case of general shortage of natural gas;
- 7) terms of natural gas supply to the customers' facilities for which there can not be any discontinuance in natural gas supply due to unsettled obligations for the delivered natural gas or in some other cases;
- 8) method of regulating the relationship between the supplier and the customer whom natural gas supply can not be discontinued to;
- 9) method of metering of natural gas supplied;
- 10) method of calculation of natural gas off-taken without authorisation;
- 11) method of informing the customers in cases stated in Art. 2), 3), 4), 5) i 6).

II. TERMS AND METHODS OF GRANTING CONNECTION TO NATURAL GAS TRANSPORTATION, I.E. DISTRIBUTION SYSTEM

Article 2

Connection of customer's facility on natural gas transportation i.e. distribution system is done in accordance with the terms and methods stipulated by the Law, this Ordinance and operating rules for natural gas transportation/distribution system, and in accordance with the standards and technical rules regarding the connection and use of energy facilities, devices and plants.

Article 3

Connection of customer's facility on natural gas transportation i.e. distribution system is done in accordance with the approval/consent, which is, in accordance with the Law and this Ordinance, issued by the energy entity to whose system, with the consent of the operator of that system, the facility of natural or legal person is connected.

Article 4

At application of natural or legal person, consent for connection of facility to natural gas transportation/distribution system is issued by a decision of energy entity to whose system the facility of a natural or a legal person is connected.

The application from Paragraph 1 of this Article contains the data on:

- 1) facility owner, i.e. holder of rights on the facility with consent of the owner (for natural person: name and residence, ID/social security number and for legal person i.e. entrepreneur, name, address of the head office, no of account from company's register, tax ID number, ID/social security number, account and responsible person.);
- 2) facility for which connection consent is required (address, type, location of the facility on land registry copy);
- 3) operating gas pressure required for customer's facility;
- 4) use of natural gas;
- 5) minimum and maximum hourly and daily natural gas consumption with expected monthly consumption dynamics for the facilities whose consumption is higher than 16 ml per hour;
- 6) technical characteristics of customer's facility whose consumption is higher than 16 ml per hour;
- 7) possibility of changing gas with some other energy source and time required for the change to alternative fuel, and vice versa, for the facilities with consumption higher than 16 ml per hour;
- 8) issued permit for facility construction, i.e. approval for the use of facility.

The application from Paragraph 1 of this Article can contain some other data which, if need be, the energy entity for natural gas transportation, i.e. distribution (hereinafter: energy entity) can ask for.

The application of a natural person for the consent for connection has to contain only the data form Paragraph 2 Items 1), 2), 4) and 8) and Paragraph 3 of this Article.

Article 5

Energy entity is required, with the acquired consent of the system operator, to decide upon the application of a natural of a legal person within 30 days of the day of the submission of the application.

Article 6

Decision granting the connection to natural gas transportation, i.e. distribution system (hereinafter: the Decision), besides parts stipulated by the Law, contains the following:

- 1) data on type and use of facility;
- 2) data on energy facility to which the facility of natural or legal person will be connected;
- 3) data on approved capacity (ml/per day) at the connection point, i.e. delivery point;
- 4) data on approved minimum and maximum hourly consumption and natural gas consumption dynamics;
- 5) terms of natural gas transportation, i.e. distribution in accordance with the operating rules of transportation/distribution systems;
- 6) data on connection point;
- 7) data on delivery point and methods of metering of supplied natural gas;
- 8) methods and technical conditions of connection;
- 9) data on connection costs;
- 10) Decision validity period.

Article 7

An appeal against the Decision can be lodged with the Energy Agency of the Republic of Serbia (hereinafter: the Agency) within 15 days of the day of mailed-in Decision.

The decision of the Agency upon the appeal is final and an administrative litigation can be initiated against it.

Article 8

Decision is issued with a validity period which coincides with the time interval of the facility construction i.e. the date stated as the date of construction completion listed in connection application, and two years maximum from the Decision issue day.

At the request of the applicant, the duration of the Decision can be extended.

The application for the extension from Paragraph 2 of this Article is submitted 30 days at the latest before the expiry date set in this Decision.

The Decision is submitted, in accordance with the Administrative Law, to the applicant, transportation/distribution system operator and to the energy entity carrying out natural gas trade for tariff customers, if the applicant is tariff customer.

Article 9

Connection costs to transportation/distribution system are paid by the connection applicant.

Costs from Paragraph 1 of this Article are set by the energy entity in accordance with the Methodology for setting connection costs which is passed by the Agency.

Methodology from Paragraph 2 of this Article sets methods and criteria for calculation of connection costs, depending on the size of the connection, connection point, necessity for works or necessity for installing additional equipment and other objective criteria.

Article 10

After the issue of the Decision, but before issuing a Decision on the start of the supply of natural gas to the customer, the natural gas customer and the energy entity that supplies the facility sign a contract on natural gas sale according to the Law, according to the Law of Obligations, this Ordinance and other rules passed in accordance with the Law and rules on operation of transportation/distribution system.

Within 15 days from the day of the signing of the contract on natural gas sale, the energy entity shall begin the supply, providing that the customer meets the requirements from the Article 11, Paragraph 2 of this Ordinance.

Article 11

Within three days from the day of the signing of contract on natural gas sale, the customer shall submit the application for the natural gas supply in written form to the energy entity to whose system the connection was approved.

In order for the energy entity from Paragraph 1 of this Article to begin the natural gas supply to the customer, the following requirements need to be met:

- 1) the connection to the system, the pipeline from the connection point to the meter, i.e. metering regulation stations and metering regulation station, need to be constructed in accordance with the law on planning and construction and technical rules and standards, as well as in accordance with the terms stated in the Decision;

- 2) customer's facilities need to be built in accordance with the law that regulates planning and construction, technical rules and standards, i.e. have an operation permit or trial operation permit;
- 3) customers need to have a signed contract on natural gas sale.

Article 12

Within 8 days from the day of submission of application, energy entity from Article 11, Paragraph 1 of this Ordinance shall make a Decision on natural gas supply, if it determines that the terms from Article 11 Paragraph 2 of this Ordinance are met.

The Decision on natural gas supply has to contain the exact date (hour) of the commencement of the natural gas supply. Energy entities for supply, transportation/distribution, operators of transportation/distribution system and customers determine the date and it can not be later than the deadline set in Article 10, Paragraph 2 of this Ordinance.

If the energy entity from Article 11 Paragraph 1 of this Ordinance determines that installations in the customer's facility do not meet the stipulated requirements, it has to make a Decision on denying the request for the commencement of natural gas supply within 8 days from the day of the submission of application.

If the energy entity from Article 11 Paragraph 1 of this Ordinance makes a Decision of refusal of natural gas supply, within 15 days natural gas customer can request from the inspector in charge to resolve whether the requirements were met.

If the competent inspector determines that the requirements from the Article 11 Paragraph 2 of this Ordinance were met, he shall order the energy entity to commence the supply of natural gas to customer's facility.

Article 13

Energy entity that supplies natural gas is obliged to submit the Decision on natural gas supply to the customer and transportation/distribution system operator within 8 days from the submission of customer's application.

If the energy entity does not supply the customer within the time-line stated in the Decision on natural gas supply, natural gas customer may submit a request to competent inspector to check if the required conditions for the supply were met.

If the competent inspector determines that the conditions from the Article 11 Paragraph 2 were met, he will order the energy entity to supply the customer without any delay.

III. MEASURES TAKEN IN CASE OF DISRUPTED SUPPLY THAT WAS NOT CAUSED BY GENERAL DEFICIENCY OF GAS

Article 14

In case of short discontinuance of natural gas supply, due to outages on facilities, devices, pipelines and natural gas transportation/distribution plants and other unforeseen circumstances that endanger the safety of transportation/distribution operation, and also due to sudden works on rehabilitation, reconstruction and maintenance of transportation/distribution system or necessary work on system expansion, transportation/distribution system operator is required to:

- 1) evaluate the degree of the disturbance and take the necessary activities for bringing system into safe and undisturbed operation;
- 2) determine the method or use of the remaining generation, transportation/distribution capacities and pass a plan for limitation of natural gas supply.

Article 15

The Ministry competent for energy activities (hereinafter: the Ministry) defines more precisely criteria for allocation of natural gas customers into customers' groups and determines customers' groups according to this criteria.

Criteria for allocation of natural gas customers into customers' groups, as well as agreed/defined customer's groups, shall be published in "Official Gazette of the Republic of Serbia".

Transportation/distribution system operator is obliged to keep and regularly update register of all customers in the system it operates based on the criteria from Paragraph 1 of this Article.

Article 16

The plan of limited natural gas supply shall contain the following measures:

- 1) substitution of natural gas with some other energy source;
- 2) limitation of natural gas supply;
- 3) discontinuing of natural gas supply .

Measures from Paragraph 1 of this Article are applied to natural gas customers who are supplied from part of system on which the disturbance occurred, in accordance with Article 14 of this Ordinance.

Article 17

The Decision on taking the measures from Article 16 of this Ordinance is passed by transportation/distribution system operator, depending on the point of disturbance, in accordance with this Ordinance and rules for operation of transportation /distribution system.

Transportation/distribution system operator shall without any delay and in the most efficient manner inform natural gas customer on measures taken.

Article 18

Transportation/distribution system operator can, without previous announcement, temporarily limit or discontinue natural gas supply to natural gas customers, due to malfunctions and outages on transportation/distribution system, sudden overloads in gas pipelines and other unforeseen circumstances, if the interruption does not last longer than two hours.

In exceptional cases, transportation / distribution system operator can, without previous announcement, limit or discontinue supply to natural gas customers if the interruption lasts longer than two hours - in case of *force majeure* or in case of some other unforeseen circumstance that the supplier could not predict and when after effects can not be removed.

In case of circumstance listed in Paragraph 2 of this Article, transportation/distribution system operator shall, without delay and in most efficient manner, inform the natural gas customers of reasons and duration of the activities taken to resume regular natural gas supply.

Article 19

In period when the measures of limitation of natural gas supply are in place, transportation/distribution system operator shall inform in written form the Ministry and the Agency about all measures taken under the circumstances.

IV. LIMITATION MEASURES TAKEN IN CASE OF GENERAL NATURAL GAS SHORTAGE

Article 20

Transportation / distribution system operator and the energy entity that supplies natural gas to tariff customers shall in case of general natural gas shortage immediately inform the Ministry about the forthcoming shortage.

The information from Paragraph 1 of this Article shall contain:

- 1) data on natural gas quantities at its disposal and required quantities for regular supply of customers;
- 2) reasons for disruptions of natural gas in energy balance;
- 3) expected time of the disruption and duration of disruption;
- 4) current and negotiated natural gas consumption per customer, i.e. customer group;
- 5) list of natural gas customers with possible replacement;
- 6) proposed measures to be taken;
- 7) other data at the request of the Ministry .

The Ministry, based on the information from Paragraph 1 of this Article, shall submit proposition to the Government to adopt a decision on measures stipulated in Article 76 of the Law in shortest possible deadline.

Article 21

Transportation / distribution system operator, according to the Government's decision from Article 20 of this Ordinance, passes plans for limitation of natural gas consumption which define measures of limitation of natural gas supply to the customers and measures of natural gas saving that shall provide:

- 1) harmonising of current consumption of natural gas with available sources;
- 2) approved maximum daily and maximum hourly consumption .

Basis for determining the percentage of limitation of natural gas supply shall be the negotiated quantity for the month in which the limitation is done, i.e. average daily and hourly consumption in that month.

Article 22

Transportation / distribution system operator shall inform the customers about maximum hourly and daily consumption during limitation of supply in the shortest possible time from the day of approving the plan for limitation of natural gas consumption.

V. TERMS AND METHODS OF DISCONTINUANCE OF NATURAL GAS SUPPLY

Article 23

Natural gas supply can be discontinued in cases and under circumstances stipulated by the Law, this Ordinance and the Contract for natural gas supply.

Article 24

Natural gas supply can be discontinued to natural gas customer in the following cases:

- 1) if the customer does not pay for the gas supplied and services as agreed by the contract;
- 2) if the customer connected its inner gas installations on transportation/distribution system without authorisation;
- 3) if the customer uses natural gas without Decision, i.e. decision on natural gas supply;
- 4) if the customer uses natural gas by overpassing meters or by using an inadequate meter;
- 5) if the customers prevents proper metering of the natural gas quantities supplied;
- 6) if the customer uses natural gas under the terms which are contrary to the terms stated in the Decision and Contract for natural gas supply;
- 7) if the customer, with its facility, disturbs natural gas supply to other customer;
- 8) if the customer allows use of natural gas to other legal or natural person via his gas installations;
- 9) if the customer does not abide the codes of transportation/distribution system;
- 10) if the customers denies or disallows authorised personnel access to meters, i.e. metering stations;
- 11) if the customer disallows or denies technical inspection of internal gas installations;
- 12) if the customer in case of saving and rational natural gas consumption does not abide and implement required measures;

13) if the customer's internal installations jeopardise lives, properties and environment, i.e. do not meet predetermined standards, regulations and the technical normatives applied;

14) if the customer refuses to sign the contract on natural gas sales and/or does not provide payment guarantees in case the contractual arrangements are not met;

15) in case of the written request of the customer.

In case stated in Para 1 Items 7), 9), 10) and 11) of this Article, the energy entity is obliged to send a written warning to the customer. The warning shall contain the deadline for elimination of the perceived irregularities and defects due to which the supply can be discontinued and it shall define appropriate deadline for elimination of irregularities and defects, where the deadline can not be shorter than 24h and not longer than 15 days.

In case stated in Para 1 Items. 1), 2), 3), 4), 5), 6), 8), 12), 13), 14) and 15) of this Article, natural gas supply shall be discontinued without delay.

Article 25

The discontinuance of natural gas supply shall be carried out at the delivery point or some other, estimated by the supplier, convenient point and it has to be done in a safe manner.

Safe manner as mentioned in Para 1 of this Article implies that lives are not jeopardised and failures on the facility that is being disconnected are not caused.

Transportation/distribution system operator shall inform natural gas customers 24 hours at the latest prior the discontinuance.

After receiving the notice from Para 3 of this Article, the customer shall take safety measures for safe operation discontinuance of his gas devices/users within the deadline stated in the notice. If the customer does not take safety measures within the stated timeline, transportation/distribution system operator will discontinue natural gas supply and the costs incurred by the discontinuance will go to the customer.

In case when it is necessary to discontinue natural gas supply immediately, without prior notice, because the lives and properties are endangered so it is not possible to inform customers about the discontinuance, transportation/distribution system operator informs the customers immediately after the discontinuance.

Article 26

If the customer denies natural gas discontinuance, enforced discontinuance shall be carried out by disconnection at the connection point or some other, estimated by the supplier, adequate point.

The decision on enforced discontinuance is made by transportation/distribution system operator depending on the circumstances and reasons for discontinuance.

In case of discontinuance at the gas pipeline, re-connection will be carried out according to this Ordinance and rules for operation for transportation/distribution system.

Article 27

When the circumstances that brought to discontinuance change, transportation/distribution system operator shall, with prior notice, continue natural gas supply immediately after the circumstances change or after 24 hours at the latest.

VI. TERMS AND METHODS FOR RATIONAL CONSUMPTION AND NATURAL GAS SAVING

Article 28

In order to provide conditions for rational consumption and natural gas saving, the customer, besides the measures stipulated by the Law, acts of Agency for Energy Efficiency and contracts for natural gas supply, has to take the following measures as well:

- 1) adjust technological process and natural gas users so that rational and consumption and natural gas saving can be carried out;
- 2) direct natural gas consumption from the high consumption day periods to the lower ones;
- 3) adjust production operation process and operation in shifts with the most optimal period for natural gas supply.

VII. CUSTOMERS' FACILITIES THAT CAN NOT HAVE DISCONTINUANCE IN NATURAL GAS SUPPLY AND METHODS FOR REGUALTING RELATIONS BETWEEN SUPPLIER AND CUSTOMER THAT CAN NOT BE DISCONTINUED

Article 29

Natural gas supply can not be discontinued, due to unsettled obligations/liabilities, to tariff customers and their facilities for whom the discontinuance would mean jeopardising lives and health of people, as well as for the facilities of importance for economy, lives and defence of the country.

The Ministry, at the proposal of other ministries regarding the priorities within the competence of those ministries, determines the list of customers and their facilities which can not have discontinuance of natural gas supply.

The list of customers and their facilities from Para 2 of this Article shall be published in the Official Gazette of the Republic of Serbia.

Article 30

The contracts for sale, transportation, distribution of natural gas to the customers from Article 29 of this Ordinance has to stipulate special payment guarantees (bonds issued by a bank, bank guarantees, debt insured with an insurance company or other payment guarantees) for natural gas supply.

The Contract from Para 1 of this Article shall determine the obligation of tariff customer from Article 29 of this Ordinance to replace natural gas with some other energy source or energy, in case of general shortage of natural gas, and if there is possibility, so to protect his own vital functions.

Article 31

If the Contract from Article 29 Para 1 does not provide special means of payment, and some circumstances listed in this Ordinance materialise in which case natural gas supply can not be discontinued to tariff customer, the supplier shall immediately invite such customer to provide means of payment within 8 days.

If the customer does not comply with the stated in Para 1 of this Article the supplier will discontinue natural gas supply and costs incurred shall be covered by the customer.

VIII. METHOD OF METERING OF NATURAL GAS SUPPLIED AND METHOD OF CALCULATION OF NATURAL GAS TAKEN WITHOUT AUTHORISATION

Article 32

Metering of natural gas supplied is done with adequate metering devices and by applying determined methods.

Metering devices that are installed must be sealed by an authorised organisation, and their connections have to be inspected and sealed by the energy entity for transport/distribution of natural gas in accordance with the rules for operation of transportation/distribution system and other legal regulations.

The energy entity shall inspect functioning of metering devices prior to the installation and their operation in real or lab environment, in accordance with the law and technical and other regulations, rules for operation of natural gas transportation/distribution system and contract for transportation, distribution, sales of natural gas.

Article 33

The energy entity determines sort, type, level of precision, the required number and metering scope of meters, as well as the metering point and installation procedure in accordance with the rules for operation of natural gas transportation, distribution system, this Ordinance and technical and other standards.

Article 34

The energy entity shall provide regular and emergency maintenance of metering devices under the terms stipulated by the Law, technical and other regulations and rules for operation of natural gas transportation/distribution system.

The energy entity can, due to calibration, replace metering device with some other adequate metering advice, and it has to issue receipt to the customer.

The energy entity and the customer ascertain all parameters and natural gas consumption indicators required for calculating quantities of natural gas supplied in the period without the adequate metering device.

Article 35

The natural gas customer is obliged to enable authorised personnel of the energy entity the access to the part of gas pipeline between metering device, i.e. metering regulation station and internal gas installations for the check up, i.e. inspection and maintenance.

The energy entity is obliged to enable the natural gas customer the access to the metering device and the consumption data. The seal off the connecting and bypassing line of the metering device can be removed only by an authorised person from the energy entity and the note of the procedure shall be made.

Article 36

The natural gas customer is responsible for disappearance of the metering device. i.e. metering regulating station, that is placed in his facilities, as well as, for all the subsequent consequences.

The natural gas customer is not responsible for the damage of the metering device placed in his facilities that are caused by the energy entity activities.

Article 37

The energy entity shall immediately, or within two days at the latest, notify in written form the natural gas customer of disappearance, as well as of all other disturbances or damages on the metering device that could influence the accuracy of metering of the natural gas supplied.

The customer shall immediately, or within two days at the latest, notify in written form the energy entity of disappearance, as well as of all other disturbances or damages on the metering device that could influence the accuracy of metering of the natural gas supplied.

Article 38

The energy entity shall immediately, or within two days at the latest, after finding out about disappearance, disturbances or damages on the metering device, take appropriate measures for repairing the metering device.

Article 39

The energy entity that supplies tariff customers, the trader and the customer can demand emergency inspection of the metering device that shall be carried out 10 days at the latest after the submission of the request.

If the inspection determines that the device is in order, the costs of the inspection form Para 1 of this Article shall be reimbursed by the request applicant.

If the inspection determines that the device is out of order, the costs of inspection from Para 1 of this Article shall be reimbursed by the metering device owner.

Article 40

If it is determined that the device has not metered consumption in certain period, i.e. the metering was incomplete, the energy entity and the customer will co-jointly estimate the quantity of natural gas consumed that was not metered.

If the energy entity and the customer do not come to agreement regarding Para1 of this Article, they shall make a note on it.

The estimation of the consumption, from Para 2 of this Article, shall be determined by the energy entity in accordance with Contract for sales, transportation/distribution and rules for operation of natural gas transportation/distribution system.

Article 41

If the energy entity suspects that the customer damaged the metering device on purpose or if it determines that the customer connected his facility on transportation/distribution system without authorisation or that it uses natural gas in some other way without authorisation, i.e. enables metering of the supplied natural gas, the entity is obliged to immediately disconnect such facility off the transportation/distribution system.

In case stated in Para 1 of this Article, the energy entity has right to estimate natural gas consumption in accordance with Contract for sales, transportation/distribution and rules for operation of natural gas transportation/distribution system.

The energy entity shall immediately commence natural gas supply as soon as disturbances are removed and the natural gas transportation/distribution system operator shall be informed of that and of the fact that the customer settled debts for transportation/distribution, i.e. the natural gas sales.

Article 42

Inspection of metering, replacement, changes on the metering device shall be done in presence of the energy entity, the customer, and in accordance with Contract for sales, transportation/distribution and rules for operation of natural gas transportation/distribution system.

IX. TRANSITIONAL AND FINAL PROVISIONS

Article 43

Contracts on natural gas supply signed before this Ordinance coming into force, shall be harmonised with the provisions of this Ordinance six months from the day of the Ordinance coming into force.

Article 44

As of the date of the entry of this Ordinance into force, the Ordinance on general terms for natural gas supply shall cease to be effective (Official Gazette of the Republic of Serbia, No 60/93).

Article 45

This Ordinance shall come into force on the eight day from the date of publication in the Official Gazette of the Republic of Serbia.

05 No 110-3025/2006
Belgrade, 18 May 2006

The Government

President,