

COMMITMENTS UNDERTAKEN BY DEPA,

AS OF 14th JULY 2014 (No. 589/2014)

The Hellenic Competition Commission (HCC), in plenary session, unanimously decided and accepted the proposal of DEPA S.A. (DEPA) regarding the amendment of the commitments adopted according to previous decision (No. 551/VII/2012) of the HCC and particularly for the amendment of the parameters and the mode of operation of the natural gas disposal scheme through e-auctions, in order particularly to achieve the most effective operation of the above e-auctions scheme, the increase of companies' participation in the auctions, the optimization of natural gas supply sources of customers and the increase of the number of competitors in the natural gas supply market through their access to a flexible aggregate natural gas supply portfolio, as follows:

With regard to the disposal of natural gas quantities on an annual basis (annual auctions)

1. In order to provide to Customers and Suppliers (as defined in the relevant legislation) the possibility of creation of a flexible aggregate supply portfolio, in addition to the quarterly auctions conducted until today, DEPA commits to dispose, in the context of e-auctions adopted according to Decision No. 551/VII/2012 of the HCC, gas quantities on an annual basis as well, i.e., with an absorption timeframe of one calendar year (hereinafter referred to as "annual auctions").
2. The annual auctions shall take place the latest by October 15th of each year and in any event at a time prior to the nominations of the Annual Contracted Quantities to DEPA, so as to provide every Customer and / or Supplier the possibility of a more efficient management of their contractual obligations. For customers with a contract duration that extends beyond 31/12/14 the adjustment limit of 5% for the Annual Contracted Quantities, according to Decision No. 551/VII/2012 of the HCC, applies.
3. DEPA commits to proceed immediately with the necessary preparations and to conduct the first annual auction by the 15th of October 2014. DEPA, during the said auction shall make available 50% of the gas quantity to be auctioned in year 2015, based on the estimated annual gas consumption of year 2014. Annual auctions for the following years shall be conducted in the same manner.
4. Any gas quantities that are not disposed through the relevant annual auction, as well as the remaining - above the aforementioned quantity percentage- of the total annual gas quantity to be auctioned, shall be disposed through their respective apportionment on the quarterly auctions, which shall follow throughout the reference year.
5. Taking into account the development of Suppliers' and Customers' demand for the auction products, and in view of the unrestricted possibility of all gas

consumers to choose their Supplier, the HCC, following a relevant proposal by DEPA, will examine:

- the possibility of increase of the quantity that will be disposed through the annual auctions at least to 60% of the total gas quantities to be auctioned per year and
- the gradual increase of the total available on the auctions quantities above the 10% percentage of the total quantity which DEPA supplied to its Customers during the previous calendar year, which is disposed on auctions today, in view also of the commitment already undertaken by DEPA for the disposal through the Single Natural Gas Market (SNGM), when and under whichever form it will be established, of gas quantity at least equal to that foreseen in Decision No. 551/VII/2012 of the HCC.

With regard to the segmentation of the auctioned quantities

6. Aiming at the optimum scheduling of customers on the basis of their actual needs, which is also related to issues concerning take-or-pay clauses as regards the awarded through the auctions quantities, as well as the attraction of smaller size Customers, the relevant auctioned quantity (on a quarterly or annual basis) will henceforth be divided into 50,000 segments, instead of the 10,000 segments foreseen during the December 17th, 2013 session of the HCC, with the exception of the last quarterly auction of year 2014 (with adsorption time frame the last quarter of the said year), which will be carried out on the basis of what is in force until the publication of the present decision of the HCC.

With regard to the formation and certification of the auctioned quantities' starting price

7. According to Decision No. 551/VII/2012 of the HCC, the starting price of the auctions (both annual and quarterly) shall reflect the weighted average cost of supply of the natural gas mixture imported by DEPA based on its long-term supply contracts (including any charges applied by DESFA [Hellenic Gas Transmission System Operator] at the entry points of the NNGS (National Natural Gas System), as well as the respective real administrative cost of DEPA¹.
8. The Regulatory Authority for Energy (RAE) will monitor and certify the starting price of the auctions (annual and quarterly), which shall be announced to the participants, based on the approved methodology for price determination according to the above.

¹ According to the provisions of the December 17th, 2013 session, the administrative cost cannot exceed any fixed or variable cost that DEPA actually incurs for the conduct of the e-auctions and does not include any cost relevant to the operation of DEPA's permanent structures related to the activities of supply and/or management of long-term gas contracts.

With regard to the inclusion of any requests for increase/decrease of DEPA's supply prices in the formation of the auction's starting price

9. At present, DEPA, in determining the aforementioned starting price, shall take into consideration ex-ante, as it is already foreseen², any requests of its suppliers or, respectively, its own requests to its suppliers for the revision of supply prices. To the extent, however, that this is rendered necessary and possible in the future, taking into consideration the prospects and developments in the market and the degree of Customers' and Suppliers' participation to the auctions, the HCC shall re-examine the possibility of elimination of the above provision (i.e., of not taking into consideration the relevant requests for increase or decrease of the supply prices for the determination of the starting price), on the basis of DEPA's relevant proposal. The relevant proposal will also be able to take into consideration any relevant risk of DEPA.

With regard to the delivery of auctioned quantities at the Virtual Nomination Point

10. Aiming to further decrease Customers' dependence on DEPA and to the equal treatment of participants in the auctions irrespective of the type of gas contract signed with DEPA (with or without the transmission service), DEPA commits to make available all the awarded through auctions (annual or quarterly) quantities, to be delivered from 1.1.2015 onwards, only at the Virtual Nomination Point (VNP) of the NNGS.
11. The awarded per participant quantity will be received at the VNP at a flat consumption profile throughout the entire reference time frame of the auction. Alternatively to the above provision of receipt at a flat profile, DEPA commits, concerning the receipt of awarded quantities at the VNP, to additionally provide to its Customers, if they choose so and without an additional charge on the starting auction price compared to the flat profiled quantity, the possibility to off-take on a daily basis quantity of natural gas ranging within the following limits:
- Minimum daily quantity for off take equal to 0 MWh
 - Maximum daily quantity for off take equal to 125% of the average daily quantity of the awarded quantity, as it (i.e., the average daily quantity) arises from the total awarded quantity divided by the number of days of the reference period.
12. The participants in the annual and quarterly auctions will commit to receive and pay, or if they do not receive within the reference period to pay, the cost for the total allocated to them quantities (take-or-pay clause).

² During the December 17th, 2013 session of the HCC, it was decided that from that point in time onwards when calculating the weighted average cost for procuring the gas mixture imported by DEPA based on the long-term supply contracts and subsequently (calculating) the starting price, both the requests of its suppliers for the increase of the supply prices, as well as DEPA's requests for their decrease shall be taken into account.

With regard to the date of conducting quarterly auctions

13. DEPA commits to hereinafter conduct the quarterly auctions within the month that precedes the beginning of each reference quarter, so that the absorption of awarded quantities is made possible from the first day of the reference quarter.

With regard to the letter of guarantee of good performance

14. In line with the commitment of DEPA to abolish, in the context of quarterly auctions, the obligation of submission of a letter of guarantee of good performance in case of participation of Customers who have no overdue debts or who have already made debt settlements, who have already submitted a letter of guarantee according to the provisions of the Natural Gas Sales Contract with DEPA (amendment that was accepted during the December 17th, 2013 session), DEPA commits not to require the submission of a letter of guarantee of good performance from the participants in the annual auctions, provided that the latter have already submitted a guarantee letter according to the provisions of the Natural Gas Sales Contract with DEPA, of such an amount which also covers the awarded in the auctions quantities and for as long as it has not expired. In any other case, DEPA requests the submission of a supplementary or new letter of guarantee for the allocated quantity.

With regard to the offer of additional or/and diversified products via the e-auctions

15. To the extent that this is deemed appropriate and necessary in the future, in order to provide increased liquidity to the gas market and to develop alternative and reliable gas supply sources, and taking into consideration the prospects and developments of the gas market as well as the degree of involvement from Customers and Suppliers in the auctions, the HCC will also examine:
 - The possibility of offering short-term products on a monthly and/or daily basis from DEPA in the context of e-auctions. For the design of these products the existence and maturity level of the gas trading hub will also be considered based on the relevant reports of the competent authority for its operation, as well as any amendment of the relevant legal framework towards the direction mostly of simplification of the procedure and restriction of contractual pre-requisites.
 - The possibility of (re)design of products on the basis of the particular characteristics and needs of every category of participant in the auctions (Suppliers, Customers), aiming, in particular, at the development of competitors in the gas supply market through their access to a flexible gas supply portfolio. In this context, the proposal of RAE in particular and DEPA will be examined concerning a potential participation only of Suppliers in the annual auctions.