

## Answers to the request for clarification submitted in the period from 5/7/2008 to 22/8/2008

**Q:** *“Could Poseidon Sponsors please fill in full text in your EOI form? Information of the exact Greek Ministry decree and date of General Rules is are missing.”*

**A:** An updated version of the EOI form is now available on the Poseidon Co. website [Exhibits III-IV.pdf](#).

**Q:** *“Will the tariff paid by Sponsors will be different than tariffs paid by normal shippers?”*

**A:** Please note that, in accordance with the applicable regulations, while access to transmission networks in general is granted on a regulated basis (including in respect of tariffs, which are to be approved by the competent authorities and such will be the Tariff payable by the Allocated Participants), access to capacity in a TPA exemption regime, in accordance with Directive 2003/55/EC, is subject to a negotiated regime. With this respect Poseidon pipeline capacity has been entitled to an exemption from TPA for 8 BCM/Y for 25 years by the Italian Ministry of Economic Development in agreement with the Greek Ministry of Development, RAE and AEEG and with the approval of the European Commission. Therefore IGI Poseidon SA will establish a negotiated access regime with Edison Spa and Depa SA for the exempted capacity of the Poseidon pipeline.

**Q:** *“For shippers that have offered different tariff premiums and have capacity allocated would they pay different tariffs or the tariff for all OS participant would be equalized?”*

**A:** Please note that, in accordance with the OS Procedure Regulation (article 6.5(iii)) the Binding Offer submitted by Participants will include, for each Lot, *“the Premium that the Participant undertakes to pay in addition to the Tariff in the event a Transportation Contract is executed”*. Therefore, the Premium in respect of which a Participant commits, shall constitute the actual Premium payable by such Participant in addition to the regulated Tariff in the event a Transportation Contract will be executed with such Participant. No equalisation of Premia are foreseen.

**Q:** *“As Operator does not provide tariff guarantee, would Operator provide a clear, transparent and non-subjective process for determining the final applicable tariff on the Poseidon pipeline?”*

**A:** Please note that, as stated, a regulated regime applies in respect of the OS Capacity. Tariff calculation principles will be provided by the competent National Regulatory Authorities in the OS Agreements Regulations and the actual Tariff payable in respect of all Regulated Capacities (including OS Capacity) in application of such principles will be approved by such Authorities before the start of the commercial operation of the Poseidon Pipeline.

**Q:** *“Why there is a restriction on capacity available under OS? If OS demonstrates interest in the market place for >1BCM capacity on Poseidon pipeline would Operator/Sponsors make more capacity available?”*

**A:** Please note that the OS Capacity has been defined by the competent authorities in the OS Procedure Regulation in light, in particular, of the constraints of the Greek natural gas market. In respect of the Poseidon Pipeline, in fact, the identification of the maximum capacity to be offered through the OS Procedure has taken into account the constraints in the transportation system and the expected evolution of the Greek gas demand, in order not to be detrimental to the security and diversification of supply of the Greek gas market. Therefore, neither the Operator nor the Sponsors would be in the position to render more capacity available at this stage, even in the event the *“OS demonstrates interest in the market place for >1 BCM”*, unless otherwise decided by competent authorities.

**Q:** *“Could you please confirm ARCA bond amount calculation with an example: for instance what is ARCA bond amount for a bid with first year tariff of €1.0mln p.a. and duration is 20 years?”*

**A:** In order to determine the amount to be guaranteed by the ARCA Bond, please refer to the definitions of “ARCA Bond” and “Estimated Annual Fee” of the OS Procedure Regulation. Pursuant to the ARCA Bond definition, the guaranteed amount is equal to “25% of the Estimated Annual Fee applicable to each allocated Lot”. In the given example, assuming that the EUR 1 million p.a. represents the actual relevant Estimated Annual Fee for one specific Lot (taking into consideration the Transportation Contract duration given in the example and the Premium offered by the relevant Participant), the ARCA Bond guaranteed amount, for such specific Lot, would be equal to EUR 250,000.

**Q:** *“Any restrictions on the assignment of allocated capacity after signing of Transportation Contract?”*

**A:** Please note that the Poseidon Access Code is envisaged to allow secondary trade of capacity and to recognise the transfer of primary capacity rights where notified by network users in accordance with the provisions as will be set forth therein and approved by the National Regulatory Authorities. Assignments of capacity to non-network users shall be subject to the assignee becoming a network user.

**Q:** *“After ARCA is signed ARCA bond is open and it costs money to maintain. What is the deadline to sign Transport Contract? Will Poseidon compensate to Shippers costs of maintaining ARC bonds for delays in signing Transport Contract caused by the Operator/Sponsors?”*

**A:** Pursuant to the ARCA, the execution of the Transportation Contract shall be subject to the satisfaction of certain conditions precedent by Poseidon Co. and by the Allocated Participant. The ARCA shall also set forth a long stop date for the satisfaction of such conditions. Upon occurrence of such long stop date without the Poseidon Co. conditions precedent being satisfied, the ARCA and the ARCA Bond shall be null and void. Participants therefore shall be in the position to know the list of conditions precedent and the maximum duration of the ARCA Bond before submitting their Binding Offers and they must accept the possibility that the ARCA Bond could remain outstanding for a period up to the long stop date. No compensations by the Operator/Sponsors shall be made.

**Q:** *“Based on Art. 3.2. of the terms and conditions it is our understanding that interested parties will enter in a binding phase without having received a draft of the transportation contract. We would like to point out that we prefer having the possibility to check the transportation agreement before entering in a binding phase. In case the indicated tariff would rise significantly, it is our understanding that no step-out clause is foreseen. We kindly ask you to confirm if our understanding is correct or to send us your comments.”*

**A:** Please note that, although Participants will not be provided with a fully termed Transportation Contract (the actual Transportation Contract will be entered into by adhering to the Poseidon Access Code), Participants will be provided, before submitting their Binding Offer, with a Transportation Contract term sheet incorporating all main terms and conditions of the transportation service to be provided by Poseidon Co.. Please note that both, the Transportation Contract term sheet and the Poseidon Access Code, will be approved by the National Regulatory Authorities and that, we believe, should constitute sufficient protection for the Participants. With reference to the Transportation Tariff your understanding, that no step-out clause is foreseen, is correct. Although an area of risk of a possible increase of the Tariff exists, we have to point out that a mitigant for the benefit of an Allocated Participant is already provided by article 11.1 of the OS Procedure Regulation (as it will be better detailed in the OS Agreements Regulation), which provides that the Premium offered by such Allocated Participant will primarily be used as cushion to absorb possible increases of the Tariff compared to the

Indicative Tariff. Furthermore, once again, the approval of the Transportation Tariff by the National Regulatory Authorities should be felt as constituting sufficient protection for Participants.

**Q:** *“I’m a last year student of law at Warsaw University in Poland and I am preparing to my final exams and writing my master’s thesis concerning different method of allocation of capacity. I’m interested particularly in the open season procedure. I have found some information in the Internet however I would like to know, how this procedure look like in practice in different EU countries. I have obtained some information from Polish regulator, however it has not to much experience in this area. I realize that some, or even most of documents and information are strictly confidential. However, I would be very grateful, if you send me some information regarding open season procedure (i.e. maybe some information was provided by the National Regulator or general terms and conditions of the open season procedure). I would be very grateful for any help.”*

**A:** We are please to see interest on the OS Procedure also from the academic world. Regrettably it would be for us impossible to disseminate additional non-public information to selected persons only throughout the performance of the OS Procedure, as any possible unauthorised further disclosure or dissemination could create information asymmetries to the advantage or, respectively, detriment, of possible competing Participants. We would however recommend any interested person (either Participant to the OS Procedure or otherwise), to regularly monitor the Poseidon Co. website, as any information on the OS Procedure publicly available shall be timely posted therein.

**Q:** *“We kindly ask you to confirm, that you do accept the EIO to be signed by any representative of the applicant holding a full power of attorney, granted by the management board, authorising its holder to execute, both in and out of court, all business transactions and other legal acts associated with operating the company. The full power of attorney is entered in the Commercial Registers which can be used for documentation.”*

**A:** Please note that obtaining the execution of the EOI as well as any other binding document related to the OS Procedure by a person legally empowered to represent and bind a Participant is a primary duty and responsibility of the Participant itself. In the event that, at any time, it emerges that the person having signed a binding document of the OS Procedure was not so empowered, Poseidon Co. (or the Sponsors on behalf of Poseidon Co.) shall have the right to enforce the relevant bond then outstanding, and exclude the Participant from the subsequent phases of the OS Procedure. Poseidon Co. (or the Sponsors on behalf of Poseidon Co.) in case of doubt, reserve the right to require the Participant to produce a legal opinion from a primary law firm acceptable to Poseidon Co., at the cost of the relevant Participant, confirming the powers vested on the signatory(ies). With specific reference to the case mentioned, we are not in the position to comment at this stage.