

UTILITIES

NATURAL GAS

Slovenia depends almost entirely on natural gas supplied from abroad. Most of it, as much as 42 percent is supplied from Russia, 35 percent from Austria, 16 percent from Algeria. The remaining amounts of gas are supplied from Italy.

The Slovenian gas transmission network consists of 1,121 km of pipelines. An important part of the transmission network are compressor stations in Kidričevo and Ajdovscina, which maintain the required pressure in the transmission network.

The Slovenian gas network is part of the pan-European gas transmission system. The connections of the Slovenian pipeline system with the neighbouring countries of Italy, Austria and Croatia are one of the advantages of Slovenia's geographical position.

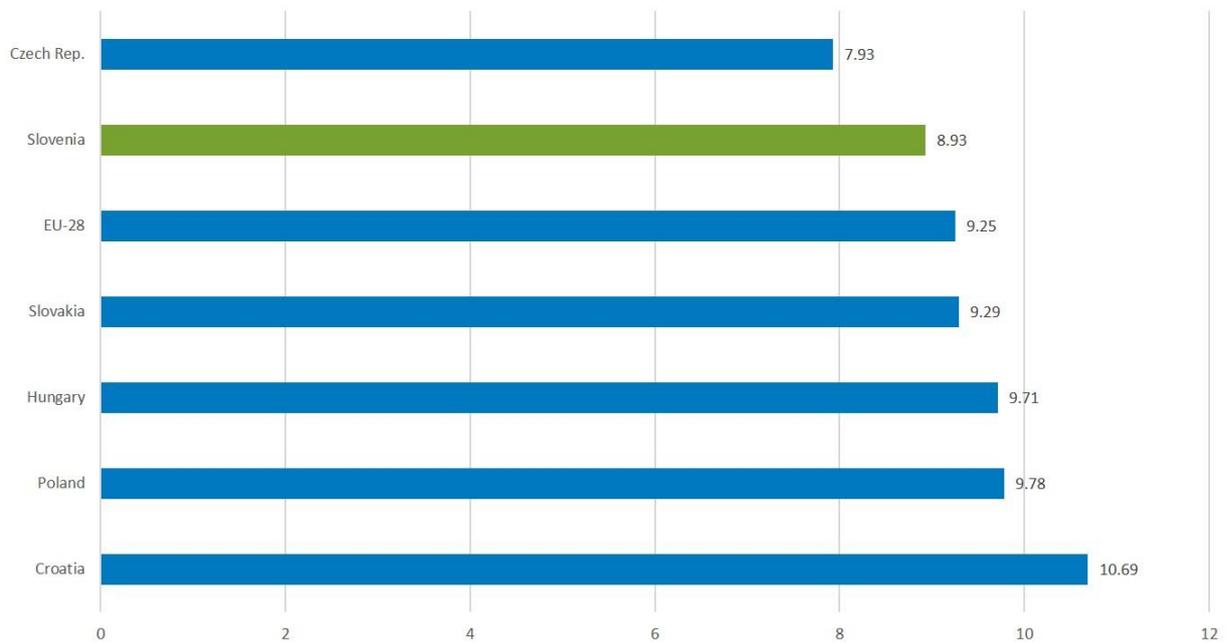
THE MARKET OF NATURAL GAS

In line with the liberalisation of the natural gas market in the European Union, "Geoplin"'s subsidiary "Plinovodi" took over management of the natural gas infrastructure, and performs the activity of natural gas transmission network system operator (TNSO). To the Slovenian gas transmission network different natural gas distribution networks are connected, through which DNSO (company Plinovodi) facilitate the distribution of natural gas to 72 Slovenian municipalities. In terms of distribution networks, a DNSO performs similar tasks to those performed by the TNSO on the gas transmission network.

The opening of the natural-gas market presents the option to choose the supplier of natural gas. A customer that wishes to switch supplier can be supplied with gas by any supplier operating in Slovenia, while the transmission or distribution of natural gas will still be supplied by the current system operator.

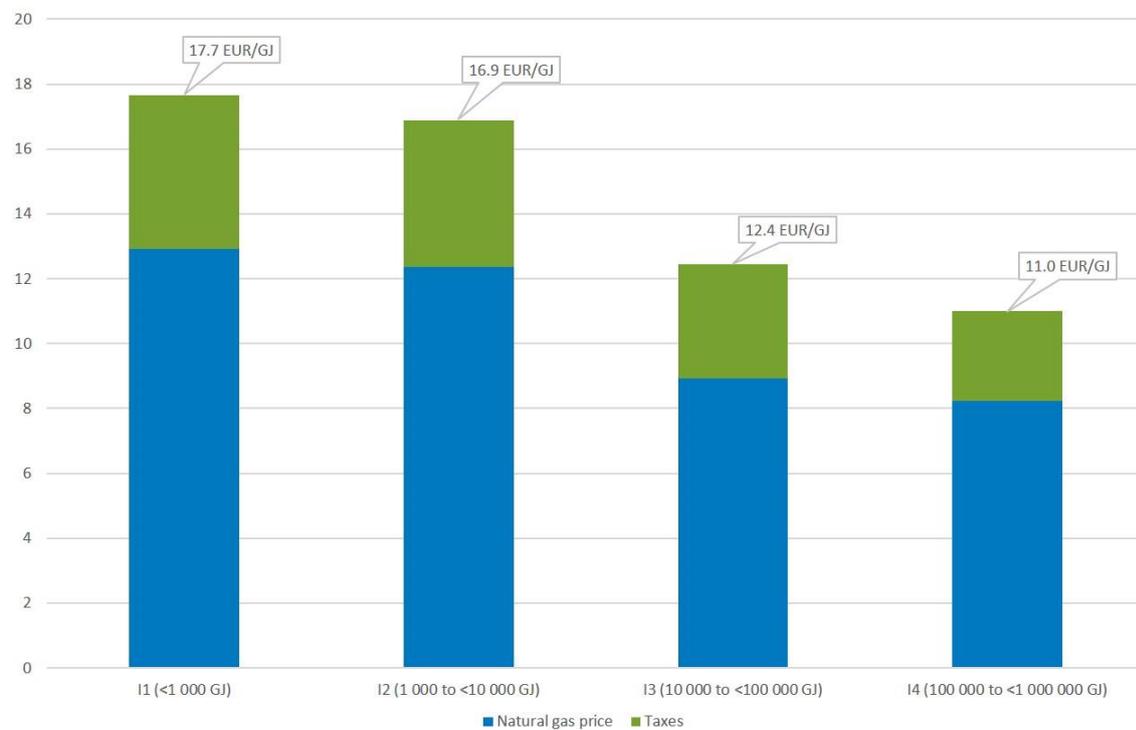
Natural gas prices for reference industrial consumer, 1st half of 2015 (in EUR/GJ; taxes excluded)*

** Consumption Band I3 with annual consumption between 10 000 and*



Source: Statistical Office of the Republic of Slovenia

Natural gas prices by type of industrial consumer (EUR/GJ), Slovenia, 1st half of 2015



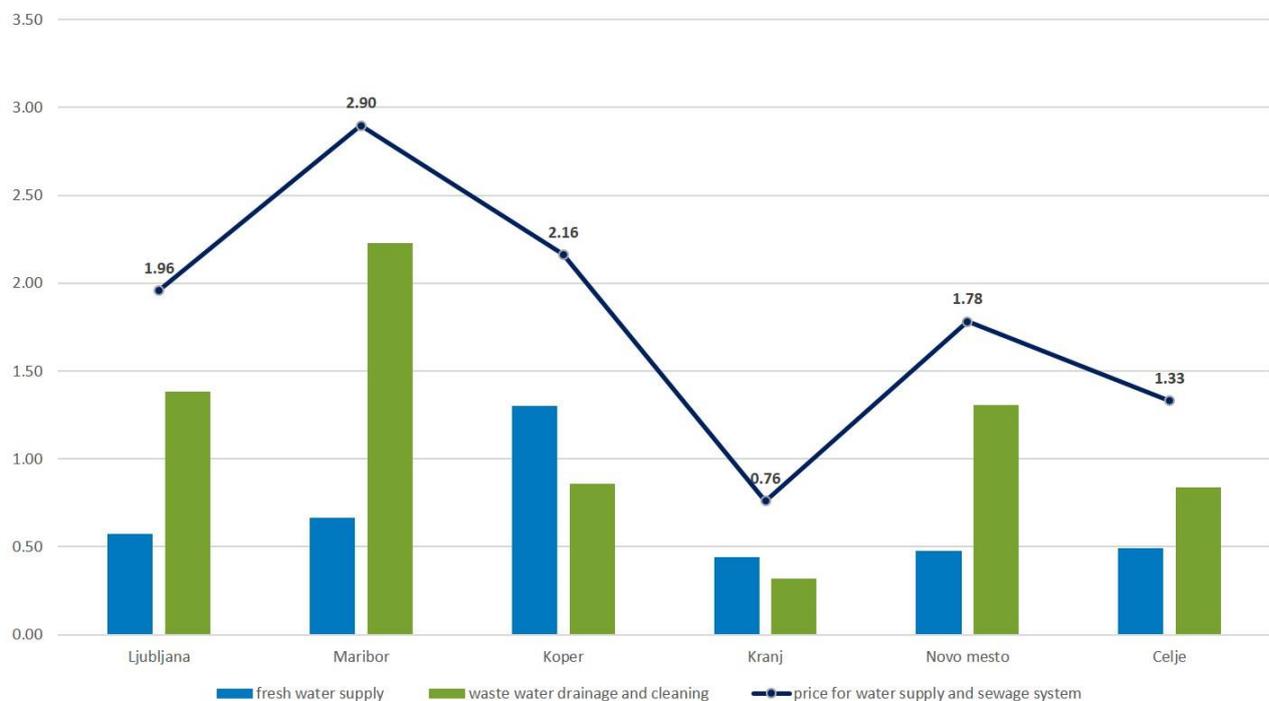
Source: Statistical Office of the Republic of Slovenia

WATER DISTRIBUTION AND SEWAGE COLLECTION AND DISPOSAL

The public services of the supply with water intended for human consumption (drinking water) and collection and disposal of waste water and meteoritic water is carried out by public companies on the basis of authorities granted by local communities. These mandatory economic services are operated by using the public infrastructure under their management.

For every new services (utility) connection or a modification to the existing one it is necessary to apply to the operator of the service for approval. The approval to connect to the service is issued on the basis of a previously prepared house connection drawing made by the public company against a fee.

Prices for water and sewage services for business entities in the largest municipalities (in EUR/m³), 2016 (exclusive of VAT and network charge)



CHARGES FOR DRINKING WATER SERVICE

The quantity of water used is the basis for billing consumers on a monthly basis. In addition, the charge for the water service and the network charge are included in the bill based on the scale of the water meter plus the 9.5% value-added tax (VAT).

CHARGES FOR WASTE WATER

Sewage fee is also charged on the basis of the water supplied. On top of the base fee for collection, treatment, cleaning and discharge of waste water as well as the environment load

tax (depends on quantity of waste water discharged to the sewage system), network charge and 9.5% VAT are added.

CHARGES FOR SERVICES PROVIDED TO INDUSTRIAL CUSTOMERS

The methodology for the collection and separation and purification of industrial effluents/waste water, processing of liquid waste and sludge is adjusted to the profile of the industrial consumer. Industrial customers are entities discharging over 4,000 m³ of effluent/waste water annually and/or are payers of the fee for monitor industrial waste water due to the nature of their activity. Industrial effluent/waste water means additional load on municipal waste water (sewage) treatment plants. Public companies enter into contracts with industrial customers to collect and treat effluents/industrial waste water and the charge for this waste water service is calculated in line with the approved methodology for a particular public company.

WASTE MANAGEMENT

Rising incomes and population growth are putting pressure on water supplies and generating more waste. When Slovenia became a full-fledge member of the European Union, its legislation governing the environment protection had to be fully compliant with the EU legislation including special waste and dangerous substances management. Every small, medium-sized and large enterprise that engages in a specific activity where waste dumped without taking special measures could harm the environment, must take adequate waste management steps.

CHARGES FOR DISPOSAL OF MUNICIPAL WASTE

The public service of disposing of waste is carried out by companies on the basis of authorisations granted by local communities.

Disposal of discharge of solid waste is billed on the basis of quantity (usually in cubic metres - m³) of waste in by taking into account the number of disposals per month. For the companies producing hazardous waste, special regulations apply.