

## Appendix (1)

### The Administrative Expenses

#### The Administrative Expenses for Applying for a License / Renewing a License:

These prerequisites, procedures and controls shall be implemented when applying for a license to practice an activity and renewing the license, whereby:

- They are non-refundable cash amounts whether the application has been accepted or rejected; and
- They are paid for the review, follow-up, study and assessment carried out by the GasReg from the receipt of application until giving a decision thereon.

The following values have been determined:

In case of new license					
Type of Activity	Number of Licenses	Segments according to traded gas quantities			Administrative Expenses (EGP)
		Tier	(Million Cubic Meters)	(Million BTU)	
Distribution	15	First segment (less than)	1,200	37,891,543	15,000
		Second segment (greater than)	1,200	37,891,543	35,000
		Third segment (greater than)	2,609	88,339,220	50,000
Supply	16	First Segment (less than)	146	37,891,543	15,000
		Second Segment (greater than)	146	37,891,543	35,000
		Third Segment (greater than)	4,488	150,211,507	50,000
Transmission	1	First Segment (less than)	23,388	850,737,761	15,000
		Second Segment (greater than)	23,388	850,737,761	35,000
		Third Segment (greater than)	46,777	1,701,475,523	50,000
Shipping	1	First Segment (less than)	23,388	850,737,761	15,000
		Second Segment (greater than)	23,388	850,737,761	35,000
		Third Segment (greater than)	46,777	1,701,475,523	50,000

#### Administrative Expenses of Applying for License Amendment:

Upon submitting amendment application, an amount of EGP 2,500 shall be paid for the amendment application of any data of the license issued for the companies. This amount is paid for the study, research and review carried out by the GasReg before accepting or refusing such application.

## **Appendix (2)**

### **The Initial Bond**

#### The Initial Bond for Applying for a License / Renewing a License:

These prerequisites, procedures and controls shall be implemented when applying for a license to practice a market activity and renewing the license, whereby :

- The purpose of the initial bond is ensuring that the applicant is committed , and such bond is temporary and its purpose shall ends by submitting the performance guarantee in case of accepting the application , or by refunding such bond in case of rejecting the application;
  - The initial bond shall be paid through a bank transfer to the consolidated account of the GasReg at the Central Bank provided that be done by virtue a receipt \ deposit slip proving the completion of the transaction and showing the number and date of the transaction. No interest shall be imposed on such amount and such amount shall be refunded according to the requirements set out in the Prerequisites Booklet;
  - Subject to the approval of the GasReg -the CEO-,the license applicant may pay the initial bond by deduction from his entitlements from the GasReg ;
  - It is not permissible for the license applicant to withdraw the value of the initial bond during considering his application;
  - The initial bond shall be refunded regardless of a request from the license applicant as from:
    - The date on which the applicant is notified by the rejection of its application for obtaining a new license or renewing a license for reasons not related to the validity of submitted information and documents; or
    - The date on which the applicant pays all its entitlements due to the GasReg in case of accepting his application for obtaining a new license or renewing a license.
  - Subject to the approval of GasReg (the CEO), the applicant may use the initial bond deposited in the GasReg's account to pay all or part of the performance guarantee or license fees to the GasReg if necessary; and
  - The GasReg has the right to acquire the initial bond upon a notice to the applicant in the following circumstances:
    - 1) The applicant has submitted any inaccurate or misleading information; or
    - 2) The applicant fails to complete the licensing procedures such as payment of license fees or payment of the performance guarantee after the GasReg's Board of Directors accepts the license \ renewal application.
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A fixed value has been determined for the initial bond to be paid by the applicant, and this amount is sufficient to ensure that the applicant is committed . the values are as follows:

Type of Activity	Initial Bond (EGP)
transmission	150,000
Shipping	150,000
Distribution	50,000
Supply	50,000

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## Appendix (3)

### The Performance guarantees

#### The Performance guarantee for Applying for a License / Renewing a License:

These prerequisites, procedures and controls shall be implemented when applying for a license to practice a market activity and when renewing the license, whereby :

- The applicant shall pay the performance guarantee to the consolidated account of the GasReg at the Central Bank , as a guarantee of its commitment and good compliance with the license granted to him and all the decisions of the GasReg;
  - If the applicant is notified of accepting its application, it shall pay the performance guarantee in full within seven (7) working days as from the day following the accepting notice;
  - Subject to the approval of GasReg (the CEO), the applicant may, upon its request and after submitting the supporting documents (if so requested by the GasReg), use any amounts due from the GasReg to pay the performance guarantee , provided that such amounts shall be payable when the applicant is obliged to pay the performance guarantee and such due amount shall be paid in full at the same date;
  - The performance guarantee shall be paid separately for each license or collectively in case of more than one license;
  - At the annual renewal of the license, the licensee shall amend the value of performance guarantee to be paid according to the decisions of the GasReg;
  - Subject to the approval of GasReg (the CEO), in case that accounting unbundling is not applied , the value of the performance guarantee may be assessed based on the total revenues of regulated activities;
  - If the licensee violates the terms of the license or any prescribed obligation, the GasReg is entitled to impose any of the sanctions or penalties stipulated in the Law and its executive regulations or according to the regulatory decisions issued by the GasReg including but not limited to confiscation of the performance guarantee according to each case separately upon a notice to the licensee – without any condition or objection from the licensee – in addition to taking all necessary actions to protect the rights of market participants;
  - If the performance guarantee is confiscated by the GasReg according to each case separately, the licensee shall complete the value of the performance guarantee , which has been notified to the licensee, no later than ten (10) working days from the date of confiscation;
  - The licensee is not entitled to withdraw the performance guarantee except after four (4) months from the expiry or termination date of license unless otherwise determined by the GasReg, provided that the entire amount or the remaining portion thereof shall be repaid to the licensee within a period not exceeding ten (10) working days regardless of whether the licensee has requested such repayment or not;
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- the revenue used to assess the performance guarantee value includes all revenues that the licensee obtains from practicing the regulated activity subject to the approval of the GasReg (the CEO),; and
- The value of the performance guarantee will be reassessed prior to issuance of validity certificate for the new license year according to the change in the revenues used to determine the performance guarantee value.

The following is a review of the methodology adopted in the case that licenses are issued for the first time or in case of renewal of licenses. The value of performance guarantee is determined as a fixed percentage for all activities with the difference in the vessel from which it is assessed according to the nature of the activity, as follows :

Type of Activity		Performance guarantee
	transmission	0.125% of the expected revenue during the year
	Shipping	0.125% of the value of traded gas within 30 days
	Distribution	0.125% of the expected revenue during the year
Supply	owned gas	0.125% of the value of traded gas within 30 days
	unowned gas	0.125% of the expected revenue during the year

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## **Appendix (4)**

### **License Fees**

#### License Fees (Issuance \ Renewal \ Annual Fees):

These are values paid by the license applicants for allowing them to practice the activities regulated by the GasReg within the borders and jurisdictions of the country . The license issuance fees are as follows:

- Transmission ..... 0.0440 cent per each million BTU
- Shipping ..... 0.0240 cent per each million BTU
- Distribution ..... 0.0164 cent per each million BTU
- Supply ..... 0.0060 cent per each million BTU

It is subject to the following prerequisites and controls:

- The approved assessment methodology takes into account the gas quantities traded (in million BTU) by the license applicant. The issuance value of each license is the outcome of multiplication of the license fees by gas quantities expected to be traded during the year;
  - The GasReg's Board of Directors shall determine the license fees annually according to the activity type so that such fees may not exceed the maximum value stipulated in the law (10 US cent);
  - The applicant upon being notified shall deposit the entire value of the license fees within seven (7) working days from the day following the deposition notice;
  - The license fees shall be paid in the GasReg consolidated treasury account at the Central Bank;
  - The license issuance fees shall be paid in the Egyptian pounds according to the exchange rate announced by the Egyptian Central Bank at the payment date;
  - Subject to the approval of GasReg (the CEO), the company may, upon its request and after submitting the supporting documents (if so requested by the GasReg), use any amounts due from the GasReg to pay the license fees, provided that such amounts shall be payable when the company is obliged to pay the license fees and such due amount shall be paid in full at the same date. In such case, the exchange rate announced by the Egyptian Central Bank at the date of GasReg's approval on its application is used;
  - The license fees determined by the GasReg's Board of Directors shall apply to the licenses issued for the activities of shipping, transmission , distribution and supply;
  - The fees determined by the GasReg's Board of Directors shall apply to the new licenses, the renewed licenses and the licenses for which validity certificate will be issued during the license period;
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- If any licenses are issued for new activities, new license fees will be determined according to the type of license and the prerequisites stipulated in the law and its executive regulations and according to the decisions of GasReg;
  - The quantity to be used to assess the license fees shall be determined based on the quantities expected to be traded during the year submitted by the companies after being approved by the GasReg. The GasReg is entitled to request all supporting documents to ensure the validity of such data;
  - The license fees shall be settled by the end of each year according to the actual quantities that have been traded during the year by each company, provided that such quantities shall be treated by using the same approved values of 2020 and according to the exchange rate on the date of payment date of the license fees for such quantity;
  - At any time during the year, the companies are entitled to submit a request to modify the gas quantities expected to be traded, provided that such quantities shall be treated by using the same approved values of 2020 and according to the exchange rate on date of payment date of the license fees for such quantity; and
  - The GasReg is entitled to add, cancel and/or amend any of the prerequisites without discrimination between the different market parties involved in the market and in accordance with the rules specified by GasReg.
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