



Network Code

Version 3



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INTRODUCTION TO THE DOCUMENT

This Network Code, approved by the Authority, is aimed at guaranteeing access to the Transmission Service to those Shippers who request it, pursuant Article (24) (5) of Legislative Decree No. 164 of 23 May 2000.

1. CONTRACTUAL DISCIPLINE

Notwithstanding legal provisions, the provisions of this Network Code constitute the rights and obligations of the Parties with respect to the performance of the transmission service along the Transmission Network.

The Transmission System Operator and the Shipper are mutually bound to comply with the aforementioned rights and obligations, under the conclusion of the Transmission Contract.

Any matters not expressly governed by the Transmission Contract shall be regulated by the the Network Code, whose provisions, since applicable, are an integral and essential part of each Contract.

Should one of the provisions of this Network Code be or become impracticable, the Transmission System Operator reserves the right to replace it with a new one, as laid out in the Chapter on "Network Code Update".

OPERATORS

Listed and described below, in alphabetical order, are the key "players" whose role is frequently referred to when describing the rules and processes that govern the transmission service.

Their roles are not exclusive: the same operator can perform more than one task at the same time, notwithstanding the constraints provided for by the Legislative Decree

| Definition | Description |
|---------------------------------|---|
| <i>Authority</i> | The Gas and Electricity Authority ("Autorità per l'energia elettrica e il gas"), established by Law No. 481 of 14 November 1995, is an independent body that regulates and controls the provision of public services in the electricity and gas sectors. The Authority is headquartered in Piazza Cavour N. 5, Milan. |
| <i>End Customer or Customer</i> | The individual or corporate entity that purchases and uses Gas for its own consumption. |
| <i>Eligible Costumer</i> | The individual or corporate entity that is empowered, as a consequence of the Italian Legislative Decree, to underwrite supply, purchase, and sale agreements with any manufacturer, importer, distributor or wholesaler, both in Italy and abroad, and has a right of access to the system |
| <i>Dispatching Company</i> | The individual or corporate entity that provides a Gas dispatching service through local pipeline networks that are supplied by transmission networks, for delivery to End Customers connected to such network. |
| <i>Connected Operator</i> | Operator connected immediately downstream the RR Delivery Point. The following can be connected to the RR Delivery Point: <ul style="list-style-type: none"> ➤ End Customers; ➤ Dispatching companies; |

| Definition | Description |
|--|--|
| | ➤ Other networks. |
| <i>Regasification Company</i> | The company that performs LNG regasification activities. |
| <i>Storage Company</i> | The company that provides storage services, by managing the storage concessions to which it is entitled in an integrated manner. |
| <i>Transmission Company</i> | The company that performs Natural Gas transmission activities. |
| <i>Leading Company</i> | Snam Rete Gas S.p.A. |
| <i>Gas Producer/Production Company</i> | The individual or corporate entity entitled to hydrocarbons exploration and production concessions that carries out activities of geophysical prospecting, production from reservoirs and commercialisation of produced Gas. |
| <i>Transmission System Operator</i> | Infrastrutture Trasporto Gas S.p.A performs activities of natural gas transmission and dispatching through the transmission and dispatching gas network that is managed/operated in compliance with Article (2) (t) of the Decree. |
| <i>Shipper</i> | The Gas system user that purchases Transmission Capacity for personal use or as a concession to Third Party through confirming the allocated capacity. |

REGULATORY FRAMEWORK

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1.1 DIRECTIVE 98/30/EC (“FIRST GAS DIRECTIVE”)

The regulation process of the Gas market within the EU started with Directive 98/30/EC (the “First Gas Directive”), later repealed by Directive 55/2003/EC (the “Second Gas Directive”), which introduced further measures for enhancing the market liberalisation process.

Through the definition of common standards for the internal Gas market, Directive 98/30/EC started an important phase in the completion of the European energy market, through a progressive liberalisation aimed at creating a single European Gas market characterised by fairness of treatment and non-discriminatory access for all system Operators.

In particular, this Directive sets out:

- the distinction between free and captive customers, i.e. customers who can or cannot choose their Gas supplier;
- the principle of access to the Gas infrastructure for requesting Third Parties (so-called “Third Party Access”).
- the possibility of choosing between negotiated or regulated access to the Gas infrastructure;
- the accounting separation between Network activities and the remaining Gas supply chain activities.

Directive 98/30/EC was transposed in Italy with Law No 144 of 17 May 1999 and Legislative Decree No. 164 of 23 May 2000 (see Paragraph 1.2).

1.2 TRANSPOSING LEGISLATION: LEGISLATIVE DECREE NO.164/00

Legislative Decree No164/00 transposes Directive 98/30/EC in Italy and starts the restructuring of the Italian gas market. To this extent, it defines the time scales and methods for implementing key measures aimed at creating a competitive market - in some cases exceeding the provisions of Directive 98/30/EC. The objective is that of providing End Clients with an increasingly competitive service by incentivising the presence of a larger number of Operators on the one hand and stimulating consumption on the other.

In particular, amongst other things, the Legislative Decree 164/00 provides, for regulated activities, :

- regulated access to the Gas infrastructure. To this extent, the Electricity and Gas Authority defines the criteria for the calculation of maximum allowable tariffs;
- the transposition of the "Third Party Access" principle and the Electricity and Gas Authority's definition of criteria - apart from those set out in the previous point - that enable Network Shippers to enjoy free, non-discriminatory access, as well as the utmost impartiality and neutrality of transmission, delivery and obligations of the entities that perform such activities¹
- adoption of a Network Code establishing access criteria by Transmission Companies– to be drafted within three months from the publication of the Electricity and Gas Authority's Resolution . The draft Network Code shall then be sent to the Authority, which will check its compliance with the aforementioned criteria;
- the adequacy principle, with associated lower consumption thresholds and its extension to all End Customers starting from 1 January 2003;
- the corporate separation of transmission/dispatching activities from other Gas sector activities, except storage activities, which, at any rate, shall be separated from transmission from an accounting and operational viewpoint;

¹ There are situations in which Transmission Companies may refuse access to the system, i.e. lack of capacity, inability to honour public service obligations and emergence serious economic and financial difficulties for Gas Companies due to the execution of "Take or Pay" contracts signed before Directive 98/30/EC entered into force. At any rate, access to national Gas should not be refused either to companies - or the Shipper that incurs into the cost of building a Gas facility to compensate for lack of capacity or connection.

- identification of the National Pipeline Network by the Ministry of Productive Activities (now Ministry of Economic Development).

1.3 DIRECTIVE 03/55/EC (“SECOND GAS DIRECTIVE”)

The Second Gas Directive aims at improving the liberalisation process and creating a "fully operative and competitive market" . Among the main hurdles, highlights "network access issues" and "storage access issues" as well as the "tariff system, the lack of interoperability between systems and the different levels of market openness in different Member States".

In particular the Second Directive:

- sets July 1 2007 as the date for full market opening, on which all customers shall become eligible;
- it imposes corporate, organisational and decisional separation on companies performing transmission, dispatching and storage activities and those performing production, supply, measurement and sales activities by promoting the management of Natural Gas Transmission Networks by independent companies.
- requests a regulated access system for dispatching and transmission activities, whilst envisaging the possibility of negotiated access for storage activities;
- requests the establishment of a regulating authority responsible for monitoring Network access.
- envisages the possibility of exceptions to the TPA principle for new facilities or for the development of existing ones.

1.4 ELECTRICITY AND GAS AUTHORITY REGULATIONS

Article (21) of Directive 98/30/EC provides that Member States shall create independent regulatory authorities. In Italy, such regulatory Authority, the Electricity and Gas Authority, was created by Law No 481 of 14 November 1994. Such Law establishes regulatory Authorities for public Utilities, to be understood as autonomous and independent authorities with regulation and control functions on a national level. It also defines their objectives and relevant functions. Finally, Legislative Decree No. 164/00 shapes the sector's organisation by allocating the responsibility for market regulation to the Electricity and Gas Authority and that for system development and progressive harmonisation to the Ministry of Industry (now The Ministry for Economic Development).

1.5 FRAMEWORK FOR FREE ACCESS TO THE TRANSMISSION SERVICE: RESOLUTION NO. 137/02

The Electricity and Gas Authority published Resolution No.137/02 in implementation of Article (24) (5) of Legislative Decree N.164/00. The aforementioned document defines the framework for free access to the natural Gas transmission service and the regulations for the establishment of a Network Code, i.e. a Code defining the general Terms and Conditions of the transmission contract that is to be signed by the Company and all its Shippers. Such Code also governs the relationships between the Transmission Company, the Shipper and the regulatory Authority.

In particular:

- The Authority defines criteria for priority of access , which is granted, in order, to long-term , annual and short-term supply contracts. In the event of congestion, when Gas import requests exceed Gas pipeline transmission capacity, a pro-quota allocation method that complies with identified priorities has been established;
- balancing standards are defined, and they include penalties for network Shippers who input or take off Gas quantities other than the booked Transmission Capacity;

- specific information obligations for Network Owners are defined; In particular, different types of information must be provided to Operators, including Available Transmission Capacities and Network development and enhancement plans, so as to enable Shippers to make also medium to long-term activity plans.

Other provisions of Resolution No. 137/02 concern the introduction of a System Virtual Point to support Gas trading between operators, which is the prerequisite for the future development of a Gas exchange.

1.6 TARIFF REGULATION

The National Transmission Network was identified by the Decree of the Ministry of Productive Activities of 22 December 2000 and consists of large, high-pressure Gas transmission backbones starting from Input Points, national storage facilities and fields. Regional Networks, which are always high-pressure networks, mainly aim to create an internal connection between regions and connect local dispatching networks.

Transmission tariffs are calculated by Operators based on the criteria established by the Authority for Electricity and Gas in Resolution No.120 of 31 May 2001. The national transmission tariff, which has an "Entry-Exit" structure, consists of a fixed and a variable rate.

NETWORK AND NETWORK MANAGEMENT DESCRIPTION

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2.1 GENERAL DESCRIPTION OF THE TRANSMISSION SYSTEM

This Network Code describes the Transmission Service provided by the Transmission System Operator on the network that includes pipelines, compression stations as well as regulation, pressure reduction, gas blending and measurement facilities, in addition to auxiliary facilities required for Gas transmission and dispatching.

The Transmission Network can be accessed via the Entry Points that belong to the Transmission System Operator (also, *PCT*).

The entire Transmission Network is part of the National Gas Pipeline (*RN*). Given the "Entry-Exit" flow model and the coexistence of several Transmission System Operators, some commercial/administrative activities are performed by the Leading Company in line with the Agreement between the Transmission System Operator and the Leading Company itself. These activities are: Capacity booking and trading, booking allocation and re-allocation, invoicing and payment and administrative balancing.

With respect to the above, Shippers who intend to access the Transmission Network shall have to sign a contract with the Transmission System Operator and the Leading Company.

, Before the commissioning of the Transmission Network, the following information is available on the Transmission System Operator's website:

- Transmission System's geographical and topological location;
- plans to a scale of 1:250.000 with the position of key equipment;
- drawings showing the technical characteristics of pipelines and the key facilities;
- details of network tranches (year of entry into operation, length, cross-section, pressure, CPI, type of pipeline, location, network type);
- interconnections with other Transmission Networks.

Such information may be subject to amendments due to:

- changes to the definition of National Network by the Ministry of Economic Development;
- the commissioning of new pipelines being or the decommissioning of existing ones;
- changes to the definition of Entry and Exit Points of the RN and Off-take Areas.

2.2 GAS PIPELINES

Each pipeline that belongs to a Natural Gas Transmission System is functional to a specific service to be provided within the Network: the specific nature of such service defines the procedures with which the pipeline is initially sized and then checked during the course of its working life.

The pipelines used for Natural Gas transmission were built and are managed in compliance with the requirements of the Ministerial Decree of 24 November 1984, "Norme di sicurezza antincendio per il trasporto, la distribuzione, l'accumulo e l'utilizzazione del gas naturale con densità non superiore a 0,8" ("Fire safety standards for the transmission, dispatching, storage and use of Natural Gas with a density of over 0.8 and subsequent amendments"), together with currently prevailing national and international technical standards and requirements.

The main technical characteristics of each types of Gas pipeline are described hereafter:

2.2.1 Primary transmission Gas pipelines

This group covers the pipelines of type 1 and 2 (for "type" definition, see Paragraph 2.3) that are mainly dedicated to the transmission of large quantities of gas from availability areas (for instance, from interconnection points with other transmission backbones, and from the main national production and storage areas) towards the Entry Points of the secondary local Transmission Network, which are described below.

2.2.2 Secondary transmission Gas pipelines

Secondary transmission pipelines connect primary pipelines to local Gas pipelines that supply the various markets serviced. These pipelines are characterised by "meshed" structures - i.e. are supplied from several points - derived from primary gas pipelines. The structure of these pipelines underpins as much as possible the continuity of supply for the market, by providing alternative routes in the event of failure of individual Gas pipelines or local pressure drops.

2.2.3 Connections

Connections are transmission structures catering for the supply of specific and clearly defined areas, such as industrial premises, districts formed by neighbouring municipalities and other transmission networks: therefore, they are the terminals of the Transmission System Operator's Gas pipeline system and the direct interface with the connected Redelivery Point, whose delivery conditions (flow rate and pressure) they are fully subjected to and designed to cater for.

The Transmission Network consists only of primary transmission Gas pipelines.

2.3 OPERATING PRESSURE

The Ministerial Decree of 24 November 1984 classifies transmission and dispatching pipelines into 7 categories, depending on their different maximum operating pressure.

Specifically:

| type | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|----------|------------------|-----------------|------------------|--------------------|---------------------|---------------|
| <i>Max. operating pressure (rel. bar.)</i> | $P > 24$ | $24 \geq P > 12$ | $12 \geq P > 5$ | $5 \geq P > 1.5$ | $1.5 \geq P > 0.5$ | $0.5 \geq P > 0.04$ | $P \leq 0.04$ |

For pipelines of type 1, 2 and 3, the relevant competent authority (District Fire Brigade, in line with current legislation) grants the authorisation to operate up to a value determined by the CPI (Fire Prevention Certificate).

The pipelines operated by the Transmission System Operator are only of type 1.

Unless there are specific technical/operational constraints that may limit the pressure to slightly lower values, the operation of each line shall be limited to values that are slightly lower than CPI ones or the design pressure.

2.4 LINE EQUIPMENT

Different types of equipment for pipeline interconnection and Gas flow management and control are installed along the pipelines, in compliance with regulatory operational and safety needs. In particular, such equipment includes:

- pressure and/or capacity regulation facilities;
- pressure reduction stations;
- line points (for instance, PIG launch and delivery points);
- shunt, detection and/or sectioning devices (manual, remote-controlled, monitored).

2.5 COMPRESSION STATIONS

Currently the Transmission Network is not fitted with any Gas relaunching compression stations.

The Compression stations are designed to push Gas through long pipelines (usually at 150-200 km intervals) to ensure adequate pressure levels for Gas transmission.

In light of the above, the Network's operating pressure and, in part, the flow dynamic, depend on the pressure at the system's Entry Points. The Transmission System Operator shall provide its service by ensuring that Redelivery Point pressures match those at the Entry Points, minus any pressure drops that usually occur during transmission.

2.6 DISPATCHING

The dispatching service is tasked with managing gas flows along the entire Transmission Network in line with the programmes requested by Shippers and in full compliance with the pipeline's high efficiency, reliability and safety standards.

Specifically, the service is responsible for "physically balancing" the Transmission Network. This task includes all the measures through which the Transmission System Operator controls - in real time - the main flow parameters (flow rates and pressure) and the quantity of Gas flowing through the network (line-pack variations) in order to ensure Gas transmission from the input to the

off-take points of the Network at any time, both during ordinary and extraordinary operating conditions (such as maintenance works or emergencies).

The Transmission System Operator is equipped with adequate technological tools and the right organisational structure in order to manage the dispatching service.

For the description of the organisational structure and the dispatching-specific technological tools, see the Transmission System Operator's website.

2.6.1 Physical balancing

Over the course of the Gas-day, the Transmission System Operator handles the Shippers' Gas in line with the transmission programmes submitted by the aforementioned Shippers, subject to prior verification that such programmes are compatible with transmissible quantities and whilst guaranteeing the Transmission Network's real-time control, management and balancing activities in an efficient, reliable and safe manner.

Under normal operating conditions, and with the objective of guaranteeing the servicing of the Shipper's transmission programmes through the Network, the Transmission System Operator manages Gas flows and ensures the physical balancing of the system by monitoring parameters (flow rates and pressures) at relevant Network points and coordinating with upstream and downstream Operators.

Should any deviation between actual input Gas quantities and the quantities booked by the Shippers arise during such activity, the Transmission System Operator shall promptly liaise with downstream and upstream Operators to take the necessary measures needed to plug any deficit. Moreover, within the framework of a daily balancing regime, the Transmission System Operator provides Shippers with an hourly modulation service as an integral part of the transmission service. This is needed to manage hourly fluctuations of Network Gas off-take, normally occurring during the Gas-day. In order to manage network line-pack variation and provide the hourly modulation service, the Transmission System Operator purchases adequate storage capacity - in terms of both space and peak deliverability - from Storage Companies.

A posteriori, it is possible to reconstruct each Shipper's Network usage and allocate costs to each of them depending on actual usage, by applying relevant accounting formulas for transmitted Gas, as well as specific methods for acknowledging deviations described in the following. To this end, it should be noted that the Leading Company manages the administrative balancing of the

entire national transmission system (both the part that belongs to the Leading Company itself and that belonging to the Transmission System Operator) also on the basis of the Gas accounting performed by the Transmission System Operator on its system.

2.7 THE NATIONAL GAS PIPELINE NETWORK ("RN")

In this document, the term "National Gas Pipeline Network" ("RN") means the transmission system as defined in the Decree of the Ministry of Industry, Commerce and Crafts of 22 December 2000 and subsequent annual updates.

The description of the National Network tranches that belong to the Transmission System Operator is provided on its website.

2.8 RN FLOW MODEL

An "Entry-Exit" flow model is used for the purposes of tariffs and Capacity booking for the National Gas Pipeline Network. Tariffs and Capacity bookings are applied to Entry Points to the RN and Exit Points from the RN, independently from the actual route of the Gas along the Network.

RN's Entry and Exit Points are therefore set out by the Leading Company independently from the Transmission System Operators that manage and/or own the RN tranches affected.

The Entry Points defined by the RN flow model include:

- a. Entry Points connected to foreign import gas pipelines;
- b. Entry Points at Regasification Terminals;
- c. Virtual Entry Points from the main national production fields or from the relevant storage or treatment hubs; smaller national production fields are aggregated with them. Such aggregation is used both for the purpose of Capacity booking and transmission programmes. For all other operational and control purposes, see individual Delivery Points;
- d. Virtual Entry Points from storage fields, resulting from the aggregation of the Delivery Points from each storage field. For operating and monitoring purposes, see individual Delivery Points.

Exit Points from the RN include:

- e. Off-take Area subsets, defined as territorial clusters of Redelivery Points and arranged so as to minimise significant Gas exchanges through Gas pipelines belonging to the RR.
- f. Redelivery Points at the Storage Company near the fields managed by the latter.
- g. Interconnection Points with export pipelines.

The complete set of RN's Entry and Exit Points is described in the Leading Company's Network Code. With respect to the Transmission Network, there is a single RN Entry Point at the Regasification Terminal, whilst there are no RN Exit Points.

From an operational perspective and for the purposes of liability allocation, the interconnection points between the Transmission Network and the Leading Company's Network are key. The sum of such interconnections represents the Redelivery/Delivery Point to/from the Leading Company through which the gas flows, physically and virtually, between the Transmission System Operator's National Transmission Network and that of the Leading Company.

2.9 THE REGIONAL TRANSMISSION NETWORK ("RR")

The "Regional Network" or "RR" consists of the pipelines that are not included in the RN and associated facilities.

The RR's main function is that of transporting and dispatching Natural Gas to clearly defined territory areas, particularly on a regional scale.

The Transmission Network does not include Regional Network's tranches.

2.10 ACCESS FORMALISATION

In order to access the transmission service provided by the Transmission System Operator, the Shipper shall have to sign a three-way Contract with the Transmission System Operator and the Leading Company.

The access request should be submitted to the Leading Company, copying in the Transmission System Operator, in compliance with the time lines and the procedures defined by the Leading Company's Network Code and current regulations.

DESCRIPTION OF SERVICES PROVIDED

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3.1 INTRODUCTION

Within the framework of its Natural Gas transmission and dispatching activities along the Transmission Network, the Transmission System Operator provides Shippers the services described below. To this end, it should be stressed that the Transmission System Operator offers an integrated service from Entry to Redelivery Points, although some commercial/administrative activities are carried out by the Leading Company in line with the Agreement between the Transmission System Operator and the Company itself.

Specifically, the services fall into one of two categories: those included in the tariff and those not included in the tariff.

3.2 SERVICES INCLUDED IN THE TARIFF

The services that are included in the tariff encompass the core transmission activity and ancillary services.

3.2.1 Firm transmission

This service provided consists in the transmission - guaranteed as "firm" - of Natural Gas along the Transmission Network. This service is defined as integrated from Entry to Redelivery Points, in line with contractual provisions.

The Shipper who has booked a firm Transmission Capacity has the right to input at the Entry Points and take off at the Redelivery Points a daily quantity of gas not greater than the daily capacity booked at any time of the contractual period.

The Transmission System Operator shall be entitled to interrupt the service due to *force majeure*, emergency, and operations that cause interruptions or reductions of Transmission Capacity, as provided for in the Chapter "Maintenance planning".

3.2.2 Ancillary activities

The Transmission System Operator provides Shippers a number of ancillary services that are at any rate included in its standard tariff.

The key accessory services are listed below.

3.2.2.1 Capacity booking

In line with applicable regulations, the Transmission System Operator supports and cooperates with the Leading Company with respect to the latter's gas booking activity at the Entry Points.

In particular, the Transmission System Operator is responsible for:

- a) notifying the Transmission Capacity available for booking to the Leading Company;
- b) receiving Shippers' Transmission Network access requests, together with the Leading Company;
- c) signing relevant Transmission Contracts with the Leading Company and the Shippers.

3.2.2.2 Management of transmission data

The Transmission System Operator manages the data relating to Network Transmission Activities using its own information system and in line with the provisions of the "Information exchange" Chapter.

3.2.2.3 Physical balancing of the network

It is the process whereby the Transmission System Operator controls all flow parameters (flow and pressure) in real time, in order to guarantee that the gas is conveyed from Entry to Exit Points efficiently and safely.

3.2.2.4 Commercial balancing of the network

The Transmission System Operator calculates the quantities that have flown through the Transmission Network based on Gas volumes and energy content, as described in the "Balancing" Chapter. The aim is to define the gas quantities that each Shipper inputs and takes off and to provide the Leading Company with the information needed to perform the whole-of-accounting of Gas for each Shipper.

The Transmission System Operator Manages the provisional and final accounting of gas, as described in the "Balancing" Chapter.

3.2.2.5 Gas measurement data

With respect to gas measurement activities, the Transmission System Operator is responsible for data acquisition, validation and storage and for forwarding such data to Shippers.

These services are described in greater detail in the "Gas measurement" Chapter.

3.2.2.6 Gas quality parameters

The Transmission System Operator measures, verifies and validates the parameters needed for energy calculation (Gross Calorific Value "GCV") and for the monitoring of chemical and physical characteristics of Natural Gas.

In addition, the Transmission System Operator is responsible for intercepting natural gas that is not compliant with applicable regulatory provisions at the Entry Points of the Transmission Network.

A detailed description of the aforementioned services is included in the "Gas Quality" Chapter.

3.2.2.7 Maintenance interventions

In order to manage the Transmission Network in a safe and efficient manner, the Transmission System Operator performs periodic inspection, control and maintenance activities that may cause an interruption or reduction of Transmission Capacity. Such activities can either be planned or may become necessary in the event of emergencies. The service in question is described in the "Maintenance planning and management" Chapter.

3.2.2.8 Management of service emergencies

Should an emergency situation impacting normal operation or limiting it in any way occur on the Transmission Network due to unforeseen and temporary circumstances, the Transmission System Operator shall implement specific procedures aimed at restoring system safety and minimising relevant disruptions.

Such procedures are described in the "Service emergencies" Chapter.

3.2.2.9 Gas shortages

In line with the provisions of the Chapter on "Procedure to switch from standard operating condition to general emergency conditions", the Transmission System Operator shall monitor and/or carry out activities within its remit to address emergency situations due to the failure to fulfil gas demand following severe adverse weather events.

3.3 SERVICES NOT INCLUDED IN THE TARIFF

In addition to the aforementioned services, the Transmission System Operator reserves the right to offer services not included in standard transmission tariffs to its Shippers, in compliance with regulatory framework provisions.

Such services are optional and can be supplied to Shippers only upon request.

The Transmission System Operator publishes the terms and conditions for optional services not included in the tariff on its own website.

INFORMATION EXCHANGE PROCEDURES

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4.1 INTRODUCTION

This Chapter describes the characteristics of the information exchange between Shippers and Transmission System Operator. It also describes the access to and use of information systems, as well as and obligations for the Parties.

The Shippers' adequate level of competence in the use of information systems is not a pre-condition for the signature of the Transmission Contract. However, it is a key technical requirement for efficient exchange of data. In the light of the above, persistent improper use of the information system may be a ground for contract termination, as laid out in Sub-paragraph 18.3.1 (a) (ii) of the Chapter on "Parties' liabilities".

It should be noted that no complex information system tools are needed to carry out the information exchange that is the subject of this Chapter, thanks the low level of complexity of the Transmission Network and management procedures for the service/administrative aspects of commercial operations.

4.2 INFORMATION SYSTEMS

4.2.1 Description of information systems

The following information technology tools shall be used in order to manage Gas transmission activities and the data exchange between Shippers and Transmission System Operator:

- a) e-mail and Internet for the information exchange between Transmission System Operator, Shippers and the public;
- b) Microsoft Office, for the processing of transmission activity data by the Transmission System Operator;
- c) a suitably sized server of the Transmission System Operator's IT network for the storage of transmission data.

4.2.2 System access and use

Shippers shall send data to the Transmission System Operator via e-mail (through standard MS Excel spread sheets provided by the Transmission System Operator on its website).

Should one of the Parties be unable to access e-mail, the Shipper may send data via fax to the number provided on the Transmission System Operator's website.

The Shipper's basic competencies for an efficient data exchange are:

- suitable knowledge of e-mail management;
- suitable knowledge of Microsoft Office tools (in particular, MS Excel);
- suitable knowledge of the Internet.

4.3 SHIPPERS' AND TRANSMISSION SYSTEM OPERATOR'S OBLIGATIONS

4.3.1 Shippers' obligations

With respect to the exchange and management of information with the Transmission System Operator, Shippers undertake to implement adequate control and prevention measures to ensure data security and protection.

The Shipper is obliged to promptly notify the Transmission System Operator of transmission of data containing viruses, deterioration of the quality of data sent and received or other cases of improper use of the information system. The Shipper shall contact the Transmission System Operator through the channels defined on the Transmission System Operator's website.

In order to exchange data, the Shipper is obliged to use the templates set up by the Transmission System Operator and available on its website¹.

Originals of all notifications shall be submitted to the Transmission System Operator within the time scales specified in this Document, with copies sent in advance by fax.

The Shipper must supply the Transmission System Operator with a list of its key² contacts who have been authorised to exchange information with the aforementioned Transmission System Operator. Only data sent by such contacts shall be considered valid by the Transmission System Operator. In addition, the Shipper undertakes to notify the Transmission System Operator of any changes to the aforementioned list in a timely manner.

¹ The documentation to be provided shall be considered a "self-executed affidavit" and, therefore, must be signed by the legal representative or any subject provided with power of attorney (the forms for the certificate of incumbency are available on the Transmission System Operator's website).

² The contact list form is available on the Transmission System Operator's website.

The Shipper undertakes to process the Transmission System Operator's personal data in compliance with Law No. 675 of 31 December 1996 and subsequent amendments or additions.

4.3.2 Transmission System Operator's obligations

The Transmission System Operator shall communicate with Shippers and other operators using electronic devices defined at Paragraph 4.2.1 and considered more suitable depending on the type of information exchange.

With respect to the exchange and management of information with Shippers, the Transmission System Operator undertakes to implement adequate control and prevention measures to ensure data security and protection.

The Transmission System Operator is obliged to publish any information about the failure to access available IT tools on its website, ranking malfunctions based on the duration of the failure, and identifying alternative data exchange methods.

Before implementing new IT tools functionalities, the Transmission System Operator shall provide the Shipper with a detailed description of any forthcoming changes, specifying their anticipated effects on operations, as well as relevant implementation deadlines. The Shipper reserves the right to express an opinion, which shall not be considered binding for the Transmission System Operator, within ten working days from the information being made available.

The Transmission System Operator undertakes to process the Transmission System Operator's personal data in compliance with Law No.675 of 31 December 1996 and subsequent amendments or additions.

In particular, the Transmission System Operator guarantees the confidentiality of such data by processing and filing them in its own IT system, which is not provided with external access.

TRANSMISSION CAPACITY BOOKING

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5.1 SHIPPER POSITION AND REGISTRATION

Access to the service on the Transmission Network is granted on an impartial basis and on equal conditions to all Parties that possess specific requirements as detailed below, be they physical or legal entities.

5.2 ACCESS REQUIREMENTS

Parties who request access to the Transmission Network at the RN Entry and/or Exit Points are required to certify that they meet the requirements set out by the Network Code of the Leading Company and pursuant to its terms and conditions, in compliance with the current regulatory framework, by submitting self-executed affidavits.

5.3 TRANSMISSION CONTRACT

The Transmission Contract is the contract by means of which the Parties (Transmission System Operator and Shippers) define the specific elements of the transmission service required and explicitly underwrite the full acceptance of the Network Code and applicable transmission tariffs. The copy of the Transmission Contract is available on the Transmission System Operator's website.

In the event the Capacity booking at the RN Entry or Exit Points, the Transmission Contract has a term equal to the one laid out in the Leading Company's Network Code.

The Transmission Contract should be signed by the Parties within the time frames and in line with the methods provided for in the Leading Company's Network Code.

Should the request be not valid pursuant to Paragraph 5.6, the Transmission System Operator shall not sign the Transmission Contracts.

5.4 LOSS OF REQUIREMENTS

As defined in Paragraph 5.2, the loss of one or more system access requirements constitutes a reason for the termination of the Transmission Contract pursuant to the terms and conditions described at Sub-paragraph 18.3.1 (b), (iii) of the Chapter entitled "Parties' Liabilities".

5.5 ACCESS REQUESTS

Requests to access RN Entry and/or RN Exit Points should be submitted to the Leading company, copying in the Transmission System Operator, in line with the methods and time scales defined by the Leading Company's Network Code.

The request to access RR Redelivery Points should be submitted to the Transmission System Operator in line with the methods and time scales laid out in Paragraph 5.9.2.

5.6 INVALID REQUESTS

Access requests shall not be considered valid, should:

- a. they not include the documentation required as per Paragraph 5.2 of this Chapter;
- b. they be submitted by a Party that does not meet the requirements of Paragraph 5.2 of this Chapter on the date of submission of the access request;
- c. they not be compliant with the booking Capacity procedure described below.

5.7 REJECTED REQUESTS

Access requests may be rejected in the cases provided for by Article (24) (2) of the Legislative Decree.

5.8 CAPACITY BOOKING AT THE RN ENTRY OR EXIT POINTS

5.8.1 Scope of Capacity booking

The scope of capacity booking is the Capacity, expressed in Sm³/day that can be booked by the Shipper for the transmission of Gas on the Transmission System Operator's network on a firm basis throughout the term of the Transmission Contract.

The Shipper requests capacity booking, which is allocated by the Leading Company.

5.8.2 Capacity booking procedure

The capacity at the RN Entry and/or Exit Points is booked by the Leading Company within the time scales and in line with the methods laid out by its Network Code.

ATTACHMENT 5A

METHOD TO DETERMINE TRANSMISSION CAPACITY

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5A.1 INTRODUCTION

The following Paragraphs describe the methods used to determine Transmission Network performance, taking into account technical and operating constraints.

The Transmission Capacity is the maximum quantity of Gas that can be input into (or taken off) the system at a specific location, during a Gas day, in compliance with the technical and operating constraints of each pipeline segment and the maximum performance of generation plants along the pipeline.

The feasibility of such transmission capacity is assessed using network hydraulic simulations on the basis of appropriate transmission scenarios and acknowledged technical standards.

5A.2 METHOD TO DETERMINE TRANSMISSION CAPACITY

The Transmission Capacity at the Entry Points on RN is defined by the Transmission System Operator together with the Leading Company, within the framework of the operational coordination activities described in the "Operational Coordination" Chapter.

The Transmission Capacity at the Redelivery Points on RR is the daily Gas flow that the Transmission System is capable of receiving, on the basis of technical verifications performed. Since the Transmission Capacity at a point is strictly dependent on the capacity of contiguous points, it is therefore impossible to define a single maximum flow rate value for all Redelivery Point on RR. The values published on the website, therefore, are to be considered for reference purposes only. The Transmission System Operator guarantees the review (following an additional technical verification) of Transmission Capacities at the Redelivery Points on RR in line with the requests made by Shippers at specific points and the procedures laid out in this document herein.

Transmission Capacity values are defined by considering network performance. Therefore, in some cases, downstream plants not belonging to the system managed by the Transmission System Operator, may not be compliant with the performance set for the relevant Redelivery on RR.

Transmission Capacity at the Redelivery Points on RR is defined through hydraulic inspections that, in turn, are modelled on the basis of demand scenarios for the relevant geographical area starting from available historical data and any information provided by Connected Operators.

5A.3 TECHNICAL AND OPERATIONAL CONSTRAINTS AND BOUNDARY CONDITIONS

Generally speaking, the Gas quantity which may flow through a certain pipeline section in a unit of time depends not only on maximum operating pressure, entry and exit pressures, diameter and length of the pipeline, line-pack of the network and transported gas qualities, but also on Gas off-takes and inputs along the section of the network and, therefore, from the characteristics of the market supplied.

The main parameters for the determination of Transmission Capacity can be summarised as follows:

a) Technical constraints

Pipeline maximum operating pressure

The pipeline maximum operating pressure cannot exceed the maximum design pressure, a value that normally coincides with the CPI pressure value, i.e. the pressure authorised by competent authority (the Italian Fire Department "VVF").

Minimum pressure along the pipelines

Depending on expected configuration, minimum pressures needed to guarantee system performance are identified for specific points of the network. By way of example, minimum pressures are considered at particular points of the network,

based on minimum contractual pressure guarantee at the Redelivery Points on RR.

Market scenarios

These consist of the totality of off-takes of the Shippers of the network managed by the Transmission System Operator. For the purpose of defining network performance, such scenarios are constructed each time in order to take into account the most severe transmission conditions. Such conditions may occur in Winter on certain segments and in Summer on others. Winter scenarios are characterised by withdrawal from storage, peaks of residential off-takes and absence of off-takes from seasonal summer facilities.

Summer scenarios, on the other hand, require storage during the injection phase, markedly reduced residential off-takes and maximum off-takes from seasonal summer facilities.

Specifically, available market daily off-takes over the previous three years are taken into account (measured or profiled) when defining the Transmission Capacity at the Redelivery Points on RR. The maximum values of such historical records, conveniently rounded, are corrected in line with expected consumption trends that are known to the Transmission System Operator.

b) Operational constraints

Delivery pressure at the Entry Points

Delivery pressures relating to the Entry Points on RN are the maximum operating pressures of the pipelines connected to such points, in line with the Transmission System Operator's right to request Shippers to deliver Gas at the pipeline pressure.

The delivery pressure at the Leading Company's Entry Point is the minimum guaranteed pressure defined in Paragraph 12.1.1 of the Chapter on "Entry and Redelivery Point Pressure".

CONSTRUCTION AND MANAGEMENT OF DELIVERY AND REDELIVERY POINTS

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6.1 PROCEDURE FOR REQUESTING CONNECTIONS TO NEW DELIVERY/REDELIVERY POINTS ON RR AND ENHANCING EXISTING ONES

See Attachment 6A "Procedure for requesting new connections" for the construction procedure and the terms and conditions for requesting new Entry/Redelivery Points connections on RR. This procedure also applies to the request of enhancement to existing connections.

6.2 CONDITIONS FOR THE ACTIVATION OF NEW REDELIVERY POINTS ON RR

For a power plant directly connected with the transmission network managed by the Transmission System Operator, the activation period for a new Redelivery Point on RR refers to the 9 months following the booking of Transmission Capacity after:

- a. the construction of a new Redelivery Point on RR or
- b. an existing capacity enhancement of over 10%, or
- c. an existing capacity enhancement lower than 10%, in the event of refurbishment of the existing plant¹ through the implementation of one or more combined cycles; in this case, the activation period starts from date of the final test performed on one of the new combined cycles.

Upon receipt of a capacity booking request at the defined Redelivery Point on RR pursuant to Paragraph 5.9. of the "Transmission Capacity booking" Chapter, the Transmission System Operator shall authorise and implement the activation, once the following conditions are met:

- construction fulfilment of a new connection and relevant Connected Operator's plants;
- possession of permit and authorisation issued by the competent Authorities (notification, UTF, cabin sketches approval, VVF authorisation or self-declaration form);
- Shipper's consent to start the redelivery of Gas at the Redelivery Point starting from the date agreed between the parties;

¹ Please refer to the Glossary for the definition of power plant refurbishment.

- capacity booking at the Redelivery Point on RR, starting from the aforementioned date.

ATTACHMENT 6A

PROCEDURE FOR REQUESTING NEW CONNECTIONS

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6A.1 APPLICANT ENTITIES

New connections to the Transmission Network may be requested by the following entities:

- a) End customers through a legal representative;
- b) Dispatching Companies, Consortia or Municipalities;
- c) Suppliers of an End Customer with the relevant power of attorney;
- d) Production, Storage and LNG companies;
- e) Third Parties suitably authorised by the aforementioned entities.

6A.2 CONNECTION PROCESS PHASES AND TIME SCALES

The procedure for the creation of a new connection consists of the following phases:

1. request
2. Preparatory Study and Definition of Delivery/Redelivery Point on RR
3. signature of the feasibility study agreement
4. signature of the connection contract
5. construction of the connection

6A.2.1 Request

The Applicant shall send the Transmission System Operator a connection request complete with the following information:

- a) Applicant's identification data (company name, address etc.);
- b) definition of type of connection requested; Delivery or Redelivery Point on RR;
- c) location of the facility (Land Registry map of the area to be connected) with indication of desired Delivery or Redelivery Point;
- d) maximum daily/hourly flow rate consistent with the off-take/input profile at full operational capacity;
- e) definition of the time scales needed to achieve full operational capacity;
- f) definition of annual consumption/production on a month-by-month basis at full operational capacity and during any transition;
- g) type of Operator (residential/industrial) connected at the Redelivery points on RR:
 - for industrial operators: indication of goods category and weekly, daily consumption trends (weekly closing days, number of manufacturing shifts); for seasonal operators: manufacturing period;

- residential operators: anticipated consumption trends for 5 years from activation in line with planned urban development;
- h) indication of the provisional starting date;
- i) for Delivery Points for national productions, the request must be coupled with an indication of Gas composition. For productions not compliant with the Quality Requirements defined in the "Gas Quality" Chapter, such data is needed in order to define the most appropriate solution for the connection point to the Network of Transmission System Operator's pipelines – which may not necessarily be the closest point to the production site – in order to allow blending of the Gas and thus make it compliant with the aforementioned Quality Requirements.
- j) statement of the payment of a € 2,000 deposit as a proof of genuine interest by the Applicant.

Failure to include all the aforementioned information in the request for a new connection request shall result in the Transmission System Operator's inability to perform the preparatory or feasibility study that characterise the initial phases of such procedure as described in the following Paragraph. The Transmission System Operator reserves the right to request any further information that may be deemed significant.

All requested documentation should be sent, by registered mail, to the contact address detailed on the Transmission System Operator's website.

6A.2.2 Preparatory Study and Definition of Delivery/Redelivery Point on RR

Following receipt of a connection request, complete with the aforementioned information, the Transmission System Operator shall validate it and check transmission capacity.

On the basis of these checks, pre-feasibility studies and inspections, the Applicant and the Transmission System Operator shall have to agree the location of the Delivery/Redelivery point on RR by signing the relevant report. Should the Applicant not be contactable or the Delivery/Redeliver Point on RR not be identified within three months, the connection request shall be deemed to have expired.

6A.2.3 Signature of the feasibility study agreement

Before signing the connection contract, the Transmission System Operator shall carry out the feasibility study following the signature of the relevant agreement.

The feasibility study is necessary to set out the connection's design requirements.

The Transmission System Operator shall notify the Applicant of the offer for the feasibility study and the time scales required to perform it before signing the report on the identification of the Delivery/Redelivery point on RR.

6A.2.4 Signature of the connection contract

The Transmission System Operator, on the basis of the aforementioned feasibility study, shall send the offer for the construction of the new connection or development of an existing one to the Applicant within 40 working days from signing the report for the identification of the Delivery/Redelivery Point on RR.

The offer shall detail the following information:

- a) date of quotation request;
- b) date of signature of the report for the definition of Delivery/Redelivery Point;
- c) date of submission of the quotation to the Applicant;
- d) the Applicant's company name;
- e) the estimated time scales for the construction of the Delivery/Redelivery point;
- f) total amount required to build the Delivery or Redelivery point, split into the various cost components and in particular, identifying those pertaining to manpower and/or Third Party subcontracts, materials, procurement and general costs;
- g) characteristics of the Delivery/Redelivery Point on RR (hourly and daily flow rate, maximum and minimum gas pipeline operating pressure);
- h) data pertaining to the positioning of the Delivery/Redelivery Point, as defined in the report;
- i) amount of the bank guarantee required to cover connection contract obligations;
- l) quotation expiry date, which shall be at least three months;
- m) quotation acceptance procedure.

The € 2,000 deposit paid by the Applicant shall be returned should the connection contract be signed. In the event of non-signature of the connection contract, the costs for the feasibility study as per Paragraph 6A.2.3 shall be charged to the Applicant.

The offer shall expire after 3 months from its submission, and shall be considered to have been accepted if the Transmission System Operator receives, by this deadline, the offer signed by the legal representative or a lawyer with the relevant power of attorney, the self-declaration form for the

power of attorney of the signatory and the bank guarantee as per Paragraph 6A.3.

6A.2.5 Construction of the connection

After signing the connection contract and receiving the bank guarantee, the Transmission System Operator shall start to build the connection.

Once the connection has been finalised and the activation of the Delivery/Redelivery Point completed, the Transmission System Operator shall notify the requesting party and publish the relevant information on its website, indicating the REMI code and the date from which the new Point is available for Capacity booking.

The Applicant is responsible for building the regulation and measurement cabin, which shall be designed in compliance with the provisions of Paragraph 6A.4.

6A.3 APPLICANT'S COMPENSATION, CONNECTION FEES AND BANK GUARANTEES

In view of the fact that:

- Article (8) (2) of the Legislative Decree sets out that "companies that perform transmission and dispatching activities are obliged to connect Shippers to their own Network if their system has the required capacity and it is technically and financially possible to carry out the necessary works in compliance with the standards set out by Resolution of the Gas and Electricity Authority within twelve months from the this Decree coming into force." [le imprese che svolgono attività di trasporto e dispacciamento sono tenute ad allacciare alla propria rete gli utenti ove il sistema di cui dispongono abbia idonea capacità, e purché le opere necessarie all'allacciamento siano tecnicamente ed economicamente realizzabili in base a criteri stabiliti con delibera dell'Autorità per l'energia elettrica e il gas entro dodici mesi dalla data di entrata in vigore del presente decreto].
- the aforementioned economic and technical criteria are still being defined by the Gas and Electricity Authority.

Now, therefore, within new regulatory framework still being developed for connections to the Transmission Network, the fees for the feasibility study and the connection build, as well as any charges arising from any system development that may be necessary upstream the connection, are at the Transmission System Operator's expense. Should the Applicant refuse to

continue with the project, it shall be liable for refunding all costs incurred into by the Transmission System Operator - suitably documented - including expenditure commitments already undertaken.

Should the entity not sign (either directly or through a legal representative entitled to do so under the Network Code) a Transmission Contract compliant with the off-take forecasts notified to the Transmission System Operator and having the Redelivery Point on RR as the requested connection, within a year from the Transmission System Operator's notification of signature of the "Gas commissioning report", the aforementioned Operator shall be entitled to request the refunding of costs and duties pertaining to the construction of the connection and the development of the upstream system, including expenditure obligations already undertaken to this extent. The Applicant undertakes to refund the aforementioned amounts.

In order to cover the obligations under the connection contract, the Applicant must supply, on signing the contract, a first demand bank guarantee in favour of the Transmission System Operator, issued by a credit institute, for an amount equal to 100% of the estimated connection construction costs. The amount of the bank guarantee shall be expressly stated in the connection contract.

6A.4 WORKS THAT ARE APPLICANT'S RESPONSIBILITY

The Applicant is responsible for building the regulation and measurement cabin. Measurement devices that shall be installed in the cabin and the relevant installation drawing must be priorly agreed with the Transmission System Operator.

Should the request refer to a Delivery Point, the Applicant shall also have to fit equipment needed to measure quality parameters defined in the "Gas Quality" Chapter.

The Applicant also undertakes to enable independent access to the measurement: should this not be possible due to reasoned grounds, the Applicant agrees to guarantee at any rate the possibility of safely accessing the measuring facility at any time.

The Applicant undertakes to install Gas stenching devices in compliance with current regulations.

The Applicant also undertakes to install equipment for monitoring control and quality standards in compliance with the provisions of the "Gas quality" Chapter and currently applicable regulations.

The Transmission System Operator requests that new measurement cabins shall comply with the standards described in Paragraph 10.6 of the "Gas Measurement" Chapter, to enable the daily availability of measurement data, inclusive of hourly detail, and greater measurement and transmission precision and reliability.

INTRODUCTION TO THE SECTION

1. PARTIES' OBLIGATIONS

1.1 TRANSMISSION SYSTEM OPERATOR'S OBLIGATIONS

The Transmission System Operator, in line with the Terms and Conditions of this Document, is obliged to:

- a) take the Gas delivered by or on behalf of the Shipper at the Transmission Network's Entry Points specified in the Transmission Contract on any Gas-day, in line with the capacity assigned to the aforementioned Shipper and quality and pressure requirements specified by the Network Code;
- b) provide a transmission service for the Gas input into the Transmission Network by the Shipper, within the limits of the interruptions/reductions covered by this Document;
- c) make available to the Shipper, on any Gas day, for off-take at the Redelivery Points specified in the Transmission Contract, quantities of gas that are equivalent in energy terms to those delivered by or on behalf of the Shipper at the Entry Points, in compliance with quality and pressure requirements defined in the Network Code, after subtracting Unaccounted-For-Gas quantities as defined in the Chapter on "Balancing";
- d) carry out all activities required to perform the accounting for the Gas transmitted on behalf of Shippers.

1.2 SHIPPER'S OBLIGATIONS

The Shipper, under the Terms and Conditions of this Document, is obliged to:

- a) plan gas quantities to be input into and taken off from the Transmission Network, and notify them in line with the provisions of the Network Code;
- b) take off, or arrange to take off on any Gas day at the Entry Points specified in the Transmission Contract, gas quantities smaller than or equal to the Capacity booking. At the Entry Points, the Shipper is obliged to comply with the quality and pressure requirements defined by the Network Code;
- c) take off at the Redelivery Points of the Transmission System Operator's Network, on the same Gas day, gas quantities equivalent, in energy terms, to those delivered, or arranged to be delivered to the Transmission

- System Operator at Entry Points, after subtracting quantities of Unaccounted-For-Gas;
- d) pay for the transmission service fee, in addition to any other amount due to the Transmission System Operator for the performance of the Contract, in compliance with the provisions of this Document.

CAPACITY TRADING

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7.1 CAPACITY TRADING

Requests for the trade and transfer of Capacity at RN Entry and Exit Points shall be submitted to the Leading Company within the time scales and according to the procedures defined in the Leading Company's Network Code.

BOOKING, ASSIGNMENT AND RE-ASSIGNMENT

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8.1 BOOKING, ASSIGNMENT AND RE-ASSIGNMENT

The Transmission System Operator needs to know with sufficient accuracy and notice the Gas quantities that Shippers intend to input into and take off from the Network in order to plan and optimise gas flows within the Transmission Network.

Moreover, adequate knowledge of the above enables the Transmission System Operator to liaise with Operators who are upstream and downstream its Transmission System in order to co-ordinate reciprocal activities and manage the Transmission Network in an optimal way.

The booking, assignment and re-assignment cycle at each Entry and Exit point on the RN is managed by the Leading Company in line with the Terms and Conditions of its Network Code and taking into account the maintenance operations plan published on the Transmission System Operator's website, as provided for by the Chapter on "Maintenance planning and management". The Leading Company notifies the Transmission System Operator with Shippers' bookings and the results of the assignment and re-assignment cycle in its role of co-ordinator between operators described in the "Operational Coordination" Chapter.

BALANCING

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9.1 PREMISE

This Chapter describes the management procedures for balancing operations, whose approach reflects current Transmission Network characteristics and is aimed at ensuring the safe and orderly system operation, as well as the correct allocation of costs to Shippers.

Balancing is a key concept for the operation of the Gas system, and has a two-fold meaning:

- **"physical balancing"** of the system denotes all operations performed by the Transmission System Operator to control flow parameters (gas flow rate and pressure) in real time via its Dispatching, in order to ensure the safe and efficient transmission of Gas from Entry to Redelivery Points at any time;
- **"commercial balancing"** means all activities necessary to correctly account for and allocate the transmitted Gas, as well as the fee structure that motivates Shippers to maintain the balance between the quantities of gas input into and taken off from the Network, and, thus, to assist the Transmission System Operator in its physical balancing activity.

9.2 PHYSICAL BALANCING

Article 8.6 of the Legislative Decree defines the Transmission System Operator's responsibilities with respect to the physical balancing of the Network it manages. The Transmission System Operator is obliged to operate the Network in a technically compliant manner, but it does not own the Gas it transmits and neither does it control the quantities made available or taken off by Shippers at Entry or Exit Points. In short, the Transmission System Operator may remedy (only within certain limits) unbalanced gas conditions generated by Shippers, who are thus motivated to comply with balancing thanks to an appropriate fee structure.

Moreover, within the framework of a daily balancing regime, the Transmission System Operator provides Shippers with a time-based adjustment service - concurrently and as an integral part of the transmission service - that is necessary handle hourly variations of Network Gas off-takes that normally occur

during the Gas-day. In order to manage network line-pack variations, provide the time-based adjustment service and optimise the management of network assets both as far as planning and during the Gas-day, the Transmission System Operator purchases adequate storage capacity from Storage Companies (both in terms of space/volume and daily peak deliverability).

With respect to the above, in order to ensure the physical balancing of the Network and pursuant to the Network Code, the Transmission System Operator accesses the allocated storage capacities and, where needed, by liaising with the Leading Company, also the available capability purchased by Shippers at storage facilities.

In light of the above, the Transmission System Operator, notwithstanding the provisions of Paragraph 18.2.1 "Parties' Liabilities", shall not be held liable for any possible technical and/or economic consequences borne by the Shippers and resulting from the physical balancing activities performed by the Transmission System Operator within the scope of aforementioned the general and specific guidelines.

9.3 COMMERCIAL BALANCING

9.3.1 *Premise*

Since the National Network transmission service is mainly carried out on the Leading Company's Network, the Shipper's overall balance equation is calculated by the Leading Company, as set out in its Network Code, by using information provided by the Transmission System Operator to the Leading Company and in line with the provisions of the Chapter on "Operational coordination".

Thus, it is important to refer to the provisions of the Leading Company's Network Code for temporary and final daily allocations, balances and variations.

In line with this document, the Gas quantities that may be input into or taken off from the Transmission Network shall be expressed in energy units - GJ, equivalent to 10^9 joules - obtained from the product of the volume measured (for its definition, see the "Gas Measurement" Chapter) and the Gross Calorific Value (PCS, as defined at Sub-paragraph 11.2.1 of the "Gas Quality" Chapter).

9.3.2 Transmission Network balance equation

As already described in the "Network and Network management description" Chapter, since the Transmission System Operator manages the part of the National Network it owns from an operational, but not from a contractual viewpoint, and given that such part is interconnected with the system managed by the Leading Company, the balance equation for the entire network is used to provide the Leading Company with the information needed to determine the balances for each Shipper, other than acting as the reference point for physical balancing.

The Network equation is:

$$I = IN + C + PE + \Delta LP_C + GNC$$

Network inputs (I)

The energy input into the Transmission Network of the Transmission System Operator is the sum of the quantities input by Shippers and the Transmission System Operator at the RN Entry Points.

The overall energy input at the RN Entry Points is determined through the facilities that supply MG measurements, for which provisional data are available on a daily basis, to be subsequently validated at month end.

Gas flow through the Redelivery/Delivery Point to/from the Leading Company (IN)

The energy taken off the Transmission Network is the sum of the quantities that have flown through the interconnections with the Leading Company's system (positive for an exit flow and negative for an entry flow).

The overall energy input/taken off at these interconnection Points is determined by the facilities that supply MG measurements, for which provisional data is available on a daily basis, to be subsequently validated at month end.

Consumption (C)

The energy taken off by the Transmission System Operator with respect to the consumption of its own compression stations is calculated as the sum of products of daily measured volumes and relevant PCS for all compression stations on the Transmission System Operator's Gas pipeline.

Line-pack (ΔLP_C)

The line-pack is the difference between the energy available in the Network at the beginning of the Gas-day and the amount present at the same time on the following Gas-day.

The line-pack delta of the Network on the Gas-day is determined by measuring the pressure for the Network's most important tranches.

The volume determined according to the following procedure is multiplied by the PCS of the RN Entry Point, in order to also express the ΔLP in energy units.

The calculation shall determine:

- the Network's geometric volume;
- pressure measurements at key system points;
- the product of pressure variation and the associated geometric volume.

Losses (PE)

The term PE represents Gas losses, such as:

- leakage from control valves (calculated using a statistical certified method);
- preheating Gas from reduction devices;
- compression stations' vents;
- Gas losses due to maintenance works on the Network;
- localised losses;

Calculation procedures adopted by Transmission System Operator to estimate:

- Gas losses due to pipeline breaks;
- Gas losses due to works, such as commissioning of a new pipeline tranche

are summarised below.

In the first case, the volume of the Gas leak shall be determined on the basis of the pipeline's cross-section, the operating pressure of the portion of the pipeline involved in the leakage, the size of the leakage (break cross-section) and the duration of the Gas leak.

This volume is linked to the PCS of the RN Entry Point, in order to express the Gas leak in energy units.

In the event of works-related Gas leaks on complete line-packs of a pipeline tranche, the volume shall be determined by measuring the pressure at which the line-pack has been performed and the physical volume of the pipeline involved. In the event of partial line-packs on the affected pipeline, the residual pressure at the end of the works shall also be taken into account.

Unaccounted-for-gas (GNC)

The term "Unaccounted-for gas ("GNC")" is the result of the Network balance equation: it represents non-determinable energy due to measurement uncertainties and, therefore, may have a positive or negative value.

The Transmission System Operator calculates the GNC rate pertaining to the Transmission Network. The Leading Company calculates the total GNC for the national through the balancing equation defined in the Network Code. The GNC, as calculated and allocated to Shippers by the Leading Company, includes the Transmission System Operator's GNC.

The Transmission System Operator shall notify the values of the terms of the balance equation detailed in this Paragraph, which the Leading Company needs to calculate the RN balance equation.

9.3.3 Shipper's delivery and redelivery balance on the Transmission Network

With respect to the Shipper's balance equation, this is limited to the equivalence between the energy delivered to the Entry Points on RN and the energy redelivered to the Leading Company at Redelivery Points.

9.4 MEASUREMENT BALANCING

Any measurement error (both under- and over measurements), shall result in the balancing of the incorrectly determined energy quantities.

In the event of verified errors, the Transmission System Operator shall substitute the wrong value with the correct one.

Every month M, the Transmission System Operator shall define the values for the month M-1 and, and at the same time, the review of the data pertaining to month M-3.

Once the aforementioned review procedure has been implemented, the measurement values shall be notified and considered as final.

GAS MEASUREMENT

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10.1 PREMISE

This Chapter describes measurement procedures for the Gas input into and taken off from the Transmission Network that are relevant to commercial transactions and are performed in contractually defined measurement stations. Such transactions are not limited to those between the Transmission System Operator and the Shipper, but also include those between the Shipper and its suppliers/customers.

The Natural Gas flowing through Gas pipelines managed by the Transmission System Operator is measured at input and off-take.

Within the framework of the commercial relationship between the Transmission System Operator and the Shipper, such data issued to perform Delivery and Redelivery energy balancing and to invoice the relevant fees pursuant to current regulations on that on Gas transmission and distribution.

It follows from the above that:

- the measurement methods used and the accuracy of measured data are fundamental for the correct operation (both commercial and physical) of the Transmission Network;
- the Transmission System Operator is one of the Parties involved in Gas measurement and, therefore, has the right to access the measurement station – also when this is not owned by the Transmission System Operator itself - in order to perform such measurement activities,¹ in the presence of the other interested Parties.

By subscribing to the Network Code, the Transmission System Operator and the Shipper expressly acknowledge such principles and undertake to respect them.

10.2 DEFINITION AND OWNERSHIP OF MEASUREMENT STATIONS

"Measurement station" means the combination of equipment and products needed to perform all the activities pertaining to - or linked to - Gas Measurement. It includes all equipment needed to perform such activities that has been installed between the station's entry and exit valves(as well as the valves themselves), including any pressure regulation equipment, if this is located downstream the Delivery point but upstream the Measurement system.

¹ With respect to the above, the activities performed are subject to observation and control by the interested Parties.

The station also includes all facilities that house the aforementioned measuring equipment .

Measurement stations for the Transmission Network's input and off-take Gas are owned by:

- *the Regassification Company that manages the Terminal, as far as Transmission Network Entry Point Gas measurement stations are concerned;*
- *the Transmission System Operator for Transmission Network Exit Point Gas measurement stations at the Leading Company's Redelivery Point;*
- *the Connected Operator, for Network RR Exit Point Gas measurement stations.*

10.3 GENERAL GAS MEASUREMENT PRINCIPLES

In light of the considerations at Paragraph 10.1 about the presence of several commercial transactions at a single measurement point, in order to avoid plant duplication and any measurement data discrepancies for the same Gas quantities, it is assumed that existing measurement stations apply to both the commercial relationship between Transmission System Operator and Shipper and that between Shipper and Connected Operator. Therefore, the result of measurement activities is relevant - also from a tax viewpoint - to the aforementioned transactions.

Further principles that are necessary for the proper performance of the of the measurement activities carried out by the Transmission System Operator, may be summarised as follows:

- a) Gas measurements are expressed in terms of volume and/or energy.
The unit of measurement is m^3 at the reference conditions (also called standard or basic conditions) of 15 °C and 1.01325 bar.
The quantity of energy is obtained by the product of Gas volumes and the Gross Calorific Value (PCS). The Transmission System Operator defines the Gas composition and relevant chemical-physical parameters in line with the provisions of the "Gas Quality" Chapter.
- b) The Network Code refers to the latest national legal, technical and metrological regulations, as well as to the latest version of international standards, where national regulations do not cover the aspect being considered. The implementation time scale of new regulations shall be the one laid out in their by such provisions. In absence of specific guidelines, the new regulations shall be implemented in line with the time

scales and methods that are more compatible with the Transmission System Operator's operational and equipment requirements.

- c) In measurement stations, Gas flow rates and volume are measured using ultrasonic measurement devices, meters (volumetric measure) and calibrated orifice meters (venturi measurement).
- d) Each Network Entry or Exit measurement station is equipped with a numeric code that univocally identifies the it - also known as "REMI" code for all measurement stations except those at Delivery or Redelivery Points subjected to the approvals, checks and inspections under by the mining legislation of the competent control Authority (UNMIG).

10.4 CONVENTIONAL AND AUTOMATED MEASUREMENT PLANTS

Measurement plants for the Gas that has flown through Transmission Network Entry and Exit Points of can be subdivided into the following categories:

- a) DMDU (Daily Metered Daily Updated): equipment that provides telemetry data on daily consumption; these are meters equipped with a flow telemetry computer (there is a modem board and a connection to the landline);
- b) DMMUC (Daily Metered Monthly Updated Computer): meters that provide daily consumption data and their monthly aggregate through a flow computer;
- c) DMMU (Daily Metered Monthly Updated): equipment that provides daily consumption data and their monthly aggregate, which, however, can only be derived by plotting the scheme provided by the instrument; such systems envisage graphic tools (triplex) without a flow computer;
- d) NDM (Non Daily Metered): equipment that only provides monthly consumption data. These are volumetric meters without a flow computer that may be fitted with a pressure and temperature graphic recorder (thermomanometer).

DMDU devices only provide MG measurements and are automated measurement equipment, whereas conventional meters described at points b), c), d) provide NMG measurements.

The installation of control and back-up devices enables the detection of Gas quantities flowing through the system when the main measurement system is not available.

10.4.1.1 Measurement detection equipment

The equipment used to determine Gas quantities that flow through automated stations usually comprises the following - other than basic equipment (meter, ultrasonic measurement device or venturi measuring system, depending on the measurement method used in the station) :

- a) flow computer – electronic data acquisition and processing device;
- b) pressure and temperature transmitters, linked to the flow computer for measurements performed using ultrasonic measuring devices or meters;
- c) temperature, pressure and differential pressure transmitters linked to a flow computer for measurements performed using the venturi system;
- d) gas chromatograph for the continuous measurement of Gas energy.

In conventional measurement stations, temperature, pressure and differential pressure data are captured using the schemes provided by relevant recording devices.

10.5 ROLES, RIGHTS AND RESPONSIBILITIES OF THE PARTIES

This Paragraph describes the roles, rights and responsibilities of the Parties involved in Gas measurement activities. The Transmission System Operator and the Shipper, by subscribing to the Network Code, expressly accept these roles, rights and responsibilities and commit to fulfilling them.

Specifically, the Transmission System Operator and the Shipper recognise that the measurement station's owner is responsible for its construction, management and maintenance in accordance with the relevant statutory regulations and best practice and pursuant to the methods and procedures established in this Document.

In particular, for the purposes of this Document, an annual inspection - with relevant calibration/maintenance - performed by a leading sector operator, is considered best practise. Best practice also means that the leading sector operator shall act in a timely manner in resolve any plant anomalies.

The construction of and any equipment modifications to the measurement station are at the owner's expense and, where such stations are not owned by the Transmission System Operator, they must be priorly agreed with the Transmission System Operator, specifically with respect to the calibration of flow rates and supply pressure. However, the duties and costs pertaining to legal metrology provisions and all legal provisions for the construction and operation authorisation of the measurement station are at the owner's expense.

Notwithstanding the general provision about the owner's obligations for the construction, management and maintenance of the measuring station, the owner may entrust its management and maintenance to Third Parties, as long as they undertake to comply with the provisions under described in this Document towards the Transmission System Operator.

Should the request to take over the management and maintenance of a measurement station be addressed to the Transmission System Operator, the latter shall evaluate this possibility, subject to prior agreement with the owner about the terms and conditions for service provision.

10.5.1 Shipper's rights and responsibilities

The Shipper must:

- a) guarantee to the Transmission System Operator the timely and reliable generation of primary measurement data by the station owner, as well the compliance with technical provisions and Transmission System Operator's procedures in line with best practice or pursuant to applicable legislation - during measurement operations(both in new and existing stations -) and the design and construction of new stations. ;
- b) guarantee that, in the event of the implementation of regulations, procedures and guidelines other than those issued by the Transmission System Operator - such regulations, procedures and guidelines (subject to prior approval by the Transmission System Operator) shall provide, to the same purpose, an equivalent or superior quality and reliability of measurement data.
- c) notify the measurement station's owner of the Transmission System Operator's right to take part as an observer in measurement activities under its responsibility;
- d) grant the Transmission System Operator full and free access to the measurement station for activities within its remit. Should the Transmission System Operator not be allowed to exercise this right, it shall immediately notify this fact to the relevant Shipper and shall assume no responsibility for the truthfulness and accuracy of measurement data recorded at the station, reserving the right to use for the to implement the activities described in Paragraph 10.1, the best available substitute data, pursuant to Paragraph 10.5.3.3;
- e) provide the Transmission System Operator with an assurance that the measurement station's owner shall meet its contractual obligations in relation to operation and maintenance activities;
- f) immediately notify the Transmission System Operator should :
 - the owner of the measurement station entrusts Third Parties with the responsibility for the station's management and maintenance in

- order to guarantee the continuous fulfilment of related procedural aspects;
- the station's owner suggest alterations to the station. Such alterations must be priorly agreed between the Parties involved in measurement activities, accepted by each one of them based on their responsibility and carried out and paid for by the owner: should the Transmission System Operator propose changes on the basis of its own operational needs, the Parties may agree a different allocation for the relevant implementation costs;
- g) request the station's owner to promptly restore the station's functionality in the event of a failure;
- h) promptly notify any measurement station failure or malfunction to the Transmission System Operator.

Should the Shipper fail to fulfil any of the aforementioned obligations, the Transmission System Operator shall notify this to the Shipper and take no responsibility for the accuracy of measurement data recorded at the station. In addition, should a prolonged malfunction of the measurement station cause delays or disruptions of the transmission service operations whose consequences also affect other system Shippers, the Transmission System Operator reserves the right to charge the Shipper for all costs and duties incurred as a result of such situation.

The Shipper, as one of the Parties involved in the commercial transactions occurring at the station, is entitled to observe (subject to request to the Transmission System Operator and in agreement with said Operator with respect to the definition of operating procedures), prior formal in the presence of the other concerned Parties, all the operations impacting recorded measurement data that are carried out at the station. The arrangements for such access must be agreed with the Transmission System Operator.

10.5.2 Transmission System Operator's Responsibilities and Obligations

The Transmission System Operator must:

- a) acquire measurement data, via telemetry or direct measurement at the site;
- b) validate measurement data, to ensure they can be used for the activities described in Paragraph 10.1;
- c) supply such measurement data to Shippers (limited to data for RR Redelivery Points served by the Shipper), as well as to the owner of the Transmission Network Exit measurement station;

- d) keep the necessary electronic or paper measurement records, in compliance with the provisions of current tax and administrative regulations.

The Transmission System Operator, as one of the Parties involved in the commercial transactions taking place at the station, is entitled to observe, in the presence of the other involved Parties, all operations impacting measurement data that are carried out at the station.

10.5.3 Transmission System Operator's Activities

Gas measurement activities start immediately after the subscription to the transmission service and include the following steps:

- a) support to and verification of plant consistency and measurement process accuracy;
- b) acquisition, process and validation of measured data;
- c) management of measurement data.

The aforementioned activities entail:

- a) drafting the inspection and verification report;
- b) drafting the operation report;
- c) updating measurement parameters;
- d) defining measurement parameters and data for anomaly, malfunction or failure events;
- e) issuing the measurement report;
- f) controls and inspections.

The aforementioned activities are carried out in line with the provisions of the applicable legislation .

10.5.3.1 Drafting of inspection, control and operation reports

These reports are drafted by the concerned Parties whenever there is a change in the measurement process. Such reports contain data, information, agreements and inspection results that are fundamental for tax purposes.

These reports fall into the following categories:

- a) inspection and check reports;
- b) operations reports;

The reports at point a) are drafted at the commissioning of a new measurement station and in the event of substantial alterations to existing ones. They provide a detailed overview of the technical configuration of the measurement station and the equipment housed therein.

The reports at point b) are drafted when there is already a check and inspection report for the measurement station, in the following cases:

- changes to the electronic instrumentation of quality parameters impacting quantity measurement;
- seasonal variation of measurement equipment configuration;
- venturi orifice meter replacement;
- replacement of one measurement device with another of the same type, brand and characteristics;
- measurement pressure variation;
- operational anomalies of Gas measurement devices;
- controls and inspections of the station operations and relevant equipment;
- other activities that entail a change the procedure for quantity measurement.

10.5.3.2 Updating measurement parameters

The update of parameters, such as, for example, the cross-section of an orifice, the full scale of a transmitter or Gas density, must be compliant with the standards and methods defined by legal metrology.

, The Transmission System Operator updates of data from both automated and conventional measurements is stored in the information system. In both cases the Transmission System Operator uses the specific parameters resulting from the verification and inspection reports, as well as from especially drafted operations reports.

In particular, the following procedures are envisaged for Gas composition data:

1. volumetric plants: update at planned intervals;
2. venturi plants and ultrasonic measurements devices: update at planned intervals and, where needed, subsequent monthly reprocessing;
3. measurement stations directly connected to a gas chromatographs that can independently provide required composition data: continuous update.

The aforementioned procedures are applicable subject to compliance with legal metrology.

10.5.3.3 Definition of measurement parameters and data for anomaly, malfunction or failure;

Such activity, carried out by the Transmission System Operator, may be required in specific cases, i.e. cases not listed in currently applicable regulations or procedures, and in the case of non type-approved metrology equipment.

Such data is collected at the station and subject to the technical assessment of the Transmission System Operator's competent department, with subsequent formalisation of the solution that is deemed most appropriate.

Once the most appropriate solution has been defined, the Transmission System Operator shall insert the new parameters and the correct measurement data into the IT system for further use.

In the event of failure or incorrect calibration of one or several instruments in the measurement chain, quantity processing may be guaranteed by the primary data provided by backup and control equipment (if any), once its correct calibration and the standard operation have been ascertained.

In the event of the absence of such back-up equipment that can be used to capture off-take volumes, the following procedure should be followed:

1. if, during the month in which the anomaly occurred, there are any valid measurement days that are representative off-takes trends, their daily average shall be applied to days with an invalid measurement or without a measurement;
2. otherwise, a coefficient that represents the off-take increase/decrease shall be calculated and used to determine monthly volumes for the months without a measurement by multiplying it by the previous year's relevant monthly volumes. The aforementioned coefficient is determined as the ratio between the average off-take of the 90 days prior the anomaly and the average off-take of the corresponding period during the previous year: the average off-take calculation does not include days without an off-take.
3. should the station owner/manager provide production data that univocally refers to the Gas flown through the station and, after ascertaining that the ratio between such data and the relevant, validly measured quantities is constant, such ratio can be applied to production data (daily, where possible) that refers to periods with no measurement.

If the lack of measurement lasts for more than a month and beyond, the flat-fee reported quantities shall be increasingly approximated.

For unexpected events or events that are very different from the aforementioned ones, or when such anomalies occur more than once, the Transmission System Operator shall identify the most appropriate solution and criteria on a case-by-case basis, agreeing them with the station owner/manager, as much as possible.

The missing data may be substituted at a later stage, should the availability of back-up measurement - at full efficiency - be ascertained (reissuing of the measurement report).

10.5.3.4 Issuing the measurement report;

This Document summarises monthly quantities that have flowed through the system, with a daily split should the station be suitably equipped: the measurement report also indicates average quality data for Gas that has been redelivered over the month.

Reported quantities refer to the month, defined as the period starting from 06:00 of the first day of the month and ending at 06:00 of the first day of the following month. The reference time is always solar time and, therefore, there is no adjustment to Daylight Saving Time.

The Transmission System Operator inserts the primary measurement data in its information system (on a daily basis for telemetering plants (DMDU) or on monthly basis for standard plants (DMMU, DMMUC, NDM)) - and validates the results obtained.

The report in question is then sent to:

- *the Leading Company, with respect to Gas measurement stations at the Leading Company's Redelivery Points ;*
- *the Shipper and the Connected Operator, with respect to Network Exit Gas measurement stations at an RR Redelivery Point;*

In the event of error detection, the Transmission System Operator shall perform a new calculation, reissue and resend a new measurement report, carrying out the balancing in line with the provisions of Paragraph 9.4 of the Chapter on "Balancing".

10.5.3.5 Controls and inspections

Moreover, in the interest of obtaining a greater degree of measurement accuracy, the Transmission System Operator carries out inspections and controls to ascertain:

- a) the proper operation of measurement stations and relevant equipment;

- b) the reliability of measurement data.

The aforementioned controls and inspections can be summarised as :

- a) station verification in the event of an anomaly pertaining to detected gas quantities;
- b) review of the documentation pertaining to the REMI station, to assess its contents in compliance with current rules and regulations and then compare the data with the records in the Transmission System Operator's information system;
- c) control of automatic measurement plants by means of:
 - comparing existing automatic measurement data that are serially configured;
 - comparing the results provided by a portable automatic measurement system installed by the Transmission System Operator with those of the station's measurement system;
- d) controlling station equipment functionality;
- e) analysing the diagnostic notices provided by the measurement instrumentation;

In addition to the aforementioned controls, it is possible to agree further controls and inspections.

10.5.3.6 Exceeding the full scale

Should the data detected in a venturi measurement plant exceed the full scale, and should detection of the actual Gas quantity not be possible by any other means, the measured quantity shall be assumed to be equal to the full scale value plus 30%.

10.6 TECHNICAL PROVISIONS

The dimensional, functional and strength design standards for a Natural Gas reception , first reduction and measurement facility provided by the Transmission System Operator are compliant with the principles of currently applicable technical and legal provisions, both national and international, and based on the Transmission System Operator's experience in the field of Natural Gas transmission. At any rate, safety, design, construction and maintenance standards for measurement equipment must comply with the provisions of applicable legislation.

To allow daily availability of measurement data and an increased accuracy and reliability for their detection and transmission, the Transmission System Operator

requests that, in the event of new-build or alterations, , measurement stations shall be:

- built using automated measurement equipment fitted with appropriate remote data transfer tools (modem to connect to the landline (PSTN) or mobile line (GSM));
- equipped with the pre-selected phone connection;
- equipped with a RS232/RS485 communication port.

Moreover, the data must be readable and detectable *in situ* by means of connection via a portable PC. To this end, remote telemetry devices shall be:

- located in a non-hazardous area, in compliance with relevant applicable regulations;
- equipped with a dedicated connector;
- supplied by an electricity supply source within the station or, alternatively, by a photovoltaic source.

When designing and building the station's measurement equipment installation, the Parties involved in the measurement may jointly assess any other solutions that can fulfil commercial and technical requirements.

10.7 SHIPPER'S VERIFICATION REQUEST

The Shipper may request the Transmission System Operator to verify reported measurement data. Such request must include:

- REMI code of the facility in question;
- the data to be checked and the reference time period;
- further technical details supporting the request, which provide objective evidence of Gas measuring equipment malfunction.

The Transmission System Operator, based on the aforementioned elements and/or other elements deemed necessary, shall perform the relevant checks and assessments within the shortest possible technical time scales.

Within 15 working days from receipt of the Shipper's written notice, the Transmission System Operator shall send a written reasoned response to the applicant, containing the following details:

- a) the receipt date of the request;
- b) the Applicant's company name;
- c) the contact details of the Transmission System Operator's employee charged with providing further information, where needed;

- d) the description of the analysis carried out by the Transmission System Operator in order to assess the Shipper's request;
- e) in case of acceptance of the request, the new measurement report, re-issued for the month in question;
- f) in case of rejection, the reasons for such decision, supported by relevant documentation .

The costs incurred to carry out the requested check shall be charged to the applicant, unless the error detected is solely caused by the data measurement process.

GAS QUALITY

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11.1. GAS QUALITY

In order to guarantee the interconnectivity and inter-operability of transmission systems, the Gas flowing in the transmission Network must comply with a quality requirement that indicates the maximum and minimum values allowed for Natural Gas quality parameters, as described below.

The Shippers' Compliance with the aforementioned quality requirements is a pre-condition for inputting Gas into the transmission Network. The quality requirements are common to all Gas pipeline Networks operated by Transmission Companies, and, therefore, guarantees the interchangeability of the Gas that flows throughout the pipeline. As a matter of fact, the Transmission Network is a single, densely-meshed system in which the Gas originating from different supply sources is blended before redelivery. In addition, since the Gas that is input into the Network is not subject to any chemical transformation processes within it, compliance with quality requirements at Entry Points also ensures compliance at Redelivery points.

This also means that all Gas quality parameters, whose monitoring is a guarantee of the transmission system's safety (e.g., sulphur and hydrogen sulphide levels, water and hydrocarbons Dew Point) may be measured only at Entry Points.

11.2. GAS QUALITY PARAMETERS

The parameters that characterise Gas quality can be subdivided into chemical-physical parameters needed for energy calculation purposes (Gross Calorific Value) and Gas quality requirements control parameters.

11.2.1 Parameters for energy calculation (PCS components)

The main chemical-physical parameter used to calculate energy is the Gross Calorific Value ("PCS"), determined on the basis of the chemical composition of Natural Gas pursuant to the ISO 6976 Standard and by considering at least the following elements:

- Methane– C₁
- Ethane– C₂
- Propane– C₃
- IsoButane– C₄
- NormalButane – nC₄
- IsoPentane – iC₅
- NormalPentane – nC₅
- Hexanes and superior – C₆⁺
- Nitrogen– N₂
- Carbon Dioxide – CO₂

11.2.2 Gas quality control parameters

In order to guarantee the safety of the transmission system, and the interchangeability and transmissibility of the Natural Gas in the Network, the following Natural Gas quality parameters are monitored:

- Gross Calorific Value
- Relative Density
- Wobbe Index
- Carbon Dioxide – CO₂
- Oxygen – O₂
- Hydrogen sulphide – H₂S
- Sulphur in mercaptans – S_{RSH}
- Total Sulphur - S_{tot}
- Water Dew Point
- Hydrocarbons Dew Point

11.2.3 Quality requirements

In order to guarantee the interconnection and inter-operability of transmission systems (such as power plants or transmission, distribution, storage and regasification plants), the chemical-physical characteristics of the Gas that is input to the Transmission Network must be compliant with the quality requirements and acceptable values defined in Attachment 11/A "TECHNICAL

REQUIREMENTS OF CHEMICAL-PHYSICAL CHARACTERISTICS AND THE PRESENCE OF OTHER COMPONENTS IN NATURAL GAS".

11.2.4 Management of non-compliant Gas

As previously mentioned, compliance with the Quality Requirements is a precondition for:

- a) guaranteeing interconnectivity and inter-operability of Transmission Networks;
- b) guaranteeing the integrity and safety of Transmission Networks;
- c) enabling End Customer to use Gas.

In the event of non-compliance with the Quality Requirements, the provisions of the Sub-paragraph 18.1 of the "Parties' Liabilities" Chapter shall apply.

11.3. DETERMINATION OF PARAMETERS FOR ENERGY CALCULATION

The measurement of parameters for the PCS calculation specified in the Quality Requirements is currently performed through dedicated facilities. Such facilities consist in qualitative measurement equipment and relevant accessories that are necessary for their operation.

11.3.1 Methods to determine energy calculation parameters

The measurement of energy calculation parameters performed at Delivery and Redelivery Points of the Transmission Network, according to the procedures specified in the following paragraphs.

The parameters can be determined by means continuous measurement using gas chromatographs or by discontinuous measurement through gas sampling and laboratory analysis.

11.3.2 Delivery Points

The PCS at each Delivery Point on RN pipeline Network from Terminal is measured on a continuous basis using two process gas chromatographs: the daily value is calculated as the average of the analyses carried out with such equipment during the day. Energy parameters and the PCS are measured by the measurement plant manager and are made available to the Transmission System Operator by a remote metering device that provides real time control.

The provisions of Resolution No. 185/05 and its subsequent amendments shall apply to the measurement of the PCS of the Gas input into the Transmission Network following the construction of new Delivery Points, such as storage and production fields, transmission Networks, import and regasification plants.

11.3.3 Redelivery Points

The determination of the PCS at Delivery Points on RN pipeline Network is performed on a continuous basis using two process gas chromatographs: the daily value is calculated as the average of the analyses carried out with such equipment during the day.

11.4. DETERMINATION OF QUALITY CONTROL PARAMETERS

Quality control parameters at the RN Entry Point from Terminal are measured on a continuous basis using:

- two gas chromatographs for the continuous measurement of PCS, Wobbe Index and CO₂
- other systems and devices for the continuous measurement of sulphur compounds, water and hydrocarbon dew point and gas density.

The oxygen content is determined through the analysis of a Gas sample taken in the field (instant sampling) carried out in SINAL or SIT accredited laboratories.

The Gas instant sample is compliant with the UNI EN ISO 10715 Standard "Natural Gas - sampling guidelines" with respect to sampling guidelines, tank/cylinder replenishment process control and tank/cylinder traceability. The

aforementioned Gas sample is subsequently analysed using a gas chromatograph in a SINAL or SIT accredited laboratory.

Quality control parameters are measured by the measurement plant manager and are made available to the Transmission System Operator by a remote metering device that provides real time control (with respect to continuous measurements).

In the event the Transmission System Operator is not the owner of the Natural Gas quality measurement equipment, its owner is obliged to comply with the provisions of Resolution No.185/05 and its subsequent amendments.

In the event the owner of the aforementioned equipment should not guarantee compliance with such provisions by means of written agreement with the Transmission System Operator, the Transmission Company shall equip the Entry Point in question with its own measurement devices for Natural Gas quality parameters.

The provisions of Resolution No.185/05 and its subsequent amendments shall apply to the measurement of quality control parameters of the Gas input into the Transmission Network following the construction of new Delivery Points, such as storage and production fields, transmission networks, import and regasification plants.

The detection of quality control parameters at the RN Redelivery Point is performed on a continuous basis:

- two gas chromatographs for the continuous measurement of PCS, Wobbe Index and CO₂
- other systems and equipment for the continuous determination of sulphur compounds, water and hydrocarbon dew point, Gas density and oxygen content.

11.5. QUALITY DATA VALIDATION

The Gas quality and composition data provided by gas chromatographs and/or samplers are considered valid for the purposes of calculating the PCS, in line

with the the provisions of Resolution No. 185/05 and its subsequent amendments and based on the following criteria:

- a) acquisition and examination of the data automatically sent by each gas chromatograph and of the data pertaining to the lab chemical analysis of previously collected Gas samples;
- b) standard message errors recorded directly by gas chromatographs;
- c) consistency of analysis data;
- d) threshold concentration values derived from historical trends.

Should data for the period in question not be available, the Transmission System Operator shall use the latest valid measurement recorded.

11.5.1 Operational and fiscal values

By processing validated data, the Transmission System Operator obtains operational and tax Gas quality values that are stored in two dedicated archives: the "Operational data archive", where all values that are acceptable following automatic system verifications and controls and the "Tax values archive", where validated values are stored.

For tax invoicing purposes, the valid data is the one that has been collected, processed and validated by the Transmission System Operator.

11.5.2 Shipper's verification request

The Shipper may request the Transmission System Operator to verify the data in question. Such request must include:

- REMI code of the involved plant;
- the data to be checked and the reference time period;
- any other technical details supporting the query.

The Transmission System Operator, based on the aforementioned elements and/or other elements deemed necessary, carries out, if this is within its responsibilities under this Chapter, the necessary checks and assessments within the shortest possible technical time scales.

As soon as they are available, the results of the checks in question are notified to the requesting Party.

If the verifications prove that the data reported is correct, the Transmission System Operator shall charge the requesting Party for the costs incurred for the verification in question.

11.5.3 Published information and Quality Report

Pursuant to Resolution No. 185/05 and its subsequent amendments and integrations, the Transmission System Operator shall publish on its website, within the tenth working day of each month, the average monthly value of Natural Gas PCS for each Entry Point of the Transmission Network for the previous twelve months.

With regard to Gas measurement stations at the Leading Company's Redelivery Point, a copy of the quality report shall be sent to the Leading Company on a monthly basis.

ATTACHMENT 11A

TECHNICAL SPECIFICATION OF CHEMICAL-PHYSICAL CHARACTERISTICS AND OF THE PRESENCE OF OTHER COMPONENTS IN NATURAL GAS

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11A.1 GROSS CALORIFIC VALUE (“GCV”) COMPONENTS

The Natural Gas components that are used to measure the GCV are listed below:

| Component | Acceptable Value | Measurement Unit |
|-------------------|------------------|------------------|
| Methane | (*) | |
| Ethane | (*) | |
| Propane | (*) | |
| Isobutane | (*) | |
| Normal butane | (*) | |
| Isopentane | (*) | |
| Normal pentane | (*) | |
| Hexanes and above | (*) | |
| Nitrogen | (*) | |
| Carbon dioxide | ≤ 3 | % mol |

(*) acceptable values for these components are intrinsically limited by the acceptable range of the Wobbe Index.

11A.2 QUALITY PARAMETERS

| Parameters | Acceptable Value | Measurement Unit |
|--------------------|------------------|--------------------|
| Hydrogen sulphide | ≤ 6.6 | mg/Sm ³ |
| Sulphur mercaptans | ≤ 15.5 | mg/Sm ³ |
| Total sulphur | ≤ 150 | mg/Sm ³ |

| | | |
|------------------------------|--------------|--------------------|
| Gross Calorific Value | 34.95÷45.28 | MJ/Sm ³ |
| Wobbe Index | 47.31÷52.33 | MJ/Sm ³ |
| Relative density | 0.5548÷0.8 | |
| Oxygen | ≤ 0.6 | % mol |
| Water Dew Point (a) | ≤ -5 | °C |
| Hydrocarbon Dew Point (b) | ≤ 0 | °C |
| Max. temperature | <50 | °C |

- a) At the pressure of 7.000 kPa
b) In the 100 ÷7.000 kPa pressure range

11A.3 OTHER PROPERTIES

The gas, at operational conditions, should contain no traces of the following components:

- a) water and hydrocarbons in liquid state;
b) solid particulate in such quantities that would damage the materials used for gas transportation;
c) other gases that may affect the safety or integrity of the transmission system.

11A.4 REGULATORY FRAMEWORK

- CNR-UNI 10003 “International System of Units (SI)”;
- Ministerial Decree of 24th November 1984 “Fire-prevention safety rules for the transportation, storage and usage of natural gas with density lower than 0.8”;
- UNI EN 437 “Trial gas – Trial pressure – Categories of equipment”;
- ISO 13443 “Natural gas – Standard reference conditions”;
- Decree of 22nd December 2000 “Identification of the national pipeline network according to Article (9) of the Law Decree 23 May 2000, N.164”.

- Decree of 19th February 2007 "Approval of the technical regulations on the chemical and physical characteristics and on the presence of other components in the fuel gas to be carried."

11A.5 REFERENCE CONDITIONS

The reference conditions adopted for volume units are the following standard conditions (see ISO 13443), or:

| | |
|--------------------|--------------------------|
| <i>Pressure</i> | <i>101.325 kPa</i> |
| <i>Temperature</i> | <i>288.15 K (= 15°C)</i> |

To determine the Gross Calorific Value and the Wobbe Index, the following enthalpy reference is adopted:

288.15 K (= 15°C) ; 101.325 kPa

ENTRY AND REDELIVERY POINTS PRESSURE

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12.1. PREMISE

Pressure is a parameter of fundamental importance for gas transmission. The Transmission System Operator relies on specific values of pressure at Entry Points.

The Shipper must guarantee these pressure levels at Entry Points in order to enable the Transmission System Operator to ensure in turn the transmission of gas quantities booked by Shippers to the relevant Redelivery Points, in line with the contractual terms and conditions described below.

12.1.1 Pressure at Entry Points for Transmission System Operator

Shippers must deliver or have the gas delivered at the minimum contractual pressure value.

The Transmission System Operator may require Shippers to provide a minimum pressure value at the Entry Point up to a value equal to the maximum operating pressure (or CPI pressure).

This contractual value is published on a yearly basis on the Transmission System Operator's web site for each tranche of gas pipeline.

In particular, for Entry Points interconnected with RN pipelines near the regassification terminal, the aforementioned required operational pressure is equal to the operating pressure of the interconnected gas pipeline.

Operationally, the Transmission System Operator – depending on volumes and related pipeline configuration - may accept the gas at a lower pressure than the minimum contractual pressure value, without advance notification and without prejudice to its right to request the pressure to be brought back to a value not lower than the minimum one.

12.1.2 Pressure at Redelivery Points on RR

At each Redelivery Point on RR, the pressure shall be never higher than the maximum operating pressure of the pipeline immediately upstream the one where the Redelivery Point on RR is located.

Minimum lower threshold pressure levels the Transmission System Operator has committed not to exceed:

(rel. bar values)

| 1^a type | 2^a type | 3^a type | 4^a type | 5^a type | 6^a type |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 12 | 6 | 4 | 2 | 0.1 | 0.05 |

In general terms, the Transmission Network operates at pressure values that are higher than the minimum operating pressure required to guarantee redelivery.

The Transmission System Operator publishes on its website the minimum pressure values for each Redelivery Point on RR guaranteed by the minimum pressure values at Entry Points as defined in the previous paragraph, together with the document set out at Paragraph 5.9.2 of the Chapter "Transmission Capacity Booking".

If the Shipper submits a written request to change the minimum contractual pressure in order to guarantee redelivery, the Transmission System Operator is obliged to send a reasoned reply within 20 working days from receipt of such request, detailing:

- a) the request's receipt date;
- b) the Applicant's company name;
- c) the contact details of the Transmission System Operator's employee charged with providing further information;
- d) the current value of the minimum contractual operating pressure;
- e) the value of the minimum contractual pressure requested by the Shipper;
- f) the description of the analysis carried out by the Transmission System Operator in order to assess the Shipper's request;
- g) in case of acceptance, the date proposed for implementing the action requested by the Shipper;
- h) in case of rejection, the reasons and the relevant documentation supporting this course of action.

SERVICE QUALITY

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13.1 PREMISE

The Transmission System Operator aims to offer a high quality standard for the transmission service on the network it manages, by providing all Shippers an adequate degree of security, reliability and compliance with environmental requirements through the use of best-in-class technologies.

13.2 BASIC PRINCIPLES

The Transmission System Operator's service is based on the following key principles:

13.2.1 Flexibility

The Transmission System Operator aims to provide Shippers with a service inspired by the principle of maximum allowable flexibility, in compliance with legal provisions and the Network Code and, in particular, with the fair and non-discriminatory treatment of all Shippers.

A concrete example of flexibility is the possibility of submitting Network Code update requests at any time during the Thermal Year, as described at Paragraph 22.6 of the Chapter "Network Code Update".

13.2.2 Impartiality

The Transmission System Operator acts towards Shippers by granting them fair and non-discriminatory access. The Network Code is one of the main support tools to ensure the achievement such objectives.

13.2.3 Service efficiency

The Transmission System Operator identifies the organisational, procedural and technological solutions aimed at ensuring that the transmission service is ideally positioned to meet market requirements.

13.2.4 Continuity

The Transmission System Operator's commitment towards the Shipper is the provision of a regular and continuous service. Therefore it tends to minimise service interruptions by promptly notifying Shippers and by adopting all necessary measures to restore normal system operation as soon as possible.

13.2.5 Environment, health and safety

The Transmission System Operator strives to improve health and safety conditions for plant and personnel - as well as environmental protection - on an ongoing basis.

This commitment is exemplified not only by the adoption of suitable maintenance programmes, but also by the periodic monitoring of managed networks.

13.2.6 Participation

Shippers are encouraged to take part in the updating of the Network Code, in line with the provisions of the Chapter "Network Code Update".

13.2.7 Information

The Transmission System Operator always strives to provide the Shipper with the best possible support in the understanding the activities governed by the Transmission Contract and, ultimately, the Network Code. To this extent, the Transmission System Operator notifies the Shipper in order to better clarify relevant hypothesis, objectives and results.

13.3 INTERVENTION AREAS

In order to guarantee Shippers a safe and reliable service in line with the aforementioned principles, the Transmission System Operator has defined commercial quality KPIs for the service, linking them to specific and general quality standards.

13.3.1 Commercial quality standards

The following KPIs are used when defining the service's specific commercial quality standards:

- a) reasoned response time for written maintenance work rescheduling requests;
- b) reasoned response time for written minimum contractual pressure change requests;
- c) reasoned response time for written requests concerning the measurement report.

The following KPIs are used when defining the service's specific commercial quality standards:

- a) *minimum percentage of offers for new connections or improvement of the existing network submitted within 40 working days from signing the report about the definition of Delivery/Redelivery Point on the RR;*
- b) *minimum percentage of reasoned responses to written requests about the transmission service that were notified within the maximum 20 working days' notice*

13.3.1.1 Reasoned response time for written maintenance works rescheduling requests

The reasoned response time for written maintenance works rescheduling requests is the period, measured in working days, that elapses between receipt of the Shipper's written rescheduling request by the Transmission System Operator and the date the reasoned reply is notified to the Shipper.

13.3.1.2 Response time for written minimum contractual pressure change requests

The reasoned response time for written minimum contractual pressure change requests is the period, measured in working days, that elapses between receipt of the Shipper's written change request by the Transmission System Operator and the date the reasoned reply is notified to the Shipper.

13.3.1.3 Reasoned response time for written requests concerning the measurement report

The reasoned response time for written requests about the verification activity in measurement reports is the period, measured in working days, that elapses between receipt of the Shipper's written measurement report verification request by the Transmission System Operator and the date the reasoned reply is notified to the Shipper.

13.3.1.4 Minimum percentage of offers for new connections or improvement of the existing network submitted within 40 working days from signing the report about the definition of Delivery/Redelivery Point on the RR.

The minimum percentage of connection offers submitted within 40 days after signing the report about the definition of Delivery/Redelivery Point on the RR pertains to the time needed to submit the offer for connections' construction. The KPI refers to the period within which the Transmission System Operator provides the Applicant with the result of feasibility studies, the works estimate and the connection construction time line. This period is measured in working days from the signature of the report defined at Paragraph 6A.2.2 of Attachment 6A "Procedure for requesting new connections".

13.3.1.5 Minimum percentage of reasoned responses to written requests about the transmission service notified within max. 20 working days

The minimum percentage of reasoned responses to general written requests concerning the transmission service refers to the reasoned response time in working days from the date of receipt of the Shipper's written request by the Transmission System Operator and the date the reply is notified to the Shipper.

The written notice must comprise:

- a) the request's receipt date;
- b) the Applicant's company name;
- c) the contact details of the Transmission System Operator's employee charged with providing further information, where needed;
- d) the topic to which the Shipper's request refers;
- e) the response provided, with relevant adequate reasons.

Attachment 13/A "Service quality standards" describes the general and specific standards for the aforementioned KPIs.

The Transmission System Operator shall monitor the standards thus defined and supply the information and data about their trend during the previous year to the Electricity and Gas Authority by 31 December of each year.

13.4 AUTOMATIC COMPENSATION

The Transmission System Operator logs the causes of the failures to meet specific and general quality levels with respect to:

- a) causes of *force majeure*, defined as as public authority actions, exceptional natural events for which the status of natural disaster has been declared by the competent Authority, strikes and inability to obtain the necessary authorisation documentation;
- b) external causes, defined as damages or impediments caused by Third Parties and for which the Transmission System Operator is not liable;
- c) causes for which the Transmission System Operator is liable, defined as all the other causes that are not listed at point a) and b), including the causes that are yet to be verified.

In the event of a failure to meet specific and general quality levels for the categories listed at points a) and b) above, the Transmission System Operator must report the cause of non-fulfilment.

In the event of a failure to meet specific and general quality standards due to a liability on the part of the Transmission System Operator, the latter shall pay

the Shipper a basic automatic compensation of 500 EUR at the first successive invoicing date.

As listed below, this basic automatic compensation increases in line with the delay in service provision:

- a) a basic automatic compensation is paid when the service is not provided within the KPI but within a time period that is twice that of the reference KPI;
- b) a double automatic compensation is paid when the service is provided within a time period that is more than twice but less than three times that of the relevant KPI;
- c) a triple automatic compensation is paid when the service is provided within a time frame that is over three times as long as that of the relevant KPI.

However the Transmission System Operator must:

- a) pay the automatic compensation to the Shipper who is entitled to it in the next applicable invoicing period and, at any rate, within 7 months from the date of provision of the service required;
- b) perform the service required within 180 calendar days from the request's receipt date.

ATTACHMENT 13A

SERVICE QUALITY STANDARDS

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13A.1 COMMERCIAL QUALITY STANDARDS

Specific commercial quality standards:

| KPI | SPECIFIC STANDARD |
|---|--|
| Reasoned response time for written maintenance works rescheduling requests | Within 5 working days from receipt of written request |
| Reasoned response time for written minimum contractual pressure change requests | Within 20 working days from receipt of request by fax or e-mail. |
| Reasoned response time for written requests concerning the measurement report | Within 15 working days from receipt of written request |

General standards of commercial service quality:

| KPI | GENERAL STANDARD |
|---|------------------|
| Minimum percentage of connection offers submitted within 40 days from signing the report about the definition of Delivery/Redelivery Point on the RR. | 90% |
| Minimum percentage of reasoned responses to written requests about the transmission service notified within the maximum 20 working days' deadline. | 90% |

MAINTENANCE PLANNING AND MANAGEMENT

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14.1 PREMISE

This Chapter describes the operations that the Transmission System Operator carries out to ensure a safe and efficient management of the transmission service. Such operations entail periodic inspection, control and maintenance programmes and the improvement of the existing network, which do not usually limit the Transmission Capacity of the Network itself.

In this respect, therefore, only operations that impact on Transmission Capacity shall be taken into account.

At any rate, the Transmission System Operator shall strive to minimise service downtime by lasing with upstream and downstream operators, where possible.

14.2 TYPES OF OPERATIONS

The above mentioned maintenance operations fall into the following categories:

1. periodic network inspections;
2. new connections;
3. network development;
4. remedial work for Third Party interferences;
5. reactivation operations following service emergencies;
6. other interventions;

14.2.1 *Periodic network inspections*

The Transmission System Operator performs ordinary and extraordinary maintenance operations aimed at verifying and ensuring the safety and efficiency of Transmission Network's gas pipelines and equipment on the basis of a pre-defined schedule. By way of example, PIG inspections and maintenance/substitution of various network equipment fall into this category.

14.2.2 *New connections*

This category covers the operations to be carried out on a given point of the pipeline to allow for the connection of a new Delivery Point to the Transmission Network.

14.2.3 Network development

Such development covers both the adjustment of the infrastructure to growing market needs and the adjustment needed to ensure the transmission of booked capacities required by new connections.

14.2.4 Remedial work for Third Party interferences

This category covers operations that occur as a result of works undertaken or planned by Third Parties (for example construction/enlarging of roadways, motorways, railways, maintenance of river beds, etc.) that are not part of the "gas system", but nevertheless impact on the Transmission Network.

14.2.5 Reactivation operations following service emergencies

This category covers operations aimed at restoring pre-existing engineering conditions and transportability characteristics for those sections of the gas pipeline that were involved in service emergencies that are now resolved but have left the affected pipeline section in a temporary engineering situation that differs from the original one.

14.2.6 Other operations

This category covers those operations that are not included in the aforementioned categories, such as, by way of example, the inclusion of sectioning plants, insulating joints, etc.

14.2.7 Impacts on the Shipper's capacity and relevant costs

In the event of:

- operations as per Paragraphs 14.2.1, 14.2.4, 14.2.5, 14.2.6;
- operations that follows network development as described in Paragraph 14.2.3 (should the available transmission capacity have not been proportionally reduced) and

cause the total or partial reduction of Transmission Capacity at the RN Entry Points for over four full capacity days at each Entry Point on an annual basis. The Shipper shall be entitled to what is set out by the Leading Company's Network Code for the days exceeding the aforementioned limit (4 days).

14.3 INTERVENTIONS SCHEDULING

The Transmission System Operator shall inform about the nature of the operations and the parts of the network affected on a regular basis. The annual schedule, semi-annual update and monthly schedule are included in this type of communication, as described in the following paragraphs.

The time scales indicated in this Paragraph do not apply to the cases described in Paragraph 14.2.5, about which the Transmission System Operator shall notify the Shippers at least seven working days before the date scheduled for the operation.

14.3.1 *Annual operation schedule*

The Transmission System Operator publishes on its website - on the first work day of the month of September - the schedule of any operations envisaged for the following Thermal Year that shall impact on Transmission Capacity. The Transmission System Operator makes this information available on a purely indicative and non-binding basis.

14.3.2 *Semi-annual update*

The first work day of March of each Thermal Year, the Transmission System Operator shall notify, on a purely indicative and non-binding basis, any update and changes schedule to the annual for the April-September period.

14.3.3 *Monthly operations schedule*

The Transmission System Operator shall publish on its website the monthly schedule for standard maintenance operations that impact on the Transmission Network by the 15th day of the M-2 month (or by the first successive work day should this date fall on a Saturday or a Sunday).

The Transmission System Operator shall publish on its website the monthly schedule for standard maintenance operations that impact on the Transmission Network by the first work day of the M-1 month, together with the following information:

- the part of the gas pipeline affected;

- the start and end dates of planned works;
- the reduction on the Transmission Capacity.
- the Entry/Delivery points affected.

However, the Transmission System Operator reserves the right to change planned operations before their starting date, with prior agreement with the affected Shippers.

14.3.4 Operations following interruptions with adequate advance notice

This category covers operations following interruptions of the transmission service at a Delivery or Interconnection Point between two transmission networks or at a Redelivery Point.

The interruption starts at the starting time, which is stated by the Transmission System Operator in its advance notice to all Shippers involved. The end of the interruption is the transmission service reactivation time for Shippers involved.

The duration of the interruption is the time measured in minutes (rounded up to the next minute) between the start and the end of the interruption.

The interruption's adequate advance notice period for Transmission Service's Shippers is the time, measured in working days, which elapses between the notice date to the Shipper and the starting date of the interruption. For the purposes of calculating the adequate advance notice period, the day of notification and the day on which service emergency-related interruptions occur are not taken into account.

The Transmission System Operator should provide the Shipper with an advance notice of at least:

- a) 7 working days for interruptions on Delivery or Interconnection Points;
- b) 3 working days for interruptions on Redelivery points;

The Transmission System Operator shall notified the Shippers involved with the date and starting time, as well as the presumed duration of the interruption itself.

14.3.5 Operations following interruptions without adequate advance notice

In the event of interruptions without adequate advance notice, the interruption starts at the time at which the event causing the interruption itself occurred, or at the time the relevant Shipper makes the first warning call to notify the interruption.

14.4 COMMUNICATION BETWEEN PARTIES

The Shipper may request a postponement of the operations planned for month M by the Transmission System Operator, by communicating such a request within 5 working days from receipt of the the planned maintenance operations monthly schedule. If the Transmission System Operator does not receive any such requests, the operation schedule shall be deemed accepted.

In the event of written rescheduling notice, the Transmission System Operator shall consider the request and send a reasoned written response within 5 working days from receipt of such request, indicating:

- a) the receipt date of the request;
- b) the Applicant's company name;
- c) the contact details of the Transmission System Operator's employee charged with providing further information, where necessary;
- d) the description of the analysis carried out by the Transmission System Operator in order to assess the Shipper's request;
- e) any acceptance of the request;
- f) in the event of non-acceptance, the reasons, supported by relevant documentation, together with the indication of maintenance operations rescheduling, in case of partial acceptance.

At any rate, the Shipper shall be charged with supplying the Transmission System Operator, within the first of October of each Thermal Year - or together with the access request, in case of access during the Thermal Year - the list of dedicated employees who shall be contacted to carry out the operations described in this Chapter. The Shipper shall strive to notify any changes to the aforementioned list in a timely manner.

In addition, the Shipper shall be obliged to notify its End Customers of planned operations. It is understood that the Shipper is the only entity responsible for such notification.

OPERATIONAL COORDINATION

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15.1 PREMISE

Article (8) of the Legislative Decree sets out that Transmission and Dispatching Companies and other sector companies should coordinate their activities in order to "guarantee a safe and efficient process, as well as the coordinated development and interoperability of interconnected systems".

This Chapter describes the coordination procedure between the Transmission System Operator and the Regasification Company upstream the transmission network of the Leading and the Storage Company Transmission Network. This information flow, which entails a daily and monthly two-way data exchange, aims at coordinating and optimising mutual activities (in particular, the planning of maintenance operations).

The main interrelations between the aforementioned operators are detailed in Attachment 15A "Interrelations between operators".

By signing the Network Code, Shippers delegate the task of establishing the appropriate operational contacts with interconnected operators to the Transmission System Operator, to the extent that this is needed to perform the aforementioned activities.

15.2 COORDINATION WITH THE REGASIFICATION COMPANY UPSTREAM THE TRANSMISSION NETWORK

The Transmission System Operator and the Regasification Company upstream the transmission network, define jointly, as far as possible, the maintenance operations schedule for their respective infrastructure in order to minimise service disruptions for Shippers.

Moreover, the Transmission System Operator and the Regasification Company upstream the transmission network jointly define the operating conditions for their relevant systems interface, in compliance with Shipper daily bookings.

Furthermore, to define the Transmission Network balance, the Regasification Company that manages the Terminal notifies the Transmission System Operator on a monthly basis of:

- final monthly values of PCS related to the gas that has flown through the Terminal Entry Point on the RN;

- actual gas positions, expressed in Sm³, which have flown through the Terminal Entry Point on the RN.

15.3 COORDINATION WITH THE LEADING COMPANY

The information exchange between the Transmission System Operator and the Leading Company mainly impacts the following activities:

- a) Interconnection operating conditions
- b) Capacity booking
- c) Maintenance schedule
- d) Provisional daily balancing
- e) Actual monthly balancing
- f) Booking assignment and re-assignment cycle

15.3.1 Operational conditions at interconnections

The Leading Company and the Transmission System Operator jointly define the conditions that allow efficient operation at the interconnection points between their Transmission Networks, in compliance with Shippers' bookings.

15.3.2 Capacity booking

The Transmission System Operator and the Leading Company jointly define capacities at the RN Entry Points in order to prepare the information that the Shipper requires for the capacity booking cycle.

15.3.3 Maintenance operations schedule

The Leading Company and the Transmission System Operator exchange information about maintenance operations on pipeline tranches that are close to interconnection points between their respective networks in order to minimize service disruptions and coordinate any maintenance operations requiring the joint presence of the two Transmission System Operators.

15.3.4 Provisional daily balancing

In order to provide the Leading Company with the daily provisional balance of the Transmission Network, the Transmission System Operator supplies the Leading Company with relevant information (i.e. gas flow at Re-Delivery points on the RN or provisional values at Entry Points, measured at such Entry Points) in a timely and accurate fashion.

15.3.5 Actual monthly balancing

In order to provide the Leading Company with the monthly actual balance for the Transmission Network, the Transmission System Operator supplies the Leading Company with:

- the final monthly values of PCS related to the gas that has flown through the Leading Company's Delivery Point;
- the actual gas positions, expressed in Sm³, which have flown through the Leading Company Redelivery Point on the RN;
- line-pack variations of the Transmission Network.

15.3.6 BOOKING, ASSIGNMENT AND RE-ASSIGNMENT cycle

The Transmission System Operator needs to know the monthly, weekly and daily maintenance planning for the Natural gas that is input to the network (bookings at RN entry points). The Two Transmission System Operators exchange information in line with agreements that are updated on an ongoing basis.

15.4 COORDINATION WITH THE STORAGE COMPANY

Storage is an important physical balancing tool for the Transmission System Operator. As matter of fact, the Transmission System Operator books storage capacity on an annual basis in order to optimise the system's technical management, react to any emergency events and perform standard daily and hourly balancing.

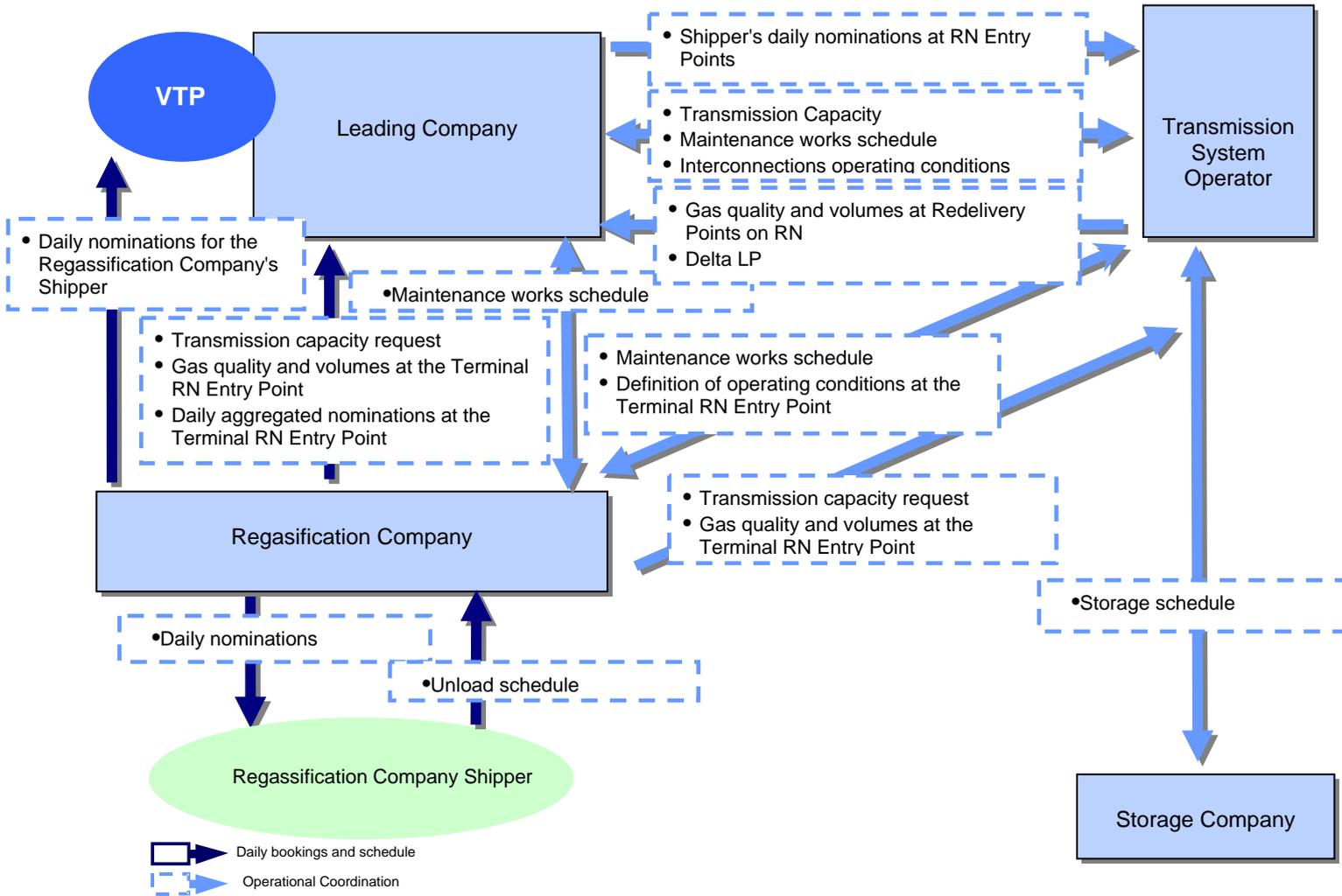
To this end, the Transmission System Operator is entitled to modify storage planning for the purpose of system balancing and optimisation.

ATTACHMENT 15A

INTERRELATIONS BETWEEN OPERATORS

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15A.1 INTERRELATIONS BETWEEN OPERATORS



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16.1 FISCAL AND CUSTOM REQUIREMENTS

The regulatory framework related to the responsibilities and obligations of Transmission System Operator and Shipper includes the duties and taxes described below:

1. Excise and regional additional tax;
2. Value Added Tax (VAT);
3. Custom duties.

The above mentioned taxes and duties will refer to the Leading Company Network Code.

INVOICING AND PAYMENT

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17.1. INVOICING AND PAYMENT

The transmission service provided by the Transmission System Operator on the Transmission Network is invoiced by Leading Company pursuant to the terms and conditions defined by its Network Code.

Revenues due to each Transmission System Operator are subsequently allocated in compliance with the provisions of the Agreements between the two Parties and applicable legislation.

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18.1 NON-FULFILMENT OF CONTRACTUAL OBLIGATIONS

18.1.1 Transmission System Operator's non-fulfilment

18.1.1.1 Pressure specifications

Should the Gas supplied by the Transmission System Operator to the Shipper at any Redelivery Point be not compliant with the pressure specifications laid out in the Network Code, the Shipper - in the absence of timely notification by the Transmission System Operator - shall promptly notify the Transmission System Operator and, without prejudice to the obligation to pay the transmission fee (except in the cases covered by Paragraph 18.1.1.3), after submitting the relevant adequate documentation, is entitled to a refund for all damages incurred as a consequence of non-compliance with pressure requirements, to the extent of the provisions of Paragraph 18.2.

For the purposes of this Sub-paragraph, the Transmission System Operator shall not be deemed as defaulting should quantities of Gas be taken off from one or several Redelivery Points that are greater than the maximum flow rate allocated to the Shipper by the Transmission System Operator for the aforementioned Redelivery Points.

18.1.1.2 Quality Requirements

If the Gas delivered to the Shipper by the Transmission System Operator at any Redelivery Point does not comply with the Quality Requirements set out in the Network Code, the Shipper, in the absence of a timely notification by the Transmission System Operator, shall promptly notify the Transmission System Operator and shall be entitled to reject the off-take of such Gas. In addition, without prejudice to the obligation to pay the transmission fee (except in the cases covered by Paragraph 18.1.1.3), the Shipper has the right -upon submitting the relevant suitable documentation - to a refund of all the damages incurred as a consequence of non-compliance with Quality Requirements, subject to the provisions of paragraph 18.2 – without prejudice the Transmission System Operator's right to obtain redress from the Shipper that delivered (or arranged the delivery of) the non-compliant Gas that caused the aforementioned costs and expenses.

18.1.1.3 Service non-performance

With the exception of the cases of *Force Majeure*, should the Transmission System Operator fail to carry out the gas transmission service under the Transmission Contract and, as a consequence of this behaviour, should the Shipper not be able to take off Gas, the Shipper, for the period of the interruption, shall be exempted from any obligations with respect to capacity charge fees and shall be entitled to receive from the Transmission System Operator, upon submitting the appropriate documentation, a refund for all damages arising from non-performance, within the limits stated in Paragraph 18.2 below.

18.1.2 Shipper's non-fulfilment

18.1.2.1 Pressure requirements

If the gas delivered by the Shipper (or by a Third Party on behalf of the Shipper) to the Transmission System Operator at an Entry Point does not comply, for any reason, with minimum pressure contractual requirements set out in the Network Code, the Transmission System Operator, in the absence of timely notification by the Shipper, shall promptly notify the Shipper and, in addition to being released from the obligation to transport the Shipper's programmed gas quantities at the Entry Point for the period in question to the extent that this transmission is not allowed by the actual delivery pressure - has the right to reduce Gas input until the values that comply with this Document's pressure requirements are restored. Any costs and charges, appropriately documented, incurred by the Transmission System Operator as a result of the Shipper's non-compliance with pressure requirements, shall be recharged to the Shipper, notwithstanding the latter's obligation to pay transmission fees.

18.1.2.2 Quality Requirements

If the Gas delivered by the Shipper (or by a Third Party on behalf of the Shipper) to The Transmission System Operator at any Delivery Point does not comply, for any reason, with Network Code's Quality Requirements , the Transmission System Operator, in the absence of a timely notification by the Shipper, shall promptly notify the Shipper, the Upstream Operator responsible for the input of non-compliant Natural Gas and the Authority, and it shall be entitled to reject the input of such Gas into the Network.

The Transmission System Operator may carry on accepting the input at Entry Points of Natural Gas whose Quality parameters have been found to vary from

the Quality Requirements and, where possible, absorb such variation (for instance, by conveniently modifying Transmission Network configuration whilst waiting for non-compliant Gas to be fully used up).

The Transmission System Operator intercepts non-compliant Gas in line with current legislation and only after performing a suitable analysis of such non-compliant Gas as soon as technically possible and once all flexibility tools that can be deployed to ensure the quantitative and qualitative balancing of the Transmission Network have been exhausted

It is also understood that any costs and charges, appropriately documented, incurred by the Transmission System Operator as a result of non-compliance with Quality Requirements shall be recharged to the Shipper, notwithstanding its obligation to pay transmission fees.

18.1.3 Compliance of Gas with Quality and Pressure requirements

The Transmission System Operator shall be responsible for the accuracy of the data based on which compliance checks against

- a) Quality and Pressure requirements are performed for the Gas as per the Network Code, if it owns the facility where data capture takes place..
- b) If the Transmission System Operator does not own the facility, the aforementioned data shall be notified or arranged to be notified to the Operator by the Shipper, who shall be responsible both for timeliness of notification and data accuracy.

18.1.4 Management and maintenance of measurement stations

The Transmission System Operator assumes no responsibility for the correct and regular management and maintenance of measurement stations when it does not own them.

By signing the Transmission Contract, the Shipper guarantees access at all times to the Transmission System Operator and to Third P delegated by the latter, to measurement station's equipment to collect data – should such equipment not belong by the Operator- as well as perform suitable checks of the systems used to carry out measurement operations.

The Transmission System Operator shall accept no responsibility for any use by the Shipper or Third Parties of measurement data obtained by the Shipper at the facility for internal End Customer invoicing purposes and/or to meet its own tax obligations.

18.2 LIMITATION OF LIABILITY

18.2.1 Wilful misconduct/gross negligence

The responsibility of each Party towards the other for any damages arising from or in any way related to the execution or the failed, partial or late fulfilment of its obligations under the Transmission Contract, including Gas losses, is expressly limited to the cases of wilful misconduct and/or gross negligence.

18.3 EARLY TERMINATION OF THE CONTRACT AND WITHDRAWAL FROM THE CONTRACT

18.3.1 Causes of early termination and withdrawal on the part of the Transmission System Operator

- a) Other than for the reasons provided for by the Law, the Transmission Contract may also be terminated early by the Transmission System Operator by sending relevant written notification to the Shipper pursuant to Article 1456 of the Italian Civil Code, copying in the Authority for information, under the following circumstances:
 - i. Shipper's non-fulfilment of its payment obligations towards the Transmission System Operator in connection with the performance of the Transmission Contract for period of at least 3 months shall entitle the Transmission System Operator to early termination of the aforementioned Transmission Contract, without prejudice to any other remedy provided by the Law, the Network Code and the Transmission Contract;
 - ii. the prolonged improper use of the information system by the Shipper, resulting in major negative impacts on correct system operation, constitutes grounds for early termination of the Transmission Contract and

entails an obligation to refund all damages caused to the Transmission System Operator and other Shippers

- b) It is expressly agreed that the Transmission System Operator is entitled to terminate the Contract, without refunding any fees, under the following circumstances:
- i. the Shipper's being subjected to any legal proceedings (judicial, administrative or voluntary) shall entitle the Transmission System Operator to early termination of the Contract, except where such Contract is taken over by the bankruptcy administrator.
 - ii. termination of the Shipper's actual activity.
 - iii. If the Shipper ceases to comply, for any reason, with one or more of the system's access requirements, as specified in the Chapter on "Transmission Capacity Booking Procedure", and is not able to reverse the situation within thirty days, the Party shall lose its status as Shipper and with it the ability to access the transmission service along the Gas pipeline network managed by the Transmission System Operator.

18.3.2 Payments due

In all cases of contractual termination/withdrawal described at Paragraphs a), b), c) above, the Shipper concerned must in any case pay the Transmission System Operator, in addition to the amounts actually due, for whatever reason and relating to the period up to the Transmission Contract's termination date, an amount equivalent to the discounted value - due at the termination date and at a discount rate equal to the annual average rate of return of 10-Year Treasury Bonds for the last available year, plus 0.75% - of the estimated payments due in respect of the capacity fees owed by the Shipper for the period from the date of the early termination to the original end date of the Transmission Contract. The amount of capacity fees covered by any financial guarantee is excluded from the above calculation, as provided by the access requirements set out in the "Transmission Capacity Booking Procedure" Chapter.

18.3.3 Causes of early termination and withdrawal on the part of the Shipper

Where events prevent the Shipper from inputting or taking off Gas from the Gas pipeline network managed by the Transmission System Operator for a continuous period of over 6 months starting from the date of the first occurrence of said

event, by submitting a notification providing objective proof of this event, the Shipper shall be entitled to request the early termination of the Transmission Contract due to the impossibility of service provision caused by the event in question, notwithstanding the provisions of Sub-paragraph 18.3.2 above. If the capacity under the terminated Contract is allocated in full or in part by the Transmission System Operator to another Shipper, the monetary amount pertaining to the allocated capacity shall be credited to the Shipper affected by the termination.

Pursuant to Article 10.2 of Resolution No. 168/06, the Shipper is also entitled to early termination of the Transmission Contract, in the event of delay by the Transmission System Operator in the provision of transmission capacity at the RN Entry Point interconnected with the Exempted Terminal, with respect to the final date of provision of the transmission capacity defined in the Transmission Contract and pursuant to the procedures defined by the Leading Company's Network Code.

Pursuant to Article 10.1 of Resolution No. 168/06, the Shipper is entitled to withdraw from the Transmission Contract, should the period between the Transmission Contract's signature and the date of transmission capacity's provision stated in the Contract at the time of signature exceed two years, pursuant to conditions and procedures provided by the Leading Company's Network Code.

18.3.4 Service interruption

In any case of early termination of the Transmission Contract, the Transmission System Operator shall initiate a relevant service interruption procedure.

18.4 FORCE MAJEURE

18.4.1 Definition

The term "*Force Majeure*" means any event, act, fact or circumstance not caused by the invoking Party ("Concerned Party"), outside the Parties' control and unforeseeable or unavoidable by the constant diligence of a Reasonable and Prudent Operator and at a reasonable cost, which makes it totally or partially impossible for the Concerned Party to meet its obligations, but only when the

event or circumstance affects the Gas pipeline managed by the Transmission System Operator (hereafter "*Force Majeure*" or "*Force Majeure* event").

18.4.2 Causes

Below, by way of example, is a non-exhaustive list of causes of *Force Majeure* that meet the aforementioned requirements:

- war, terrorist action, sabotage, acts of vandalism, revolution;
- adverse natural phenomena such as lightning, earthquakes, landslides, fires and floods;
- explosions, radiation and chemical contamination;
- strikes, lockouts and other forms of industrial unrest, excluding company conflicts declared on different occasions by collective bargaining and do not directly concerning the Transmission System Operator and the Shipper;
- Transmission System Operator's delay or inability to obtain the necessary licenses and/or concessions from the competent authorities with respect to pipeline laying and operation of transmission facilities, as well as urgent compulsory purchase measures and restrictive easement requests to the competent authorities and revocation of such licenses and/or concessions, where this has not been determined by fraudulent, negligent or omissive behaviour on the part of the Transmission System Operator;
- acts, refusals or lack of response not implying the consent of the competent authorities that are not, in turn, the result of fraudulent, negligent or omissive behaviour of the relevant Concerned Party;
- fault, failure or breakdown of Gas transmission plants/pipelines, equipment or installations along the Gas pipeline network managed by the Transmission System Operator that such Operator could not have prevented by using an adequate level of care.

The Parties expressly agree that *Force Majeure* cannot be caused by any event that occurs outside the Gas pipeline Network managed by the Transmission System Operator.

18.4.3 Effects

The Concerned Party shall be relieved from any liability for the non-fulfilment of the obligations under the Transmission Contract, as well as for any damage or

loss borne by the other Party to the extent and for the duration that both Parties are affected by *Force Majeure*.

Whenever a *Force Majeure event* occurs, the Concerned Party must take steps, where possible, to limit the negative effects of such event in order to allow normal operations to be restored in the shortest possible time, thereby allowing its contractual obligations to be fulfilled.

The inability of a Party to comply with its payment obligations is not considered as a *Force Majeure* event.

18.4.4 Notification

The Concerned Party must notify the other Party, in a timely manner, with the following:

- i. occurrence of the event that prevents the total or partial fulfilment of its obligations under the Contract, by giving a clear indication of the nature of the event and also identifying - where a reasonable assessment is possible - the likely time required for its resolution;
- ii. progress report of the event, providing a regular update on the estimated duration;
- iii. time when the *Force Majeure* event ceases to exist.

18.4.5 Impact on transmission fees

In the case of a *Force Majeure* event and for the period of time such event continues to exist the Shipper's capacity charges shall be waived:

- *pro rata temporis*, in the event of total interruption of the transmission service;
- in proportion to the actual reduction of the Gas quantities redelivered by the Shipper at the Redelivery Points, in the event of partial reduction of transmission performance.

18.5 ABSENCE OF GAS PROPERTY TRANSFER

Gas delivery at the Entry Point by or on behalf of the Shipper shall not imply the transfer of property rights for such Gas to the Transmission System Operator, who shall take over the Gas only for service provision purposes. Property rights for the thus delivered Gas shall, be retained at any time by the Shipper or relevant entitled Third Parties.

18.6 DISPUTE RESOLUTION

18.6.1 Jurisdiction of the Authority

Pursuant to Article 18 of Resolution No.137/02, in the event of disputes concerning the interpretation and the application of the Transmission Contract and until the implementation of the provisions of Article 2.24 (b) of Law No. 481 of 14 November 1995, the Parties resort to the Authority to settle an Arbitration procedure, in line with the procedures defined by the Authority's regulations.

18.6.2 Temporary provisions

Until the Authority publishes the regulation for the definition of Arbitration activation procedures, any disputes shall be treated as follows.

18.6.2.1 Preventive investigation

Possible disputes arising between the Transmission System Operator and the Shipper with respect to the interpretation and application of the Transmission Contract - except in cases where one of the Parties deems it necessary to take urgent precautionary measures -, shall be submitted, at the instigation of either Party and subject to formal notice sent to the other Party, to a preventive joint investigation by subjects appointed starting from a group of first line managers by the aforesaid Parties, in the attempt of reaching a mutually acceptable resolution.

18.6.2.2 Arbitration procedure or judicial resolution

Where the attempt to find an agreement does not satisfactorily conclude within sixty days from the date of notification specified at Paragraph 18.5.2.1 above - and notwithstanding the dispute resolution competencies allocated to the Electricity and Gas Authority by the Law and pursuant to Article 18 of Authority Resolution No.137/02 - each party shall have the right of resorting to the Judicial Authority for the resolution of the dispute.

In such a case, the parties shall confer exclusive jurisdiction to the Court of Milan.

18.6.2.3 Application

The current provision also applies to all Shipper relationships that are in place at the date of the Network's Code entry into force and derive from Transmission Contracts underwritten with the Transmission System Operator even before such date.

18.6.2.4 Technical arbitration

Where a dispute is of technical nature and cannot be resolved via an agreement between the Parties within 15 (fifteen) working days from notification by one Party to the other, it shall will be definitively resolved, in compliance with the National Arbitration Rules of the Milan Chamber of Arbitration, by a sole arbitrator who shall be appointed to start the procedure and resolve the dispute pursuant to the aforementioned regulation. The Arbitrator shall have suitable technical expertise in the Gas sector and, more specifically, with respect to gas transmission, delivery, regassification, storage and trade. The arbitration language is Italian; The arbitration shall take place in Milan. The arbitrator's shall decide in an informal and legally binding way. The arbitrator shall provide its decision by written notice, stating the relevant grounds, within 60 (sixty) working days from acceptance of the appointment. The arbitrator's decision shall be final and binding for the Parties. The Parties waive the right to any form of recourse, except in cases of conflict of interest, wilful misconduct and/or arbitrator's gross negligence.

18.7 TRANSFER OF THE TRANSMISSION CONTRACT

Neither Parties may transfer the Transmission Contract to a Third Party, either in full or in part, without the other Party's previous written authorisation. Such a transfer cannot be unreasonably refused if the Third Party meets the Network Code's eligibility criteria.

The aforementioned written authorisation shall not be necessary if the Transferee is a company controlled by the Transferor or under the joint control of another company pursuant to Article (2359) (1) of the Italian Civil Code.

18.8 APPLICABLE LAW

This document is governed by Italian Law.

GENERAL PROVISIONS

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19.1 INTELLECTUAL PROPERTY

All intellectual property rights made available by one of the Parties under the Transmission Contract shall remain the property of such Party or the licensing Party.

19.2 CONFIDENTIALITY

19.2.1 Parties' obligations

All information concerning the activities of one of the Parties, including those resulting from the electronic data exchange between the Transmission System Operator and the Shipper pursuant to the Network Code must be treated as confidential and cannot be used by any of the Parties, their employees and/or agents outside the scope of the Network Code, nor can it be disclosed to Third Parties, unless this is in compliance with prior instructions or written authorisations by the Party this information refers to, and subject to Third Parties signing a corresponding confidentiality clause.

19.2.2 Exceptions

Notwithstanding the provisions of the above Paragraph , information shall not be considered confidential if it is:

- a) information that was in the public domain at the time of disclosures or that came into the public domain for reasons other than the non-fulfilment of obligations or other fault of the receiving Party;
- b) information that the receiving Party was already aware of upon disclosure by the other Party and to which a confidentiality obligation did not apply;
- c) information for which the confidentiality obligation is lifted when its disclosure is required by Law or upon the Authority's request;
- d) information that the receiving Party has legally obtained from Third Parties without breaching any confidentiality obligations towards the other Party.

- e) information pertaining to the co-ordination of Storage, Transmission and Regasification companies under the Network Code;
- f) information pertaining to the Weather Emergency Procedure pursuant to the Chapter on "Procedure for switching from standard operating conditions to general emergency conditions";
- g) information supplied to administrative, regulatory or judiciary bodies and/or authorities and/or at any rate in compliance with current regulations or provisions.

19.2.3 Effectiveness of obligations

These confidentiality obligations are effective for a period of 2 years starting from the date of termination or resolution of the Party's obligations under the Network Code.

19.3 PRIVACY

With respect to Law No. 675/96 and subsequent additions and amendments (hereinafter, "Law"), the Parties take note that:

- a) the Shipper is the Data controller (hereinafter, "Controller") pursuant to Article (1)(2)(d) of the Law.
- b) the Transmission System Operator is equipped with the expertise, the reliability, the capacity and the facilities required by Article (8) of the Law for fulfilling the role of "Personal Data Processing Manager" (hereinafter, the "Data Processing Manager") and ensuring that the process is fully compliant with the current provisions about personal data processing, including the relevant security angle. Having said this, the Parties agree that the Transmission System Operator shall be the Data Processing Manager pursuant to Article (1)(2)(e) of the Law with respect only to processing operations and the data that the Transmission System Operator is obliged to process to execute contractual relationships under the Network Code.

In particular:

- c) the Shipper shall draft and send, at its own expense, the notification change to the Data Protection Authority pursuant to Articles 7 and 28 of the Law. In addition, the Shipper shall be fulfil the obligation of notifying its own Eligible

Customers of the appointment of the Transmission System Operator as Data Processing Manager.

d) The Transmission System Operator:

- shall process the Shipper's personal data lawfully and fairly, in compliance with current regulations about privacy to the extent of the processing performed by the Shipper as identified in the notification to the Authority, pursuant to Articles 7 and 28 of the Law;
- shall store the Shipper's personal data in compliance with Articles 9 and 15 of the Law;
- shall identify - where needed - the subjects to be appointed as Data Processors pursuant to Articles 8 and 19 of the Law and, on the basis of the subsequent act of entrustment, shall also identify the instructions to be provided to these subjects, monitoring their operations, in line with the joint provisions of the aforementioned Articles;
- shall only carry out the processing of personal data strictly required for fulfilling its contractual obligations, such as storage and processing. The Transmission System Operator shall perform the aforementioned data processing activities in compliance with the aims of the processing performed by the Shipper itself. Furthermore, the Transmission System Operator may not carry out data processing activities other than the aforementioned ones, and shall be held harmless from any liability linked to data processing activities that are the exclusive responsibility of the Shipper. To this end, the Transmission System Operator shall not be responsible for personal data collection and relevant obligations - such as obtaining the consent of the interested Parties - or their relevance and accuracy. Therefore, the Shipper shall be solely responsible for any notice/claim pertaining to the aforementioned activities;
- it shall comply to the instructions provided by the Shipper and it shall not be responsible for any transgression arising from incomplete or incorrect instructions issued by the Shipper. Therefore, it shall be free of obligations concerning any resulting or related claim;
- the Transmission System Operator shall allow the Shipper to exercise the control power pursuant to Article 8 of the Law;
- it shall implement the actions, defined by the Shipper, aimed at enabling the interested Party to exercise the rights set out in Article 13 of the Law, and shall also facilitate such exercise, within the limits of its competence.

- it shall process any request submitted by the interested Parties without delay, in compliance with Articles 13) and 29(2) of the Law and within the scope of the Data Processing Manager's functional remit;
- generally speaking, it shall guarantee compliance with the Authority's provisions, within the scope of its remit.

The Transmission System Operator shall not be able to make any independent decisions about the data processing's aims and procedures. In the event of urgent need, the Transmission System Operator shall inform the Shipper as soon as possible, in order to enable it to make the necessary decisions. However, should Shipper's instructions, amendments to laws and/or regulations, as well as Authority's provisions give rise to costs and/or additional activities for the Transmission System Operator, the Shipper shall be held exclusively liable for the relevant expenses.

The appointment of the Transmission System Operator as Data Processing Manager is valid for all (and solely) the term of the Contract between the Parties.

19.4 WAIVERS

A Party's failure to exercise assigned rights under the Network Code, shall not be deemed to be a waiver of such rights nor preclude their exercise at a later stage.

19.5 TAX AND ADMINISTRATIVE PROVISIONS

Tax or administrative reports, statements and/or obligation fulfilments under present and future official provisions of the competent Authorities are the responsibility of the Shipper, with the exception of those for which the law provides otherwise.

Every duty, tax or right applied in Italy to the gas transmitted on the Shipper's behalf through the Transmission System Operator's Network, as well as to its delivery and redelivery, shall be borne by the Shipper, who shall exempt Transmission System Operator in every respect. The Transmission System Operator shall also be entitled to hold the Shipper liable for all tax and administrative burdens arising as a consequence of measurement errors at Third Party's facilities or incorrect, incomplete, missing or late tax reports that were sent, or should have been sent, by the Shipper.

Each Party shall not assume any responsibility or solidarity in relation to the tax obligations of the other Party.

19.6 INFORMATION OBLIGATIONS

The Shipper shall be held responsible for any consequential damages in respect of Third Parties and/or its own Customers or the Transmission System Operator itself, if the Shipper omits, delays or sends.

the notifications he is obliged to issue under this Network Code in a non-compliant manner.

To this end, the Shipper shall relieve the Transmission System Operator from all requests or claims made by Third Parties.

MANAGEMENT OF SERVICE EMERGENCIES

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20.1 INTRODUCTION

This Chapter aims to define the procedures to be implemented and the relevant affected Parties involved, should an equipment (or "service) emergency occur on the Transmission Network, i.e. an emergency due to the temporary unavailability of the transmission infrastructure.

The Transmission System Operator has the right/obligation to implement all appropriate procedures for dealing with the emergency in order to restore system safety as soon as possible and minimise service failures.

This Chapter does not cover general emergencies caused by system Gas shortages due to adverse weather conditions, and emergencies that occur in the event of interruption/reduction of the Gas supply, which shall be discussed in the Chapter on "Procedure for switching from standard to emergency operating conditions".

With respect to the activities described in this Chapter, the Transmission System Operator shall refer to current technical standards, to the extent that they are applicable.

20.2 SERVICE EMERGENCIES

20.2.1 Types of emergency

The term "Service emergency" defines an abnormal, unforeseen and temporary situation that affects the Transmission Network's standard operations or constrains them in any way and may have adverse effects on the safety of individuals or causes damages to property or the environment.

Service Emergencies may be subdivided into different categories, as follows, depending on whether the Gas leak was controlled or uncontrolled:

- total or partial unplanned pipeline outage;
- total or partial unplanned line equipment outage;
- total or partial unplanned compression station outage.

The Transmission System Operator is equipped with tools and procedures that support the safe management of the service emergency through co-ordination with the competent local authorities and law enforcement authorities.

The procedures entail:

- a) the appointment of an employee responsible for emergency management;
- b) an emergency plan;
- c) the guidelines for creating the emergency report.

20.2.2 Information on emergencies

The Transmission System Operator shall keep a record of a number of pieces of information relating pertaining to service emergencies, which describes their key aspects, such as:

- type of emergency (according to the classification at Sub-paragraph 20.2.1);
- date/time of the event;
- description of the facility affected by the emergency;
- the most accurate assessment of any possible gas leakage occurred following the emergency situation;
- description of the event and the grounds that caused it;
- local Unit in charge;
- subject requesting the intervention (Third Party; Transmission System Operator, Fire Department, etc.);
- responsibility for the emergency (*Force Majeure*; Third Party; Transmission System Operator), following objective verification of such emergency by the competent Authority.

By 31 March each year, the Transmission System Operator shall provide the Authority with a summary of the information pertaining to service emergencies that took place on the Transmission Network over the previous reference year.

20.3 DESCRIPTION OF ESTABLISHED PROCEDURES: EMERGENCY MANAGEMENT AND DETECTION

As mentioned in the Chapter on "Description of the Network and its management", the Transmission System Operator has equipped the Gas pipeline it manages with a remote monitoring and remote alarm system. Therefore, in the event of an anomaly of such magnitude that the pressures or flows rates of the tranche in question do not comply with the normal operating range, the system shall send an automatic warning to the dispatching centre. With respect to the distribution's dedicated organisational structure and the technical systems, see the Transmission System Operator website.

In the event the emergency occurs outside of working hours, the remote control system shall send the warning directly to the employees who are on call.

Another method for detecting emergencies consists in external notification. To this extent, a 24-hour free-phone emergency number is available on the Transmission System Operator's website and on the signal poles of Gas pipelines belonging to the Transmission Network, through which individuals can notify an existing or supposed emergency status.

Details of personnel to be contacted in the event of emergency are available on the Transmission System Operator's website.

A 24-hour on-call assistance service consisting of a supervisor and a dedicated technical team, has been put in place for the Transmission Network.

Moreover, agreements with local specialised companies that can provide equipment, devices and sufficient personnel - where needed even within a short time scale - have been underwritten.

Finally, a similar on-call service has been put in place at the Operating District in order to monitor and co-ordinate the different activities that are carried out in the event of an emergency and anticipate their relevant impact on the network.

Through this structure, the Transmission System Operator guarantees prompt action on the Transmission Network in order to safeguard the continuity and the efficiency of the service provided also under critical conditions.

Notwithstanding the type of alarm, both the local supervisor and the District supervisor shall be alerted.

The former is responsible for:

- restoring the safety conditions of facilities as soon as possible, in order to ensure the safety of individuals and property;
- liaising with the Operating District's available supervisor on a constant basis, in order to jointly define the intervention strategy;
- warning, if necessary, the available Companies described in this Paragraph;
- co-ordinating the deployment of personnel and available resources;
- supplying the lines through alternative routes, where possible;
- restoring the service once the cause of the emergency has been removed;
- checking and reporting on the emergency's causes;

The District supervisor is responsible for:

- assessing the possible impact of the emergency on the entire network through the ongoing monitoring system;
- defining the intervention strategy supported by the local supervisor;
- activating all procedures needed to safeguard the supply of the Users affected;
- requesting, if necessary, the intervention of the local authorities, such as the Fire department, Police etc.;
- ensuring the information exchange towards other corporate functions as well as towards Shippers and Connected Operators involved in the emergency in order to define, transmission reduction/interruption procedures, where needed;
- ensuring the information exchange towards the Regasification company upstream the Transmission Network and towards the Leading Company;
- notifying the District supervisor who, based on gravity of the event, can activate the "crisis team" consisting of the managers affected by this type emergency. In this case, the District supervisor is directly responsible for managing the emergency.

In the event of a service emergency, the Transmission System Operator notifies the CIG (Italian Gas Committee) accordingly within 5 calendar days from the event.

Within 30 calendar days from the resolution of the service emergency, the Transmission System Operator sends the CIG an emergency report that includes the causes -where ascertained - and the actions taken to restore service continuity and safety.

20.4 SHIPPER'S OBLIGATIONS

The Shipper is obliged to notify the Transmission System Operator¹ within 1 October of each Thermal Year (within the first 20 working days from the Network Code's entry into force with respect to the first Thermal Year) the list of employees available on a 24-hour basis and End Customers on the Transmission Network to be contacted in the event of emergencies described in this Chapter, in order to allow a correct and prompt information exchange.

The Shipper undertakes to promptly notify any changes to the aforementioned list to the Transmission System Operator in a timely manner.

¹ The notification form for the information required is available on the Transmission System Operator's website.

PROCEDURE FOR SWITCHING FROM STANDARD TO EMERGENCY OPERATING CONDITIONS

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21.1 GAS EMERGENCY PROCEDURES

This Chapter describes the procedure for switching from standard operating conditions to the conditions of general emergency declared by the Ministry of Economic Development.

As set out by Article 8(1)(2) of Decree of 26 September 2001, the Ministry of Productive Activities (currently: Ministry for Economic Development) has set upon Gas system emergency and monitoring technical committee, that has a consultative function and performs the following tasks:

- formulation of proposals to define possible emergency situations;
- definition of emergency tools;
- formulation of proposals to set out the procedure and the time scales to activate such tools;
- periodic monitoring of the Gas system operation with respect to emergency situations.

21.1.1 Gas emergency procedures in the event of adverse weather conditions

The aforementioned Committee has drawn up the "Emergency procedure for cases where severe weather conditions cause Gas supply shortages"(Weather Emergency Procedure) and has proposed it to the Ministry for Economic Development– pursuant to Article 8(4) of the same Decree – that provided for its adoption with Ministerial Decree of 25 June 2004, so as to identify dispatching rules in emergency conditions and the relevant safety obligations, in accordance with Article (87 of the Legislative Decree).

the aforementioned emergency conditions occur and to the extent of its obligations, the Transmission System Operator shall follow the procedure described above.

21.1.2 Emergency procedure in the event of of interruption/reduction of the Gas supply

Pursuant to Article 8(7) of the Legislative Decree, the Committee shall also define the procedure for identifying terms and conditions of the activities to be implemented, as well as the relevant responsible Parties, in the event of an interruption/reduction of Gas supply for the national system and submit it for approval to the Ministry of Productive Activities – pursuant to Article 8(4) of the Decree of 26 September 2001 to the purpose of its relevant adoption, so as to specify dispatching rules in emergency conditions and associated safety obligations.

If the aforementioned emergency conditions occur, and to the extent of its obligations, the Transmission System Operator shall implement the gas emergency procedure described above.

NETWORK CODE UPDATE

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22.1 INTRODUCTION

The Transmission System Operator involves all concerned Parties in the creation and updating of the Network Code. This process contributes to establishing one of the Transmission System Operator's key principles, as defined in Paragraph 13.2.6 of the Chapter on "Service Quality".

In particular, the Network Code update procedure is described in the following, by defining the Parties that are entitled to submit amendment requests, the standard details of the documentation to be provided to the Transmission System Operator, as well as the time scales and procedures for consulting on proposals and approving them.

The following terminology shall be used in this Chapter:

Amendment request: the Network Code amendment submitted to the Transmission System Operator for approval by one of the entitled Parties pursuant to Article 4(1) of Resolution No. 55/09, as described in Paragraph 22.3

Update proposal: the Network Code update proposal that is drafted and submitted to the Transmission System Operator for consultation, also following a positive outcome of the amendment request.

The Transmission System Operator shall publish amendment proposals on its website, and use such tool also to manage the relevant phases of the consultation process by notifying the interested Parties on an ongoing basis.

22.2 CONSULTATION COMMITTEE

The Consultation Committee is a technical consultation body that is common to all Transmission Network Codes and represents the interests of system Shippers and Operators.

The establishment of the Committee, its composition and organisation, as well as the minutes of its meetings, are published on the website of the Leading Company, to which the Transmission System Operator provides a link via its own web page.

22.3 PARTIES ENTITLED TO SUBMIT AMENDMENT REQUESTS

The Parties who can submit Network Code amendment requests are:

- a) Shippers, either individually or jointly;
- b) other companies (as defined in Article 1 (1.1a) of Resolution No. 55/09) and the trade associations of distribution companies, limited to the issues these are directly involved in.

22.4 MANAGEMENT OF AMENDMENT REQUESTS

Amendment requests may be submitted by entitled Parties pursuant to Paragraph 22.3 at any time of the thermal year,

Within 20 days from receipt of the amendment request , the Transmission System Operator shall ensure that it is:

a) published on the web portal for the relevant consultation process;

or

b) submitted to the Authority, together with a report describing the grounds on which the Transmission System Operator decided not to submit it to the consultation process.

Should the Authority decide to progress an amendment request request submitted under point b) above to the consultation stage, the Transmission System Operator shall initiate the process within 15 days from the date of receipt relevant notification by the Authority.

22.5 RECEIVABILITY REQUIREMENTS FOR AMENDMENT REQUESTS

Only amendment requests submitted in compliance with the provisions of this Paragraph shall be evaluated. In particular, in order to be considered receivable, each Network Code amendment must:

- a) be submitted in writing using the form provided on the Transmission System Operator's website;
- b) be sent in advance via fax or E-mail;
- c) include sufficient information on the requesting party (name, registered office, etc.) and at least one contact person (name, telephone number, fax number, email address, etc.) who can be contacted with respect to the amendment in question;
- d) include an exhaustive description of the nature of the amendment;
- e) indicate the reasons why the requesting Party believes the amendments should be adopted, providing a sufficient level of detail;
- f) aim at improving the achievement of the Network Code's objectives;
- g) be compliant with current regulations and legal provisions;
- h) clearly indicate the parts (Chapters and Paragraphs) of the Network Code amended/abrogated/affected by the request;
- i) specify a suggested date for the entry into force of the amendment, which cannot be earlier than the date on which the request was sent.

In addition, it is possible to attach any supporting documentation for the submitted amendment request.

The amendment request shall be considered receivable in absence of notifications within 10 working days following receipt of a faxed or emailed copy of the request.

22.6 NETWORK CODE UPDATE PROCEDURE

The Network Code update proposal, once submitted by the Company and also after a positive outcome of the amendment request received by one of the entitled subjects, should be published by the aforementioned Company on its website and be subject to consultation time during the Thermal Year.

The consultation phase should last up to 45 days from the date of publication on the Transmission System Operator's website.

The Consultation Committee makes its opinion available to the Transmission System Operator within the framework of this consultation process.

Entities that do not belong to the Consultation Committee are allowed by the Transmission System Operator to comment the published amendment proposals.

Within 20 days from the end of the consultation, the Transmission System Operator shall submit the update proposal to the Authority, together with:

- a) a report detailing the reasons for such proposal ;
- b) the Consultation Committee's opinion;
- c) comments received from subjects that are not part of the Consultation Committee;
- d) changes made to the proposal as a result of the consultation process, as well as the relevant reasons;
- e) additional findings that emerged during the consultation that the Transmission System Operator decided not to adopt, together with the relevant reasons.

Should the Network Code's update proposals be submitted to the Transmission System Operator pursuant to decrees, regulations, resolutions or other provisions issued by the competent authorities that establish general criteria whilst delegating the definition of specific procedures to concerned Parties, without specifying a deadline, such deadlines shall be set at:

- 15 days from notification of the provision for the publication of the update proposal on the website;
- 30 days for the end of the consultation phase.

Moreover, and also in such event, the deadline that the Transmission System Operator has to submit to the Authority the Network Code's update proposal, together with the documents specified at Points a),b)c) d) e) above ,is limited to 10 days from the end of the consultation phase.

The Transmission System Operator shall evaluate the Network Code's update proposals based on the following criteria:

- a) coherence of the amendments with the reference regulatory framework and Network Code's principles;
- b) degree of improvement of Network Code functions;
- c) level of impact on the Transmission Network's operational management;
- d) impact on the Transmission System Operator, caused by requested amendments and relevant adjustment timing for processes, organisation and information systems;
- e) economic impact in terms of costs, benefits and any investments.

In the event the implementation of an update proposal should require investments or an increase in operational costs, the Transmission System Operator shall highlight such financial aspects in the document it shall submit to Authority for approval, together with their implementation time scales.

The updated Network Code is published by the Authority on its own website and enters into force on its publication day.

The Transmission System Operator shall update and publish the Network Code on its own website within 10 days from the Authority's notification, and notify the service's Shippers accordingly within the same date.

GLOSSARY

This glossary presents some of the terms that recur more frequently in the Network Code (some of which are already defined within the Document itself when they are used for the first time)

Since, in the majority of cases, these terms are used with a specific meaning, depending on the specific topic discussed, it is appropriate to summarise them in this Attachment for the sake of clarity and ease of reading.

| Definition | Description |
|----------------------|---|
| <i>Allocation</i> | The process through which the Gas, measured at input into or off-take from the Transmission Network, is allocated to the various Shippers from an accounting viewpoint. |
| <i>Thermal Year</i> | Reference time period starting on 1 October of any year and ending on 30 of September of the following year. |
| <i>DMDU devices</i> | The devices that provide daily consumption data at the end of the day (DMDU = Daily Metered Daily Updated). This category corresponds to the one identified by the Leading Company with the acronym: MG |
| <i>DMMU devices</i> | Devices that provide daily consumption data, but only at month end. Such consumption data may be derived by plotting the scheme provided by the device (DMMU= Daily Metered Monthly Updated) |
| <i>DMMUC devices</i> | Devices for which daily consumption data is available, but only at month end. This consumption information may be obtained from the records of the flow computer installed (for instance, by using a printer) (DMMUC = Daily Metered Monthly Updated Computer). |

| Definition | Description |
|--|---|
| <i>NDM devices</i> | Devices that only provide monthly consumption data. They are volumetric meters without a flow computer that may be equipped with pressure and temperature graphic recorder (thermomonometer). (NDM= Non Daily Metered). |
| <i>Off-take Area</i> | Geographical areas in which the national territory supplied by the Transmission Network and the Leading Company is divided for tariff purposes. |
| <i>Homogeneous Area ("AOP")</i> | Each area of the national territory that is served by the Transmission Network and the Leading Company Network and is characterised by the quality consistency of the Gas flowing through it within a defined period of time. |
| <i>Available Transmission Capacity or Available Capacity</i> | The share of Transmission Capacity that has not been booked. |
| <i>Transmission Capacity</i> | The Transmission Capacity as defined in the Chapter on: "Transmission Capacity booking". |
| <i>Network Code</i> | This document, including all Attachments which form an integral and essential part of it. |
| <i>Booking</i> | The outcome of the transmission capacity booking process, which confirms the maximum quantity of Gas that each Shipper may input into or off-take from the Network, expressed as a daily volume measured under standard conditions. |
| <i>Transmission Contract or Contract</i> | The document whereby the Parties define the specific elements of the required transmission service, governed by the provisions of the Network Code. |

| Definition | Description |
|-------------------------------------|---|
| <i>Legislative Decree or Decree</i> | Legislative Decree No.164 of 23 May 2000, "Implementation of Directive 98/30/EC establishing common rules for the internal Natural Gas market" ("Attuazione della Direttiva 98/30/CE recante norme comuni per il mercato interno del gas naturale"). |
| <i>Resolution</i> | Resolution No.137/02, "Adoption of guarantees for the free access to the Natural Gas transmission service of and of rules for the creation of Network Codes" ("Adozione di garanzie di libero accesso al servizio di trasporto del gas naturale e di norme per la predisposizione dei codici di rete"). |
| <i>Resolution 120/01</i> | Resolution No120 of 30May 2001, "Criteria to determine the tariffs for the transmission and distribution of Natural Gas and the use of LNG terminals" ("Criteri per la determinazione delle tariffe per il trasporto e il dispacciamento del gas naturale e per l'utilizzo dei terminali di GNL"). |
| <i>Relative Density</i> | The ratio between the density of Gas and that of dry air, both calculated under the same temperature and pressure conditions. |
| <i>Dispatching Centre</i> | The Transmission System Operator's operating unit that performs Gas transmission activities (as defined in Article 2 of the Legislative Decree) on the Transmission Network. |
| <i>Combustible Gas</i> | The Gas used to fuel compression stations. |
| <i>Gas or Natural Gas</i> | The mix of hydrocarbons, consisting mainly of methane and - to a less extent - ethane, propane and higher hydrocarbons. It can also include some inert gases, such as nitrogen and carbon dioxide. The Natural Gas is made available for transmission immediately after processing the Gas originating both from reservoirs |

| Definition | Description |
|--|---|
| | and/or LNG plants. |
| <i>Liquefied Natural Gas (LNG)</i> | The term means Natural Gas in a liquid state, at a temperature lower than or equal to the boiling point at a pressure of approximately 101.325 kPa. |
| <i>Gas-day</i> | The period of 24 consecutive hours, starting at 6am of each calendar day and ending at 6am of the following calendar day. |
| <i>GJ</i> | Giga Joule = 1,000,000,000 joules (see International System). |
| <i>Wobbe Index</i> | The ratio between the Gas Gross Calorific Value per unit of volume and the square root of its relative density under the same reference conditions. |
| <i>Reasonable and Prudent Operator</i> | This expression denotes a Party that is diligent in fulfilling its obligations and experienced operators performing the same type of activity, under the same or similar conditions, that normally use care, diligence, prudence and foresight in the execution of their duties, and consider the interests of the other Party. |
| <i>MG measurement</i> | PCS and volume measure provided on a daily basis, taken using automated facilities. |
| <i>NMG measurement</i> | PCS and volume measure whose value is only available at the end of a period of time longer than a day (usually on monthly basis), taken using traditional facilities. Such Gas-metering facilities may be: DMMUs, DMMUCs or NDMs. |
| <i>Party or Parties</i> | The term denotes Transmission System Operator and the Shipper, both individually and collectively . |
| <i>Peak Period</i> | Period of 6 (six) months from 1 November and 30 April |

| Definition | Description |
|---|--|
| | each year. |
| <i>Off -peak Period</i> | Period of 6 (six) months from 1 May and 31 October each year. |
| <i>PIG</i> | Devices used to check pipeline integrity, which travel through the pipeline as a result of the pressure difference generated upstream and downstream their transit. This type of devices allows the Transmission System Operator to performed a detailed "health check" on Network tranche inspected. |
| <i>Gross Calorific Value or PCS</i> | The quantity of energy produced by the full combustion of a unitary (mass or volume) quantity of gas under specific conditions, when the pressure is maintained constant and combustion products are brought back to the reactants' original temperature. The term Gross Calorific Value (PCS) refers to the total energy produced by the combustion, whilst the term Net Calorific Value refers to the total energy produced, less the energy required for the evaporation of water formed during combustion. |
| <i>Weather Emergency Procedure</i> | This is the "Emergency procedure to deal with Natural Gas supply shortages in case of adverse weather conditions" drawn up by the Gas system emergency and monitoring technical Committee and approved by the Ministry of Economic Development with Decree of 25 June 2004. |
| <i>Daily Programme or Daily Nominations</i> | The transmission programme provided by Shippers to the Transmission System Operator for each Gas-day, specifying the quantities to be input to and taken off from the Network. |
| <i>Delivery Point</i> | The physical point of the Network at which Gas is handed over from the Shipper to the Transmission System Operator and at which it is measured. |

| Definition | Description |
|--|--|
| <i>PCT or Delivery Point to Transmission System Operator</i> | The aggregate of several Delivery Point. This point may be: <ul style="list-style-type: none"> - an Entry Point on the Transmission Network; - a Leading Company's Delivery Point. |
| <i>Delivery Point from the Leading Company</i> | Aggregated interconnection physical points through which the Gas flows, virtually or physically, from the Leading Company's National Network to the Transmission Network. |
| <i>Entry Point on the Transmission Network or Entry Point RN</i> | Delivery Point on the National Network that belongs to the Transmission Network, or an aggregate of physical points of delivery as defined on the Transmission System Operator's website. |
| <i>Redelivery Point</i> | The physical point of the Transmission Network, or the local aggregate of physical points that are interconnected downstream, at which the Transmission System Operator hands over Gas to the Shipper and at which such Gas is measured, as detailed on the Transmission System Operator's website. This point may be: <ul style="list-style-type: none"> - a Delivery Point on RN, which means that it is a Redelivery Point to the Leading Company; - a delivery point on RR, which means that it is an Off-take Point at a Connected Operator. |
| <i>Redelivery Point to the Leading Company</i> | The aggregate of physical interconnection points through which the Gas flows, physically or virtually, from the Network to the Leading Company's Transmission Network. |
| <i>Dew point</i> | Temperature at which, for any given pressure, water starts to condense. |

| Definition | Description |
|---|---|
| <i>Hydrocarbons dew point</i> | Temperature at which, for a given pressure, hydrocarbons start to condense. |
| <i>Virtual Trading Point ("PSV")</i> | A virtual point, conceptually located between the Entry and the Exit Points of RN, at which Shippers that operate on the Leading Company's Transmission Network, can trade Gas input into the RN network on a daily basis. |
| <i>Exit Point or RN Exit Point</i> | Each virtual point (resulting from the aggregation of several off-takes) at the exit of the National Network towards the corresponding Withdrawal Area the storage hub or export interconnection points. |
| <i>Transmission Network</i> | The Network owned by the Transmission System Operator. |
| <i>Power generation plant refurbishment</i> | Operation on an existing facility aimed at to improving its energy and environmental performance by replacing, enhancing or completely re-building the components that, collectively, are equal to the greater share of investment costs needed to build a new plant of equivalent power. |
| <i>RN or National Network</i> | The National Gas Pipeline Network, as defined by the Decree of the Ministry of Industry, Commerce and Handicraft ("Ministero dell'industria, del commercio e dell'artigianato") of 22 of December 2000, published in Official Gazette ("Gazzetta Ufficiale") No. 18 of 23 January 2001 . |
| <i>RR or Regional Network</i> | The Regional Transmission Network, i.e. the set of Gas pipelines through which the transmission activity is performed pursuant to Article 2(1)(ii) of Legislative Decree No. 164/00, excluding the National Gas Pipeline Network. |
| <i>Sm³</i> | Standard cubic metre, i.e. one cubic metre of Gas under the reference conditions of 288.15 K (= 15 °C) and |

| Definition | Description |
|--|---|
| | 101.325 kPa (= 1.01325 bar). |
| <i>Quality Requirements</i> | Technical specification of the chemical-physical characteristics and the presence of other components in Natural Gas |
| <i>Regasification terminal or Terminal</i> | It is the Exempted Terminal built and managed by the Società Terminale GNL Adriatico Srl. |
| <i>Exempted Terminal</i> | The Regasification Terminal for which an exemption to the Third Party access system pursuant to Law No. 239/04 was agreed before the Decree of 28 April 2006 - and for which contracts for the connection to the Transmission Network contracts have been signed. |