

## ALLOCATION OF REGASIFICATION CAPACITY

<b>1) ACCESS TO THE REGASIFICATION SERVICE .....</b>	<b>2</b>
1.1) ACCESS REQUIREMENTS .....	2
<b>2) CAPACITY ALLOCATION AT THE BEGINNING OF THE THERMAL YEAR .....</b>	<b>4</b>
2.1) WHAT THE ALLOCATION PROCESS DEALS WITH .....	4
2.2) THE CAPACITY ALLOCATION PROCESS AT THE BEGINNING OF THE THERMAL YEAR .....	5
2.3) THE ALLOCATED CAPACITY DISTRIBUTION PROCESS AT THE BEGINNING OF THE THERMAL YEAR .....	7
2.4) CAPACITY THAT IS MADE AVAILABLE TO THE REGASIFICATION COMPANY FOR ALLOCATION TO THIRD PARTIES UNDER ARTICLE 14 OF THE TIRG.....	8
2.4.1) <i>Force majeure events declared by counterparties to import contracts or regasification agreements</i>	9
2.5) TRANSPORT CAPACITY FOR CAPACITY ALLOCATIONS AT THE BEGINNING OF THE THERMAL YEAR .....	10
<b>3) ALLOCATION OF REGASIFICATION CAPACITY FOR THE THERMAL YEAR ALREADY COMMENCED .....</b>	<b>10</b>
3.1) WHAT THE ALLOCATION PROCESS DEALS WITH .....	10
3.2) CAPACITY ALLOCATION PROCESS FOR THE THERMAL YEAR ALREADY COMMENCED .....	11
3.3) THE ALLOCATED CAPACITY DISTRIBUTION PROCEDURE FOR THE THERMAL YEAR ALREADY COMMENCED	13
3.4) TRANSPORT CAPACITY ALLOCATIONS FOR THE THERMAL YEAR ALREADY COMMENCED .....	14
<b>4) ALLOCATION OF SPOT REGASIFICATION CAPACITY .....</b>	<b>14</b>
4.1) WHAT THE ALLOCATION PROCESS DEALS WITH .....	15
4.2) THE SPOT CAPACITY ALLOCATION PROCESS .....	16
4.3) TRANSPORT CAPACITY FOR SPOT CAPACITY ALLOCATIONS .....	17
<b>5) ALLOCATION OF SPOT REGASIFICATION CAPACITY BEYOND STANDARD TERMS .....</b>	<b>17</b>
5.1) WHAT THE ALLOCATION PROCESS DEALS WITH .....	18
5.2) SPOT CAPACITY ALLOCATION PROCESS BEYOND THE DEADLINES .....	18
5.3) TRANSPORT CAPACITY FOR SPOT CAPACITY ALLOCATION BEYOND THE DEADLINES .....	20
<b>6) ACCESS TO THE FLEXIBILITY SERVICES .....</b>	<b>20</b>

## 1) ACCESS TO THE REGASIFICATION SERVICE

Access to the regasification service at the Panigaglia Terminal is granted in an impartial manner and on equal terms to all parties, whether natural or legal persons, provided that they meet certain requirements, as set out below.

For the management of the regasification capacity allocation processes set out in this chapter, the Terminal Operator can use an IT Platform; the provisions relating to the management and operation of the regasification capacity allocation processes carried on the IT platform are approved by the Regulatory Authority (hereinafter: IT Platform Regulation).

The Operator must publish on its website the indication of the IT Platform for managing the allocation processes of a Thermal Year, at least 60 days before the beginning of the first regasification capacity allocation process for that Thermal Year.

For the Thermal Year 2018/19 GNL Italia uses the Piattaforma di Assegnazione della capacità di Rigassificazione (PAR) regasification capacity assignment platform managed by the GME as IT Platform, the regulations for which are approved by the Authority.

### 1.1) Access Requirements

Parties that request access to the regasification service within the allocation processes set out in paragraphs 2, 3, 4 and 5 below must certify that they meet the requirements specified in this paragraph. Parties must file their requests within the allocation processes set out in paragraphs 2, 3, 4 and 5, on the IT Platform.

For managing allocations, the parties must obtain, if they do not yet have them, the access credentials for to the LNG Capacity Portal, access to which is available on the GNL Italia website, as described in it<sup>1</sup>, as well as to the IT Platform as made available by means of the features of GNL Italia's website.

All parties that require access to the regasification service must also submit declarations and certificates under Legislative Decree No. 231 of 21 November 2007 using the forms published on the Terminal's website.

If conditions are met, the possession of the requisites must be certified by filing declaration in lieu of affidavit (pursuant to Presidential Decree No. 445 of 28 December 2000), using the forms published on the Terminal's website.

Any form of certification of requirements (applications, commitments, declarations or acceptances) as well as any request/communication or other expression of will made in accordance with this Chapter by the User, also by means of the specific functions of the Terminal's website or of the IT platform constitute a formal obligation and commitment for the User, which assumes – also towards third parties – any and all liability arising from any breaches/errors or omissions.

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<sup>1</sup> GNL Italia must inform the Users of the start date of operation of the LNG Capacity Portal

GNL Italia assumes no liability in respect of the User and of third parties as to the accuracy, correctness and completeness of the certifications and declarations provided for this purpose by the Users.

Parties that request access to the regasification service must have:

- provided suitable guarantees by 14:00 of the second working day prior to the submission of the allocation request and in accordance with the procedures set out in Chapter 7 in relation to the fulfilment of all the obligations undertaken under the Regasification Agreement, both as regards the fee, and as regards compensation or indemnity, in order to protect GNL Italia and the other users of the Panigaglia Terminal from the consequences of any breach of contract;
- sent the Regasification Agreement, drawn up according to the template published by GNL Italia on its website and duly signed, by the fifth working day prior to the date of submission of the allocation request. The entry into force and the effective date of the Regasification Agreement, regardless of the date of execution thereof by GNL Italia, are subject (and therefore subject to the precedent condition) to the definition of the regasification capacity commitments (quantity and duration) for at least one of the continuous or spot services by completing one or more of the allocation and/or capacity transaction processes set out in Chapter 5 and Chapter 8, as well as the certification/verification of the requirements set out therein. Therefore, the Regasification Agreement shall become effective, regardless of the date on which it is signed by GNL Italia, at the end of the first capacity allocation and/or transfer during a Thermal Year as per Chapter 5 and Chapter 8.

On the date scheduled for the request, under Article 5(5) of the TIRG, the parties that require access to the regasification service, must:

- a) have available LNG Carriers authorized by GNL Italia for unloading, at the Panigaglia Terminal, or
- b) undertake to deliver the LNG by LNG Carriers that are compatible with the specifications of the Panigaglia Terminal. In such cases the requesting party shall bear the risk of failure to successfully complete the authorisation procedures for the LNG Carrier;

On the date scheduled for the request, the parties requesting access to the regasification service, must also:

- c) be Users of the transport service or have signed the Snam Rete Gas Network Code except in the case in which the party requesting access to the service indicates one or more transport service Users to whom their entire quantities of gas are to be distributed for delivery to the transport company.
- d) have paid the fees for the current Regasification Agreements, for amounts invoiced and already falling due in excess of the value of the guarantees issued to cover the obligations deriving from the above Agreements, as set out in Chapter 7.

In order to use allocated capacity, regasification capacity owners must also obtain authorisation from the Ministry of Economic Development to regasify the volumes of gas covered by import contracts subject to authorisation under Article 3 of Legislative Decree No. 164/00.

Should it be found that the User does not hold the above authorisation, the capacity allocated may not be scheduled/transferred by the User, without prejudice to the payment of all the charges related to this capacity and the release envisaged in Chapter 8(3). In such cases, without prejudice to any provision by the Ministry and/or the Authority, no fee shall be paid in the event of a sale of the capacity to third parties.

In any case, the parties undertake, under their own responsibility, to comply with the above requirements. In the absence/loss of the requirements, subject to any provisions by the Ministry and/or the Authority, the provisions of this Regasification Code shall apply. It is also without prejudice to any verification on the part of the Ministry of Economic Development and of the Authority.

## **2) CAPACITY ALLOCATION AT THE BEGINNING OF THE THERMAL YEAR**

The allocation of regasification capacity at the beginning of the Thermal Year concerns the continuous core regasification service described in the "Description of the services" chapter.

The allocation of regasification capacity implies the allocation of the transport capacity required for the provision of the Regasification Service.

### **2.1) What the allocation process deals with**

At the beginning of each Thermal Year the allocation process allocates the Terminal's regasification capacity expressed in m<sup>3</sup>liq/day, for periods of one to twenty-five – not necessarily contiguous – Thermal Years, in accordance with the TIRG.

GNL Italia must publish the regasification capacity associated with a Slot as set out in Chapter 3(2), on its website.

The capacity available for allocation at the beginning of the Thermal Year is identified by:

- a) Remaining Slots available at the Panigaglia Terminal taking into account the Slots being allocated as described in d) , as published on GNL Italia's website, for a Thermal Year (number of Slots/year), starting on 1 October of that year and up to the twenty-fifth Thermal Year (annual capacity);
- b) Slots (number of Slots/year), made available by the User to the Operator for allocation to third parties for a Thermal Year, starting on 1 October of the same

year and up to the twenty-fifth Thermal Year (annual capacity), as per the procedures set out in in Chapter 8(3), under Article 8(2) of the TIRG;

- c) Slots available at the Panigaglia Terminal, as published on GNL Italia's website, for periods of more than one Thermal Year (number of Slots/period), starting on 1 October of the second following Thermal Year and up to the twenty-fifth Thermal Year (multiannual capacity)

To determine the number of Slots and the offer periods of multiannual capacity as set out in the foregoing paragraph c), the parties who intend to request access to the service may notify GNL Italia, by the end of February, of long-term import projects, starting on the second Thermal Year after that of notification and up to the twenty-fifth Thermal Year. By the end of April, on its website, GNL Italia must publish the multiannual capacity and the periods subject to offer consistently with the long-term import projects reported by the requesting party; if the total of the import projects exceed the Panigaglia Terminal's available capacity, priority will be given to projects that concern the greatest number of consecutive Thermal Years and, secondly, to the projects which involve the delivery to the terminal of the largest quantities of LNG.

For a Thermal Year, the maximum number of unloading operations relating to the regasification capacity to be allocated at the beginning of that Thermal Year, is equal to:

$$\text{maximum number of unloading operations} = C_{\text{annual}} / C_{\text{Slots}}$$

where

$C_{\text{annual}}$  is the Terminal's annual regasification capacity, as set out in Chapter 2(3.3), above

$C_{\text{Slot}}$  is the regasification capacity of one Slot, as set out in Chapter 3(2).

For the same Thermal Year, the maximum number of unloading operations is equal to the sum of the number of Slots as set out in a), b), c) and d), above.

## 2.2) The capacity allocation process at the beginning of the Thermal Year

GNL Italia allocates regasification capacity Slots as set out in paragraph 2.1, on the IT platform.

On its website, GNL Italia must publish, in the Allocation Schedule, the timings of the capacity allocation processes and of any changes thereof. The allocation processes set out in this paragraph shall take place:

- in June for the multiannual capacity;
- in July for the remaining available annual capacity pursuant to the TIRG.

### Requirements for Allocation

Parties which meet the requirements set out in paragraph 1 of this Chapter may participate in the capacity allocation processes at the beginning of the Thermal Year, in accordance with the timing set out in that paragraph and in the Allocation Schedule.

Offers from Users that exceed, even in part, the Users' allocation limits according to the provisions in Chapter 7 and/or individual offerings for which the Slots requested exceed the quantity available for the allocation, shall not be considered valid and therefore will not be accepted.

#### Allocation criteria

The capacity allocation set out in paragraph 2.1 is carried out on the IT Platform via the 'open ascending' tender procedure as required by Article 5(6) of the TIRG. .

Within each allocation process, parties interested in capacity allocation at the beginning of the Thermal Year and that meet the requirements set out in the preceding paragraph "Requirements for Allocation" may submit purchase requests. Such requests must be submitted on the IT Platform as per the procedures set out in the IT Platform Regulation.

Purchase requests submitted pursuant to this paragraph in each allocation process are considered a binding commitment for the requesting party to subscribe to the quantity of capacity requested at a price equal to the award price at the outcome of the auction as per the procedures set out in the IT Platform Regulation.

Purchase requests are selected on the IT Platform as per the procedures set out in the IT Platform Regulation.

The capacity allocation processes at the beginning of Thermal Years that concern multiple Thermal Years and/or different types of capacity (multiannual, annual) are independent of one another; the allocation takes place in separate sessions.

Pursuant to Article 5(12) of the TIRG, the capacity allocation as set out in paragraph 2.1(a) takes precedence over the allocation of capacity set out in paragraph 2.1(b).

The timing of the individual capacity allocation processes at the beginning of the Thermal Year will be published in the Allocation Schedule on GNL Italia's website.

#### Outcome of the allocation

Once each auction session has been completed, each requesting party shall be notified of the outcome, detailing the selected bids and the assignment price of the selected bids, as per the procedures set out in the IT Platform Regulation.

Each requesting party that has submitted a purchase offer at the award price is allocated the capacity specified in that offer.

GNL Italia shall notify each requesting party on the IT Platform of the regasification capacity allocated to it as a result of the auction and the related fee determined thereby as per the procedures set out in the IT Platform Regulation.

The outcomes of the allocation are also published in aggregate form, together with the award price on the IT platform if the number of assignees for each session is at least 3.

The regasification capacity allocated in accordance with this paragraph is considered to be subscribed to by the User pursuant to the Regasification Agreement.

### **2.3) The allocated capacity distribution process at the beginning of the Thermal Year**

GNL Italia uses the IT platform to carry out the capacity distribution process to associate each Slot allocated as a result of the processes at the beginning of the Thermal Year identified in this paragraph 2 with calendar dates for the following Thermal Year.

On its website, GNL Italia must publish the timing of the regasification capacity distribution procedure and the distribution of the Slots available on the calendar dates of the following Thermal Year.

Users who own Slots for the following Thermal Year, must participate in this procedure as defined below.

#### Request to associate

For each Slot which they own for the following Thermal Year, Users may submit on the IT platform requests to associate the Slots with calendar dates compatible with those indicated by GNL Italia, as per the procedures set out in the IT Platform Regulation.

If no association request is received from the User or if the request received is for a partial number of Slots which the User owns or the association request submitted by the User is not satisfied, GNL Italia on the IT Platform will, giving prior notice to the User, associate the Slots which that User owns to calendar dates of the next Thermal Year, as per the procedures set out in the IT Platform Regulation.

#### Association criteria

The association of a calendar date to a Slot allocated to a User will be carried out, as per the procedures set out in the IT Platform Regulation, taking into account the following priority order:

- i. User with higher Slot allocation price, as results from the allocation process set out in paragraph 2.2;
- ii. User with a greater number of slots allocated;
- iii. User who has submitted the request for association earlier

#### Outcome of the association

Once each allocated capacity distribution procedure has been completed, GNL Italia, on the IT platform, shall inform each participating User of the outcome of the association,

including the calendar dates of the Slots which the User owns for the subsequent Thermal Year as per the procedures set out in the IT Platform Regulation.

#### 2.4) Capacity that is made available to the Regasification Company for allocation to third parties under Article 14 of the TIRG

If it is found that for a Thermal Year A the volume of LNG cumulatively delivered by a user with respect to Slots allocated at the beginning of the Thermal Year is less than 90% of the volume of LNG of expected to be unloaded in the LNG delivery schedule as set out in Chapter 9 for the same Slots, the User shall make available to GNL Italia for allocation to third parties, pursuant to the procedures set out in paragraph 3.2, for the subsequent Thermal Year A+1 for which it owns allocated capacity at the beginning of the Thermal Year, the regasification capacity identified by:

- a) Slots (number of Slots/year) equal to:

$$(V_{prio} - V_{cons}) / C_{slot}$$

rounded down to the nearest integer, where:

- $V_{prio}$  is the volume of LNG expected to be unloaded in the LNG delivery schedule as set out in Chapter 9 for the Slots assigned to the User for Thermal Year A, within the allocation processes at the beginning of the Thermal Year;
- $V_{cons}$  is the volume of LNG cumulatively delivered by the User for the Slots allocated at the beginning of the Thermal Year for Thermal Year A including the volume (i) of the Slots for which unloading has been carried out, due to events that have given rise to force majeure events declared by counterparties to import contracts or regasification agreements, as set out in paragraph 2.4.1, (ii) of the Slots made available by the User for allocation to third parties as set out in Chapter 8(3). In particular, for each month M,  $V_{cons}$  includes the capacity released, even if not booked, made available as part of the booking process in the month M+1, referred to in paragraph 3.2 below, with a minimum notice period of five working days before the scheduled date for the allocation procedure, as indicated in the allocation Calendar published on the GNL Italia website. The volume of capacity released and made available for booking shall not exceed the greater between the LNG volume associated with four Slots and one third of the capacity allocated for the same User and Thermal Year, and in month M-2 also beyond that amount.  $C_{slot}$  is the regasification capacity of one Slot, as set out in Chapter 3(2).

At the end of the Thermal Year A, the regasification company shall check the existence of the above conditions and, if the outcome thereof is positive, notify the user involved

and the Authority indicating the capacity that the User must make available for allocation to third parties.

In order to release to GNL Italia the capacity identified above for allocation to third parties, the User shall make available the capacity in the subsequent Thermal Year A+1, in accordance to the procedures set out in paragraph 3.2.

In accordance with Article 14(6) of the TIRG, the User shall transmit, using the forms made available on the GNL Italia website, the reserve price related to the capacity released, and can also indicate that, in case the transmitted price is higher than the reserve price as defined in accordance with paragraph 7.1 letter a) of the TIRG, for the capacity release is effective the reserve price determined in accordance with paragraph 7.1 letter a) of the TIRG. The User who has released the capacity for allocation to third parties can participate in the related allocation procedures.

Ownership of the regasification capacity made available to GNL Italia pursuant to this paragraph and allocated to another User as a result of the allocation process set out in paragraph 3.2, will be transferred to the latter User that therefore must pay the fees associated with capacity subscribed to, and comply with the conditions set out in the Regasification Code.

The user retains the rights and obligations associated with the capacity contract for the capacity not allocated to third parties. Upon completion of the allocation processes as set out in paragraph 3.2, GNL Italia shall notify the User of the share of capacity that is available to it.

The User that has released regasification capacity must, however, pay the fee for the capacity released and, if the capacity is allocated to third parties within the allocation processes set out in paragraph 3.2, it will receive the proceeds of the sale from GNL Italia only in case the same capacity is actually used and within the limits of the fee owed by the same User for the capacity released, pursuant to Article 14, paragraph 5 of the TIRG.

The transport capacity booked by GNL Italia pursuant to paragraph 2.5 shall, therefore, be adjusted on the basis of the User's regasification capacity allocated to third parties pursuant to the procedures as set out in paragraph 3.2.

#### 2.4.1) *Force majeure events declared by counterparties to import contracts or regasification agreements*

For the sole purpose of the provisions of paragraph 2.4, pursuant to the provisions of Article 14 of the TIRG, the term "Force majeure events declared by counterparties to import contracts or regasification agreements" shall mean any event, act, fact or circumstance which is not attributable to the Party that invokes it such as to make it impossible for the User to deliver all or part of the quantities of LNG to the regasification terminal, and which could not be avoided notwithstanding the continual diligence of a reasonable and prudent operator, for as long such cause persists.

Having been notified of the existence of a force majeure event of the kind identified in this paragraph, the Party concerned shall immediately notify the other Party and the

Authority by sending the self-certification, the text of which is available on the GNL Italia website, containing details of:

- the expected extent of the reduction in LNG;
- the expected duration of the event;
- measures put in place to limit the impact of the event on LNG deliveries;
- actions taken to make the regasification capacity that would remain unused available to other Users.

Except as expressly stated in this paragraph, a force majeure event as described above shall not affect the existing contractual relationship between the User and the regasification company, which shall continue to be completely and fully valid.

### **2.5) Transport capacity for capacity allocations at the beginning of the Thermal Year**

Pursuant to article 13 of the TIRG, once the regasification capacity allocation process has been completed at the beginning of the Thermal Year, GNL Italia, on behalf of its users, shall request to Snam Rete Gas, according to the timing and procedures set out in the Network Code, to provide the transport capacity required to inject into the network at the entry point to the Transport Network at Panigaglia the regasified volumes of the capacity allocated at the beginning of the Thermal Year. The requested transport capacity must be proportionate to the Terminal's maximum send-out ratio (as defined in paragraph 1.1(o) of Resolution ARG/gas No. 2/10) which corresponds to the ratio between the regasification capacity allocated to the User and the Terminal's regasification capacity.

## **3) ALLOCATION OF REGASIFICATION CAPACITY FOR THE THERMAL YEAR ALREADY COMMENCED**

The allocation of regasification capacity during the current Thermal Year relates to the continuous core regasification service set out in the "Description of the services" chapter.

The allocation of regasification capacity implies the allocation of the transport capacity required for the provision of the Regasification Service.

### **3.1) What the allocation process deals with**

After the Thermal Year has already commenced, the allocation process allocates the Terminal's regasification capacity expressed in m<sup>3</sup>liq/day, of the remaining months of the Thermal Year starting from the month following that of allocation, in accordance with the TIRG.

GNL Italia must publish the regasification capacity associated with a Slot as set out in Chapter 3(2), on its website.

The capacity available for allocation for the Thermal Year already commenced is identified by:

- a) Slots available at the Panigaglia Terminal, after completing the allocation process at the beginning of the Thermal Year, the allocation process for the Thermal Year already commenced that has already been carried out and the regasification capacity exchanges with GNL Italia, as published on GNL Italia's website. For the capacity allocation process for the Thermal Year already commenced in Month M, the Slots to be allocated are offered as
  - i. individual Slots already associated with calendar dates (Constrained Slots), for the months M+1, M+2 and M+3;
  - ii. Slots available (number of Slots/period), for the period from month M+1 to the last month of the Thermal Year.

GNL Italia also reserves the right to make available regasification capacity for allocation for the Thermal Year already commenced, after informing the Authority and Users, identified by:

- iii. one or more products consisting of one Slot for each remaining month available for the Thermal Year (period from month M+4 to the last month of the Thermal Year).
  - b) Slots made available by the User to the Operator for allocation to third parties, as per the procedures set out in Chapter 8(3), under Article 8 of the TIRG;
  - c) Slots made available by the User to the Operator for allocation to third parties, as per the procedures set out in paragraph 2.4 of this chapter, under Article 14 of the TIRG.

### **3.2) Capacity allocation process for the Thermal Year already commenced**

GNL Italia allocates regasification capacity Slots as set out in paragraph 3.1, on the IT platform.

The allocation processes for the Thermal Year already commenced take place on a monthly basis from September of one Thermal Year to August of the following Thermal Year; On its website, GNL Italia must publish the remaining Slots available for allocation and the schedule of the capacity allocation processes and any variation thereof. In the event that in a month M GNL Italia makes available the regasification capacity product referred to in paragraph 3.1, letter a) point iii above, the related allocation process is carried out in advance of the other regasification capacity allocation processes referred to in paragraph 3.1.

### Requirements for Allocation

To participate in the capacity allocation process for the Thermal Year already commenced, parties must meet the conditions set out in paragraph 1 of this Chapter in accordance with the timing also indicated in paragraph 1 and in the Allocation Schedule.

Offers from Users that exceed, even in part, the User's allocation limits will not be considered valid and will not be accepted, in accordance with the provisions of Chapter 7.

### Allocation criteria

The capacity allocation set out in paragraph 3.1 shall be carried out on the IT Platform via the 'pay as bid' auction procedure, as set out in in Article 6(4) of the TIRG.

Within each allocation process, parties interested in capacity allocation for the Thermal Year already commenced that meet the requirements set out in the preceding "Requirements for Allocation" paragraph may submit purchase requests. Such requests must be submitted on the IT Platform as per the procedures set out in the IT Platform Regulation.

Purchase requests submitted pursuant to this paragraph in each allocation process are considered a binding commitment for the requesting party to subscribe to the quantity of capacity requested at a price equal to the award price at the outcome of the auction as per the procedures set out in the IT Platform Regulation.

If the requesting party submits a purchase request for Constrained Slots for the months M+1, M+2 and M+3 as set out in paragraph 3.1(a)(i) that requesting party may specify, in its purchase request, the order of preference (alternative or indifferent) for multiple Constrained Slots, as per the IT Platform regulation. If the fee for the purchase request is higher than the reserve price set out in Article 7 of the TIRG, the purchase requests are selected within the IT Platform on the basis of the highest purchase fee. For purchase requests for Constrained Slots indicated as mutually alternative and indifferent, requests will be selected on the IT Platform ensuring the maximization of the regasification capacity allocation, as per the procedures set out in the IT Platform regulation.

Purchase requests for Slots included in the period from month M+4 to the last month of the Thermal Year, as set out in the foregoing paragraph 3.1(a)(ii), are selected on the IT Platform on the basis of the highest purchase fee, if the fee in the purchase request is higher than the reserve price set out in Article 7 of the TIRG.

Purchase requests relating to products consisting of one Slot for each remaining month available for the Thermal Year, as referred to in paragraph 3.1 (a)(iii) above, are selected on the IT Platform on the basis of the highest purchase fee, if the fee in the purchase request is higher than the reserve price. The reserve price is defined as the average of the reserve prices set out in Article 7 of the TIRG for each month of the regasification capacity product.

Pursuant to Article 5(12) of the TIRG, the capacity allocation as set out in the foregoing paragraph 3.1(a) takes precedence over the allocation of the capacity set out in paragraph 3.1(b and c).

The timing of the individual capacity allocation processes for the Thermal Year already commenced will be published in the Allocation Schedule on GNL Italia's website.

#### Outcome of the allocation

Once each auction session has been completed, each requesting party shall be informed of the outcome, detailing the selected bids and assignment price of the selected bids (award price), as per the procedures set out in the IT Platform Regulation.

On the IT Platform, GNL Italia shall inform each requesting party of the regasification capacity allocated to it as a result of the auction and the related fee determined thereby. The outcomes of the allocation are also published in aggregate form, together with the award price on the IT platform if the number of assignees for each session is at least 3.

The regasification capacity allocated in accordance with this paragraph is considered to be subscribed to by the User pursuant to the Regasification Agreement.

### **3.3) The allocated capacity distribution procedure for the Thermal Year already commenced**

GNL Italia carries out the capacity distribution process on the IT platform, to associate calendar dates of the current Thermal Year with each slot that has been allocated as a result of the Thermal Year already commenced processes as set out in paragraph 3.1(a)(ii), for the period from month M+4 to the last month of the Thermal Year and set out in paragraph 3.1(a)(iii), for the period from month M+1 to the last month of the Thermal Year.

On its website, GNL Italia must publish the timing for the regasification capacity distribution procedure and the distribution of the available Slots to calendar dates of the current Thermal Year.

Users who own slots as set out in paragraph 3.1(a)(ii) must participate in this process as defined below.

#### Request to associate

Users for each slot as set out in paragraphs 3.1(a)(ii) and 3.1(a)(iii), may submit on the IT platform, requests to associate them with calendar dates compatible with those indicated by GNL Italia, as per the procedures set out in the IT Platform Regulation.

If no association request is received from the User or if the request received is for a partial number of Slots which the User owns or the association request submitted by the User is not satisfied, GNL Italia on the IT Platform will, giving prior notice to the User, associate the Slots which that User owns to calendar dates of the Thermal Year, as per the procedures set out in the IT Platform Regulation.

#### Association criteria

The association of a calendar date to a Slot allocated to a User will be carried out, as per the procedures set out in the IT Platform Regulation, taking into account the following priority order:

- i. User with higher Slot allocation price, as results from the allocation process set out in paragraph 3.2;
- ii. User that has submitted a purchase request earlier, as set out in the foregoing paragraph 3.2

#### Outcome of the association

Once each allocated capacity distribution process has been completed, GNL Italia, on the IT platform, shall notify each User of the outcome of the association, including the calendar dates of the Slots which the User owns for the current Thermal Year, as per the procedures set out in the IT Platform Regulation.

### **3.4) Transport capacity allocations for the Thermal Year already commenced**

Pursuant to article 13 of the TIRG, once the regasification capacity allocation process has been completed for the Thermal Year already commenced, GNL Italia, on behalf of its users, shall request to Snam Rete Gas, according to the timing and procedures set out in the Network Code, to provide the transport capacity required to inject into the network at the entry point to the Transport Network at Panigaglia the regasified volumes of the capacity allocated for the Thermal Year already commenced. The requested transport capacity, booked on the basis of the provisions of Chapter 10, paragraph 4, must be proportionate to the Terminal's maximum send-out ratio (as defined in paragraph 1.1(o) of Resolution ARG/gas No. 2/10) which corresponds to the ratio between the regasification capacity allocated to the User and the Terminal's regasification capacity.

## **4) ALLOCATION OF SPOT REGASIFICATION CAPACITY**

The allocation of spot regasification capacity relates to the spot core regasification service described in the "Description of the services" chapter.



The allocation of regasification capacity implies the allocation of the transport capacity required for the provision of the Regasification Service.

#### 4.1) What the allocation process deals with

The spot allocation process allocates the Terminal's regasification capacity expressed in  $m^3_{liq}/day$ , of the month being allocated or of the following month, that is available as a result of the LNG delivery schedule set out in Chapter 9(1), in accordance with Article 6(2) of the TIRG.

The spot capacity for allocation is identified, pursuant to Chapter 3(2), by the number of berthings at the Panigaglia Terminal and by the corresponding Scheduled Arrival Date and Maximum Unloading Capacity:

- a) available after the capacity allocation processes at the beginning of the Thermal Year, the allocation processes for thermal year already commenced, and the regasification capacity exchanges with GNL Italia, as published on GNL Italia's website;
- b) available as a result of the definition of the delivery schedule set out in Chapter 9(1); made available by the User to the Operator for allocation to third parties, as per the procedures set out in Chapter 8(3), under Article 8 of the TIRG.

GNL Italia shall define the spot regasification capacity (in terms of Scheduled Arrival Date and Maximum Unloading Capacity of each unloading slot) and publish it on its website and on the IT Platform based on the plant maintenance days specified in the following "Maintenance Scheduling and Management" chapter and in compliance with the following constraints:

- there is a time window of at least 5 days between the Scheduled Arrival Date of one LNG carrier and the Scheduled Arrival Date of the next Carrier, as defined in the Schedule of LNG Deliveries for month M;
- the total volume of LNG present in the tanks at 6:00 on the Scheduled Arrival Date for the next Carrier scheduled to unload must not exceed  $20,000 m^3_{liq}$ ;
- the total volume of LNG in the tanks at 6:00 on each Gas Day must be between  $5,000 m^3_{liq}$  (lower limit) and  $45,000 m^3_{liq}$  (upper limit);
- the total volume of LNG in the tanks at the end of each month must not exceed  $20,000 m^3_{liq}$ ;
- daily production may not exceed  $17,500 m^3_{liq}/d$ , and shall be considered equal to 0 when the tanks reach a level corresponding to a volume of LNG of  $5,000 m^3_{liq}$ ;
- The volume of LNG unloaded during each unloading slot is considered as delivered in the days scheduled for the unloading slot and in shares equal to the daily volume actually unloaded.

For each berthing available for allocation, details must also be published on

- the Scheduled Arrival Date;
- the Maximum Unloading Capacity of LNG;
- the indicative redelivery profile of the regasified quantity as set out in Chapter 9.

#### 4.2) The Spot Capacity Allocation Process

GNL Italia allocates the available spot berthings as set out in the foregoing paragraph 4.1, using the IT platform.

The spot capacity allocation processes take place in the period from September of one Thermal Year to August of the following Thermal Year; On its website, GNL Italia must publish the spot berthings available for allocation and the schedule of the spot capacity allocation processes and any variation thereof.

##### Requirements for Allocation

To participate in the spot capacity allocation process, Parties must meet the conditions set out in paragraph 1 of this Chapter in accordance with the timing also indicated in paragraph 1 and in the Allocation Schedule.

Offers from Users that exceed, even in part, the User's allocation limits will not be considered valid and will not be accepted, in accordance with the provisions of Chapter 7.

##### Allocation criteria

The capacity allocation as set out in the foregoing paragraph 4.1 is carried out on the IT Platform via the 'pay as bid' auction, according to the provisions in Article 6(4) of the TIRG.

Within each allocation process, parties interested in the spot capacity allocation that meet the requirements set out in the foregoing paragraph "Requirements for Allocation" may submit purchase requests. Such requests must be submitted on the IT Platform as per the procedures set out in the IT Platform Regulation.

Purchase requests submitted pursuant to this paragraph in each allocation process are considered a binding commitment for the requesting party to subscribe to the quantity of capacity required at a price equal to the award price for the auction as per the procedures set out in the IT Platform Regulation.

The requesting party may specify in its purchase request the order of preference (alternative or indifferent) for multiple Constrained Slots, as per the procedures set out

in the IT Platform Regulation. If the fee for the purchase request is higher than the reserve price set out in Article 7 of the TIRG, the purchase requests are selected within the IT Platform on the basis of the highest purchase fee. For purchase requests for Constrained Slots indicated as mutually alternative and indifferent, requests will be selected on the IT Platform ensuring the maximization of the regasification capacity allocation, as per the procedures set out in the IT Platform Regulation.

Pursuant to Article 5(12) of the TIRG the capacity allocation as set out in paragraph 4.1(a) and (b) takes precedence over the allocation of capacity as set out in paragraph 4.1(c).

The timing of the individual spot capacity allocation processes will be published in the Allocation Schedule on GNL Italia's website.

#### Outcome of the allocation

Once each auction session has been completed, each requesting party shall be informed of the outcome, detailing the selected bids and assignment price of the selected bids (award price), as per the procedures set out in the IT Platform regulation.

GNL Italia shall notify each requesting party on the IT Platform of the spot regasification capacity allocated to it as a result of the auction and the related fee determined thereby. The outcomes of the allocation are also published in aggregate form, together with the award price on the IT platform, if the number of assignees for each session is at least 3.

The spot regasification capacity allocated in accordance with this paragraph is considered to be subscribed to by the User pursuant to the Regasification Agreement.

### **4.3) Transport capacity for spot capacity allocations**

Pursuant to article 13 of the TIRG, once the spot regasification capacity allocation process has been completed, GNL Italia, on behalf of its users, shall request to Snam Rete Gas, according to timing and procedures set out in the Network Code, to provide the transport capacity required to inject into the network at the entry point to the Transport Network at Panigaglia the regasified volumes of the spot capacity allocated. The requested transport capacity, booked on the basis of the provisions of Chapter 10, paragraph 4, must be proportionate to the Terminal's maximum send-out ratio (as defined in paragraph 1.1(o) of Resolution ARG/gas No. 2/10) which corresponds to the ratio between the regasification capacity allocated to the User and the Terminal's regasification capacity.

## **5) ALLOCATION OF SPOT REGASIFICATION CAPACITY BEYOND STANDARD TERMS**



The allocation of spot regasification capacity relates to the spot core regasification service described in the "Description of the services" chapter.

The allocation of regasification capacity implies the allocation of the transport capacity required for the provision of the Regasification Service.

### **5.1) What the allocation process deals with**

After the deadlines have expired, the allocation process allocates the Terminal's regasification capacity expressed in m3liq/day, that is available as a result of the latest insolvency proceedings as set out in paragraph 4.2, according to the provisions of Article 6(6) of the TIRG.

The spot capacity after the deadlines have expired for allocation is identified, pursuant to Chapter 3(2), by the number of berthings at the Terminal and by the corresponding Scheduled Arrival Date and Maximum Unloading Capacity.

Each spot berthing beyond the deadlines remains available for allocation until:

- the fifth working day before the Scheduled Arrival Date if the Terminal is not in operation;
- the third working day before the Scheduled Arrival Date if the Terminal is in operation.

GNL Italia reserves the right to update and change the spot berthings available for allocation if the following events occur:

- non-compliance with the schedule;
- rescheduling of the unloading slots;
- maintenance in addition to that set out in the "Maintenance Scheduling and Management" chapter;

GNL Italia shall make available updates with regard to the availability of spot berthings by:

- the same working day, for events accepted by GNL Italia on a working day;
- the next working day, for events accepted by GNL Italia on public holidays.

### **5.2) Spot capacity allocation process beyond the deadlines**

GNL Italia allocates the available spot berthings as set out in the foregoing paragraph 5.1, using the IT platform.

Spot allocation processes beyond the deadlines take place on a monthly basis during the Thermal Year; GNL Italia must make available the schedule with the timing for the

capacity allocation processes and any variation thereof as well as the assignment price for every spot berthing available, defined pursuant to the TIRG.

#### Requirements for Allocation

To participate in the spot capacity allocation process beyond the deadlines, Parties must meet the conditions set out in paragraph 1 of this Chapter in accordance with the timing also indicated in that paragraph 1 and in the Allocation Schedule.

Offers from Users that exceed, even in part, the User's allocation limits will not be considered valid and will not be accepted, in accordance with the provisions of Chapter 7.

#### Allocation criteria

The capacity allocation as set out in the foregoing paragraph 5.1 shall be carried out on the IT Platform on the basis of the 'first come first served' criteria, as required by Article 6(6) of the TIRG.

Within each allocation process, parties interested in the spot capacity allocation that meet the requirements set out in the foregoing paragraph "Requirements for Allocation" may submit purchase requests. Such requests must be submitted on the IT Platform as per the procedures set out in the IT Platform Regulation.

Purchase requests submitted pursuant to this paragraph in each allocation process are considered a binding commitment for the requesting party to subscribe to the amount of spot capacity requested at a price equal to the assignment price as defined in the procedures set out in the IT Platform Regulation.

Purchase requests are selected on the IT Platform as per the procedures set out in the IT Platform Regulation.

The spot capacity allocation processes beyond the deadlines related to different berthings are independent from one another.

Pursuant to Article 5(12) of the TIRG the allocation of spot berthings beyond the deadlines as set out in paragraph 4.1(a) and (b) takes precedence over that of spot berthings beyond the deadlines as set out in paragraph 4.1(c).

#### Outcome of the allocation

After each requesting party has presented its offer, the outcome is reported, stating the assignment price of the tender selected (award price), as per the procedures set out in the IT Platform Regulation.

GNL Italia shall notify on the IT Platform each requesting party of the amount of spot regasification capacity beyond the deadlines that has been allocated to each party and the corresponding award price.

The regasification capacity allocated in accordance with this paragraph is considered to be subscribed to by the User pursuant to the Regasification Agreement.

### 5.3) **Transport capacity for spot capacity allocation beyond the deadlines**

Pursuant to article 13 of the TIRG, once the spot regasification capacity allocation process beyond the deadlines has been completed, GNL Italia, on behalf of its users, shall request to Snam Rete Gas, according to timing and procedures set out in the Network Code, to provide the transport capacity required to inject into the network at the entry point to the Transport Network at Panigaglia the regasified volumes of the spot capacity allocated beyond the deadlines. The requested transport capacity, booked on the basis of the provisions of Chapter 10, paragraph 4, must be proportionate to the Terminal's maximum send-out ratio (as defined in paragraph 1.1(o) of Resolution ARG/gas No. 2/10) which corresponds to the ratio between the regasification capacity allocated to the User and the Terminal's regasification capacity.

## 6) **ACCESS TO THE FLEXIBILITY SERVICES**

Users that own regasification capacity as a result of a capacity allocation process as set out in this Chapter may request access to the Temporary Storage Service, by sending a request to the Terminal Operator using the forms published by GNL Italia on its website.

The subscription request, duly completed, must be sent to the Operator for month M, no later than the third working day before the beginning of month M.

Within two working days of receipt of the application request form, the Operator shall confirm to the User the possibility of accessing the Temporary Storage Service, taking into account the technical and operational constraints of the Terminal and its actual use as a result of the scheduling of deliveries and regasification as set out in Chapter 9.

If the Ministry of Economic Development envisages the use of regasification terminals that are partially used to provide the Peak Shaving Service, the Terminal Operator, should it decide to implement such measures, reserves the right to not offer the Temporary Storage Service during the service activation period between the unloading of the LNG load required for aforementioned Peak Shaving Service and the end of the service activation period, as defined by the MISE.