

REGASIFICATION CAPACITY BOOKING PROCEDURE AT THE START OF THE THERMAL YEAR (JULY 2014)

This procedure is published in accordance with the provisions laid down in the “Conferimento di capacità ad inizio Anno Termico” section of Chapter 5 of the Regasification Code of Gnl Italia and describes the booking process that will take place during the month of July 2014 for the Thermal Year 2014/2015 and for the Thermal Years 2016/2017, 2017/2018 and 2018/2019.

Companies intending to take part in this process must be in possession of the requisites as indicated in the “Requisiti per l’accesso” section of Chapter 5 of the Regasification Code of Gnl Italia.

The available regasification capacity and the forms required for the aforesaid booking process are available on Gnl Italia’s website, in the Business and Service – Thermal Year 2014/2015 – in the “Regasification Capacity continuous type” and “Capacity booking and transactions at the start of Thermal Year” sections respectively.

1) ANNUAL AND MULTI-ANNUAL REGASIFICATION CAPACITY BOOKING

Request

1st July 2014 is the deadline for sending requests to GNL Italia, at fax number 02 3703 0339 for regasification capacity, for the Thermal Year 2014/2015 and for the Thermal Years 2016/2017, 2017/2018 and 2018/2019, by companies with import contracts, made by filling in the electronic form **MODULO_RICHIESTA_CAPACITA'** available on the website of Gnl Italia in the area Business and Service – Thermal Year 2014/2015 – Capacity booking and transactions – Capacity booking at the start of Thermal Year - .

The request will be automatically refused if it does not contain:

- a) the volume capacity, expressed in $m^3_{liq}/year$ of LNG, requested for the Thermal Year 2014/2015, for the quantities exclusively regulated by the import contracts and in line with the size of the natural gas tankers;

and/or

the volume capacity, expressed in $m^3_{liq}/year$ of LNG, requested for the period related to the Thermal Years 2016/2017, 2017/2018 and 2018/2019, for the quantities exclusively regulated by the import contracts and in line with the size of the natural gas tankers;

- b) the number of landings, in line with the aforesaid requests for capacity, the size of the natural gas tankers and the landings that may be associated with each of them;
- c) the number of landings, in line with the volume capacity booked in the previous multi-annual booking processes, the size of the natural gas tankers and the number of landings that may be associated with each of them.

If the applicant also has one or more multi-annual Regasification Contracts, he can apply, during the annual process for a volume capacity corresponding to the difference between the annual quantity indicated in the import contracts and the quantity indicated in the multi-annual Regasification Contract/s.

The capacity indicated in the Regasification Contract/s includes the capacity made available for booking to third parties in accordance with article 7, sub-section 2 and article 11 sub-section 3 of Resolution no. 167/05 as described in the “Rilasci di capacità di rigassificazione a GNL Italia” and “Modalità di determinazione della capacità che viene resa disponibile a GNL Italia” sections, respectively, of this procedure.

The request will be automatically refused if, when the request is made, the applicant fails to provide GNL Italia with the documentation, in the form of a declaration that replaces an attested affidavit, in which the applicant, aware of the penalties laid down for false declarations, certifies:

- a) that it holds one or more GNL import contracts;
- b) the type of contract/s;
- c) for each one of take or pay import contracts stipulated before 10th August 1998, , the smaller of the LNG volumes for each Thermal Year starting from Thermal Year 2001 – 2002, delivered for regasification to the Panigaglia terminal. The minimum volume of LNG delivered for the Thermal Year 2013/2014 is determined as the sum of the volumes delivered during the period October 2013– May 2014 and the volumes scheduled for delivery during the period June 2014 – September 2014, within the scope of the monthly LNG delivery schedules set in Chapter 9 of the Regasification Code of GNL Italia.
- d) the name of the natural gas tankers that will be used to fulfil the import contract/s, indicating the number of landings that may be associated with each one of them.
- e) the country inside or outside the European Union in which the LNG was produced. If the import contract has a duration of more than a year, the applicant must submit the documentation demonstrating his authorisation to import issued by the Ministry of Economic Development when the application was made.

The self-certification text is contained in the document **CONTR_2014-2015_GNL**, for the booking request concerning the Thermal Year 2014/2015, and **CONTR- 2016-19**, for the request concerning the Thermal Years 2016/17, 2017/2018 and 2018/2019, available in Business and Service – Thermal Year 2014-2015 – Capacity booking and transactions – Capacity booking at the start of Thermal Year.

Booking regasification capacity

By **8th July 2014**, on the basis of the requests received, GNL Italia will allocate each applicant the volume capacity, expressed in $m^3_{liq}/year$, and number of landings, in respect of the booking criteria set forth in the “Conferimento annuale” section of Chapter 5 of the Regasification Code of Gnl Italia.

Confirming the commitment

By **18th July 2014**, each applicant is obliged to communicate his commitments in terms of volume capacity, expressed in $m^3_{liq}/year$, and number of landings, that he intends to sign in the

Regasification Contract, within the limits of the regasification capacity booked, by filling in the document **CONFERMA_DELL'IMPEGNO** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year.

Failure to sign the Regasification Contract for the capacity commitments indicated will entail the application of a penalty equivalent to 20% of the maximum annual amount due for the capacity volume of the commitment. To guarantee the payment of this penalty, the applicant is obliged to submit, together with the commitment communication, a first-demand bank guarantee, issued by an Italian bank or an Italian branch of an overseas bank, for a sum equivalent to the maximum value of the penalty.

We also require submission by the bank or Italian subsidiary/branch of foreign bank of a PEC (Certified e-mail) message certifying the emission of the above guarantee to the following PEC address: contratt@pec.gnlitalia.it.

Failure to submit this bank guarantee with the commitment communication will be equivalent to giving up the regasification capacity booked.

The text of the bank guarantee to be used is contained in the document **GARANZIA_CONFERMA_GNL** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year –.

Booking additional Regasification Capacity

By **23rd July 2014**, if any of the applicants fails to confirm all or part of the capacity allocated, the regasification capacity available will be allocated by GNL Italia to those applicants who have been booked a smaller regasification capacity than requested and who have confirmed the entire amount booked; GNL Italia will proceed to allocate the unconfirmed regasification capacity in respect of the booking criteria laid down in the “Conferimento annuale” section of Chapter 5 of the Regasification Code of Gnl Italia.

Confirming additional commitments

By **28th July 2014**, following the allocation of the additional capacity made available, each applicant is obliged to confirm the aforesaid additional capacity allocated by filling in the document **CONFERMA_ULTERIORE_DELL'IMPEGNO** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year. If the applicant confirms the additional allocated regasification capacity, the capacity commitments to be signed with the Regasification Contract will be equivalent to the sum of the total capacity booked.

Signing the Regasification Contract

By **1st August 2014**, after the regasification capacity booking process at the start of the Thermal Year, GNL Italia and the applicants to whom capacity has been allocated will proceed to sign the Regasification Contract whose standard text is available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year (**CONTRATTO_DI_RIGASSIFICAZIONE**).

Signing the Regasification Contract entails submitting at the same time:

- a credit "rating", supplied by a leading international organisation, equivalent at least to:
Baa3 if supplied by Moody's Investor Services;

or

BBB- if supplied by Standard & Poor's Corporation;

in the form of a special certificate, issued by one of the aforesaid organisations, demonstrating the level of rating assigned.

If the credit "rating" is satisfied by the company controlling the applicant in accordance with article 2362 of the Civil Code, the latter must give GNL Italia a guarantee letter issued by the controlling company that expresses its commitment to fulfil the payment obligations to GNL Italia in the name and on behalf of the applicant.

The text of the guarantee letter to be used and signed by the controlling company is contained in the document **LETTERA DI GARANZIA SOCIETARIA** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year.

If these criteria are not satisfied, the applicant must submit a first-demand bank guarantee issued by an Italian bank or an Italian branch of an overseas bank, for an amount equivalent to a third of the maximum annual amount of the commitment (calculated as the sum of the amount of the commitment associated with the quantities of LNG unloaded) indicated in the Regasification Contract. The text of the guarantee to be used is contained in the document **GARANZIA_1_GNL** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year.

- a first-demand bank guarantee issued by an Italian bank or an Italian branch of an overseas bank to cover the obligations resulting from the provision of the service for an amount equivalent to 3% of the maximum annual amount of the commitment (calculated as the sum of the amount of the commitment associated with the quantities of LNG unloaded) indicated in the Regasification Contract. The text of the guarantee to be used is contained in the document **GARANZIA_2_GNL** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year.

We also require submission by the bank or Italian subsidiary/branch of foreign bank of a PEC (Certified e-mail) message certifying the emission of the above guarantee to the following PEC address: contratt@pec.gnlitalia.it.

GNL Italia will not sign any Regasification Contract with any applicants who, on the date of signing, have not paid the amounts due in accordance with Regasification Contracts in force, for invoiced and expired amounts exceeding the value of the bank guarantee issued to cover the obligations resulting from the aforesaid Regasification Contracts in force.

2) REGASIFICATION CAPACITY DEFINITION PROCESS

Distributing the capacity allocated

On **20th August 2014 at 10.00**, the Users that have been allocated regasification capacity for the Thermal Year 2013/2014 (also in previous multi-annual booking processes), must be present at the central office of GNL Italia, situated in Piazza Santa Barbara 7, San Donato Mil.se (MI), to take part in the process of distributing the booked regasification capacity, and must be

represented by a person with adequate powers, certified by signing the form – **ATTESTAZIONE_TITOLARITA' RAPPRESENTANZAI** - available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year - according to the methods defined here below.

The booked regasification capacity distribution process is the process whereby the Users distribute this capacity for the Thermal Year 2013/2014 into each of the months of the Thermal Year.

Each User requests the distribution of the volume capacity for the months of the Thermal Year 2013/2014, by filling in the electronic form **DISTRIBUZIONE_CAPACITA' DI VOLUME** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year, in respect of the following constraints:

a)

$$V_{m_i} = \frac{V_{annuale}}{gft_{anno}} \cdot gft_{m_i} + Z$$

$$V_{t_i} = \frac{V_{annuale}}{gft_{anno}} \cdot gft_{t_i} + 1,25 * Z$$

$$V_{s_i} = \frac{V_{annuale}}{gft_{anno}} \cdot gft_{s_i} + 1,5 * Z$$

where

$V_{annuale}$	annual volume capacity allocated;
V_{m_i}	volume capacity requested by the User for each month i;
V_{t_i}	volume capacity requested by the User for each of the four quarters (Oct-Dec/Jan-Mar/Apr-Jun/Jul-Sep);
V_{s_i}	volume capacity requested by the User for each of the two half years (Oct-Mar/Apr-Sep);
gft_{anno}	number of Terminal operating days for the Thermal Year 2013/2014;
gft_{m_i}	number of Terminal operating days for month i;
gft_{t_i}	number of Terminal operating days for each of the four quarters (Oct-Dec/Jan-Mar/Apr-Jun/Jul-Sep);
gft_{s_i}	number of Terminal operating days for each of the two half years (Oct-Mar/Apr-Sep);
Z	value of between $-60,000 \text{ m}^3_{liq}$ e $+60,000 \text{ m}^3_{liq}$;

If the requests for volume capacity distribution do not satisfy the aforesaid constraints, the Users will be allowed to correct these requests before the start of the phase described below.

In the presence of all Users, GNL Italia checks that for each month of the Thermal Year 2013/2014, the condition indicated below is respected:

b)

$$\sum_{K=1}^n V_{m_i}^K \leq V_{m_i}^T$$

where:

$V_{m_i}^K$	volume capacity requested by the User k for each month i;
$V_{m_i}^T$	volume capacity of the Terminal for each month, equivalent to 17.500 m ³ _{liq} multiplied by gft_{m_i} ;
n	number of Users who requested the distribution of capacity during the month i.

For each month in which the condition indicated under letter b) is satisfied, the volume capacity distribution requests made by each User are confirmed.

For each month i in which the condition indicated under letter b) is not satisfied, GNL Italia will:

- divide the Users present into two groups:
 - a first group made up of all Users who have requested a distribution that allows for month i a flexibility $Z \leq 0$;
 - a second group made up of all Users who have requested a distribution that allows for month i a flexibility $Z > 0$;
- confirm the distribution requests of the Users belonging to the first group.
- distribute, for each User belonging to the second group, a volume capacity value of:

$$\frac{V_{annuale}}{gft_{anno}} * gft_{m_i}$$

- sort the Users belonging to the second group in descending order of flexibility Z, as emerges from the distribution requests made by the Users themselves. If more than one User has the same flexibility value Z, the priority will be established by drawing lots.
- distribute the flexibility Z of the Users according to the order of priority indicated above until $V_{m_i}^T$ is reached, in accordance with the algorithm indicated here below:
 - if $Z_{m_i}^k \leq (V_{m_i}^T - V_{m_i}^D)$ the entire value of Z will be distributed to User k;
 - if $Z_{m_i}^k > (V_{m_i}^T - V_{m_i}^D)$ the part of the value of Z equivalent to the difference between $V_{m_i}^T$ and $V_{m_i}^D$ will be distributed to User k;
 where:
 - $Z_{m_i}^k$ flexibility Z of User k for month i, as emerges from the distribution request made by the User himself;
 - $V_{m_i}^D$ total capacity distributed for the month i, inclusive of flexibility Z values already distributed.

The flexibility values $Z_{m_i}^k$ that could not be distributed in the months requested by the Users will be distributed in the months in which there is still capacity available, as indicated here below.

Users whose volume capacity distribution requests have not been satisfied are sorted in ascending order of the mean absolute flexibility value Z, as emerges from the requested volume capacity distributions. If the mean absolute flexibility value Z is the same for more than one User, priority is established by drawing lots.

In respect of the aforesaid order, each user distributes the capacity not yet distributed in each month, within the limits of the available capacity.

Having distributed the entire volume capacity, each User requests the distribution of the number of landings for the months of the Thermal Year 2014/2015, by filling in the electronic form **DISTRIBUZIONE_NUMERO_DI_APPRODI** available in the Business and Service – Thermal Year 2013/2014 Capacity booking and transactions – Capacity booking at the start of Thermal Year.

GNL Italia checks that the condition indicated below is respected for each month:

c)

$$\sum_{K=1}^n NA_{m_i}^K \leq NA_{m_i}^T$$

$NA_{m_i}^K$	number of landings requested by the User k for each month i;
$NA_{m_i}^T$	number of landings that can be made at the Terminal for each month i, equivalent to the lower whole number of the ratio between gft_{m_i} and 2;
n	number of Users that requested distribution of capacity during the month i.

For each month i in which the condition indicated under letter c) is satisfied, the distribution requests of the number of landings formulated by each User are confirmed.

For each month i in which the condition under letter c) is not satisfied, GNL Italia distributes the landings in proportion, rounding down to the lower whole number and, in any case, to a number no higher than that requested by each individual User, on the basis of the volume capacity distributed in each month.

Users whose landing distribution requests have been reduced are sorted by drawing lots and each User, in respect of the aforesaid order, distributes the landings not yet distributed within the limits of the availability of each month.

At the end of the booked regasification capacity distribution process, GNL Italia draws up a report, which will be signed by the representative of each of the Users present.

If Users who hold Regasification Contracts for the Thermal Year 2013/2014 have not taken part in the aforesaid regasification capacity distribution process, GNL Italia sorts these Users by drawing lots.

The volume capacity of each of these Users will be distributed by GNL Italia in respect of the aforesaid order starting from the first month for which there is still capacity available.

The landings of each of these Users will be distributed by GNL Italia in respect of the aforesaid order starting from the first month with landings still available.

By **26th August 2014** GNL Italia will communicate the result of the booked regasification capacity distribution to each of the Users that have not taken part in the aforesaid regasification capacity distribution process.

Associating Cds with the volume capacity distributed

By **28th August 2014**, the Users who hold volume capacity must communicate to GNL Italia, at fax number 02 3703 0339, for each of the three months October, November and December of the Thermal Year 2014/2015, the request to associate Cds and/or fractions of Cds with calendar dates by filling in the electronic form **ASSOCIAZIONE_CD** available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year.

The request to associate Cds and/or fractions of Cds to calendar dates must be made in respect of the following constraints:

- the indication of a single date is not allowed;
- two sequences of non-consecutive dates must be spaced out by at least three dates not indicated on the list;
- each sequence of dates may contain at most one fraction of a Cd positioned at the start or end of it.

By **29th August 2014** GNL Italia will communicate to all Users who hold volume capacity for the aforesaid quarter:

- a) the result of the association of Cd and/or fractions of Cd with the calendar dates for the months of the quarter in which there has been no indication of a same date by more than the User or the sum of the fractions of Cds associated with the same date by several Users is not more than 1;
- b) the months of the quarter in which there has been an indication of at least one date by more than one User, and the sum of the Cds and/or fractions of Cds associated with one date is over 1, which will be subjected to the second phase of the association process on 4th September 2014.

For each month in which there is no indication of one date by more than one User, or the sum of the fractions of Cds associated with one date by more than one User is no more than 1, GNL Italia will confirm the requests to associate the Cds and/or fractions of Cds with the calendar dates formulated by the Users.

For each month in which there is no indication of a date by the Users, or the sum of the fractions of Cds associated with the same date by more than one User is not more than 1, but there is at least one User who has not communicated the aforesaid association request according to the times and methods laid down, GNL Italia:

- confirms the requests to associate Cds and/or fractions of Cds with the calendar days formulated by the Users who have communicated these requests according to the times and methods laid down;
- sorts, by drawing lots, those Users who have not communicated the requests to associate Cd and/or fractions of Cds with calendar days according to the times and methods laid down;

- associate, for each of the Users indicated in the previous paragraph, in the order identified, the capacity at their disposal to the remaining calendar days, starting from the first date available until there is no more volume capacity left for the month.

On **4th September 2014** at **10.00**, the Users who received from GNL Italia the communication mentioned under letter b) above, must be present at the central office of GNL Italia, at Piazza Santa Barbara 7, San Donato Mil.se (MI), and must be represented by a person with adequate powers, certified by signing the form – **ATTESTAZIONE_TITOLARITA'_RAPPRESENTANZA2** - available in the Business and Service – Thermal Year 2014/2015 Capacity booking and transactions – Capacity booking at the start of Thermal Year – to take part in the second phase of the process of associating Cds and/or fractions of Cds with calendar days.

This second phase of the association process is carried out on the basis of the requests for association of Cds and/or fractions of Cds communicated by the Users by 29th August 2012 and will be repeated for each month indicated under letter b) above, according to the methods defined here below:

- the Users will be sorted by drawing lots and a progressive identification number will be associated with each one;
- the sequences characterized by whole Cds alone, starting from the longest, will be associated with the calendar days with priority over those characterised by whole and fractioned Cds, which will be associated subsequently starting from the longest;
- for each User, on the basis of the progressive identification number, two whole sequences, one starting from the first day available from the start of the month and one, in inverse order in time, starting from the first day available from the end of the month, will be associated with the calendar days, until all whole sequences have been associated. Once all the whole sequences of all Users have been associated, the sequences made up of whole and fractioned Cds will be associated in the same way;
- the first day available is intended also to mean a calendar day characterised by the presence of a fraction of a Cd; in this case, the sequence will be re-adapted so as not to leave capacity unused on the first day available;
- Users who have not communicated the request to associate Cds and/or fractions of Cds with calendar dates according to the times and methods laid down will be inserted in the process, associating the capacity at their disposal with the calendar days. In this case, the minimum sequence that can be guaranteed will be 36,000 m³liq, except for the last sequence, which will be determined on the basis of the remaining capacity.

At the end of the process for associating the Cds with the distributed volume capacity for the months in which at least one date has been indicated by more than one User, and the sum of the Cd and/or fractions of Cds associated with the same date is more than 1, GNL Italia will draw up a report, which will be signed by the representative of each of the Users taking part.

By **9th September 2014** GNL Italia communicates the result of the Association of the Cds with the volume capacity distributed to each of the Users who were not present in this process.

By **24th September 2014** the Users holding volume capacity must communicate to GNL Italia the request to associate Cds and/or fractions of Cds with the calendar dates for the month of January 2014 by filling in the electronic form **ASSOCIAZIONE_CD**.