

## CONSTRUCTION AND MANAGEMENT OF DELIVERY AND REDELIVERY POINTS

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## PROCEDURE FOR REQUESTING CONNECTIONS TO NEW DELIVERY/REDELIVERY POINTS

### Introduction

This chapter aims to define the technical and economic terms and conditions governing the request and construction of connections related to the request of new Delivery/Redelivery Points, as provided for by article 8.2 of Legislative Decree n. 164/00. The requirements of this Chapter also apply, in addition to the construction, to the reinforcement of existing Delivery/Redelivery Points.

The activities may be subdivided into four phases:

1. the request;
2. the technical-economic evaluation;
3. the offer;
4. the construction.

### *The request*

The process that leads to the construction of a new Delivery/Redelivery Point is activated by a request, presented to Snam Rete Gas, with which the requesting party will provide Snam Rete Gas with the following elements:

- a) corporate data (address, company name, etc.);
- b) location and type of the plant to be powered (ATECO 2007 code of the productive activity / municipality);
- c) information instrumental to odorization pursuant to the Chapter 3, paragraph 3.11 above, and to this chapter 6 where the request does not concern a Redelivery Point that is interconnected with distribution networks;
- d) requested transportation capacities (daily flow, maximum hourly flow) and declaration of alignment of such capacity with the future consumption requirements;
- e) annual volume;
- f) other possible relevant information;
- g) statement of the deposit of € 2,000 as security, as a proof of genuine interest by the requesting party.

The requesting party may indicate when it requires the new Delivery/Redelivery Point to be effective. It is understood that the start-up of new Redelivery Points is subject to compliance with the conditions in paragraph 3.1.

Moreover, in the case of Delivery Points related to national production, the request must be coupled with the gas composition. In case of productions not compliant with the Quality Requirements defined in chapter "Gas quality", such data is necessary for the definition of the best solution in terms of connection point to the network of Snam Rete Gas' pipelines - which may not necessarily be the closest point to the production site - in order to allow the gas blending and make the gas compliant with the quality requirements above.

Having received the request, containing the above elements, Snam Rete Gas and the requesting party must agree upon the location of the Delivery/Redelivery Point and sign the relevant report.

In case the requesting party cannot be contacted or the Delivery/Redelivery Point cannot be defined within the three months following the request, the request will expire.

Within 40 days from the date of signing of the report described above, Snam Rete Gas shall send to the applicant its connection offer, except for cases in which the technical feasibility of the connection is particularly complex and without prejudice to the provisions of Chapter 13, paragraph 3.4 below.

In case of acceptance, the deposit described in point f) will be returned. Likewise, such deposit is returned when the requesting party, having decided to carry out the construction of the Delivery/Redelivery Point autonomously, will agree with Snam Rete Gas on the construction of a connection point to the pipeline, as provided for by this procedure.

#### *The technical-economic evaluation*

On the basis of the elements received by the requesting party and of the agreed Delivery/Redelivery Point, Snam Rete Gas plans the connection project and estimates the necessary investment and timing of its construction.

Having defined the investment requirements, Snam Rete Gas carries out the economic analysis, in order to quantify the possible contribution by the requesting party.

Attachment 6/A includes the calculation methodology that applies to the following circumstances:

- construction of a new Delivery/Redelivery Point,
- reinforcement of a Delivery/Redelivery Point, at which the requested transportation capacity is greater than the existing transportation capacity.

In all other circumstances, the requesting party has to pay a contribution equal to the connection cost, reduced by the allowance defined in point 1.2 of Attachment 6/A.

In this context, the Transporter must also carry out the assessments concerning the construction of the odorization plant, pursuant to paragraph 1.1.3.3.

#### *The offer*

Having carried out the technical-economic evaluation above, Snam Rete Gas makes a standard offer – the text of which, reported on its website and differentiating between cases where a contribution is and is not requested, specifies:

- characteristics of the Delivery/Redelivery Point (hourly and daily flows, minimum and maximum working pressure);
- the date of signing of the report for the definition of the Delivery/Redelivery Point;

- data relating to the localisation of the Delivery/Redelivery Point, defined in the report above;
- construction timing for the connection, subdivided in:
  - estimated time for obtaining licenses, authorisations and easements (Snam Rete Gas does not assume any responsibility nor obligation in this respect, with the exception of what is provided for in paragraph 2 of Chapter 19;
  - necessary time for the construction, starting from the time of obtaining all the licenses, authorisations and easements;
- construction costs, detailing the various cost components (service and external costs, materials, overheads), for cases in which a contribution is requested pursuant to paragraph 1.1.2
- timing for the construction of the odorization system, if required, at the regulating and metering station by the Transporter pursuant to paragraph 1.1.3.3. The timings are subject to construction of the regulating and metering station by the Applicant and are beyond the scope of the timing for setting up the connection, even for the purposes of section 1.1.4, point b);
- the required guarantee, of the following amount:
  - equal to the Delivery/Redelivery Point construction costs, in cases where, after the economic evaluation referred to in paragraph 1.1.2, no contribution is required;
  - equal to the Delivery/Redelivery Point construction costs, less the contribution in the cases where required;
- the possible contribution on the basis of the economic evaluation in paragraph 1.1.2;
- the procedures for acceptance of the offer;
- the term of validity of the offer.

The offer is valid for 3 months from the issue date and will be accepted, when, by the validity term above:

- 1) Snam Rete Gas receives a copy of the offer duly signed by the legal delegate or by a subject with adequate power;
- 2) Snam Rete Gas receives, together with the abovementioned acceptance of the offer, the bank guarantee described herein.

In cases where the requiring party has to pay a contribution, the failed payment will lead to the contract termination.

#### 1.1.3.1) *Requesting party's commitment and guarantees subsequent to the offer acceptance*

- a) The requesting party, in case of renunciation (with written communication to Snam Rete Gas) to construct the Delivery/Redelivery Point before its completion, will have to pay Snam Rete Gas an amount equal to the costs, properly documented, incurred by Snam Rete Gas until such date, as well as the expenses already assumed by Snam Rete Gas, less the contribution already paid.
- b) In case, within a year from the date when the transportation capacity was made available at the Delivery/Redelivery Point as communicated by Snam Rete Gas, a contract has not been signed by the requesting party or by another party entitled as for Resolution n. 137/02 for the provision of capacity in line with the indications

given, the charges due by the requesting party will be equal to the entire cost indicated in the offer, less any contribution already paid.

In order to cover such commitment, the requesting party must present, together with the offer acceptance, the following guarantee:

- first demand bank guarantee in favour of Snam Rete Gas, issued by an Italian credit institute or an Italian branch of a foreign bank;
- non-interest bearing security deposit.

The aforementioned bank guarantee, the text of which is available on the Snam Rete Gas website, must be submitted in original form together with the acceptance of the offer.

By presenting such bank guarantee, the releasing institute will commit itself to refund upon first request to Snam Rete Gas the following amounts:

- an amount corresponding to the sum of the incurred costs and the charges relating to the spending commitments already assumed at the time of the renunciation, in accordance with point a);
- an amount corresponding to the investment sums contained in the offer, in accordance with point b).

The aforementioned non-interest bearing security deposit shall be paid by wire transfer to the bank account expressly indicated by the Transporter in the offer, in time for the Transporter to verify that the amount has been credited together with the acceptance of the offer. The subscription to the offer prepared by Snam Rete Gas will not be considered valid until the Transporter has received payment in full or if the amount received is less than that set out in the offer.

The non-interest bearing security deposit specified in the offer may be used by the Transporter as payment:

- for any costs incurred and charges relating to the commitments already made at the date of the cancellation, in the case referred to in letter a);
- for the cost of carrying out the investment indicated in the offer, in the case referred to in letter b).

In case of non-payment by the requesting party of the relevant amounts described in points a) and b), Snam Rete Gas will enforce the financial guarantee, adjusting the following thermal year's tariff proposal depending on whether the requesting party has paid the amount due to Snam Rete Gas or Snam Rete Gas has enforced the bank guarantee.

#### 1.1.3.2) Construction of the regulation and measurement cabin

The construction of the regulation and measurement cabin is normally the responsibility of the requesting party. The measurement equipment that will be installed in the cabin and the relative installation scheme must be previously agreed with Snam Rete Gas. The procedures and guidelines on the specifications related to the

measurement plant (which remains the property of the requesting party) are included in the Network Code (Attachment “Sizing of REMI plants”).

The requesting party guarantees that if standards, procedures and guidelines other than those envisaged in the Network Code are used during the construction of the plant (subject to acceptance by Snam Rete Gas), said standards, procedures and guidelines are able to ensure, for the same purposes, equivalent or higher levels of quality and reliability of the measurement data. The requesting party also undertakes to make independent access to the measurement cabin possible: if, in the case of motivated reasons, this should not be possible, the requesting party agrees in any case to guarantee to the Transporter – through a self-declaration – the possibility to access the measuring plant at any time and safely, in order to permit its supplier to fulfil the obligations undertaken with Snam Rete Gas in accordance with this document: said declaration must contain a detailed description of how the above mentioned access will be permitted.

The Transporter shall make available on its website, specific procedures concerning access of their staff to the regulation and measuring stations and if required the installation and maintenance of its data acquisition and transmission equipment.

To allow daily availability of the measurement data, with hourly details, and greater precision and reliability of measurement and transmission, the new measurement stations must be:

- provided with automated measuring equipment fitted with suitable instruments for data transmission (modem for connection to the land line (PSTN) or mobile equipment (GSM));
- fitted with the chosen telephone line.

The data must also be legible and acquirable on site through connection with a laptop. For this purpose the data transmission equipment must be:

- positioned in a safe area, in accordance with current applicable laws;
- fitted with specific connector;
- supplied by a power source present in the cabin or, alternatively, by a photovoltaic source.

#### *1.1.1.3) Construction of the odorising plant at the Redelivery Points at Final Customers directly connected to Snam Rete Gas' transmission network*

The odorization system is normally built by the Transporter at the regulating and metering station, and always according to the criteria published on its website pursuant to the RQTG, article 5.3 (b)(i).

The odorization system shall be provided, installed and owned by the Transporter. The Transporter and its successors or assigns, shall have the right to keep the odorization system in the regulating and metering station free of charge without any burden or fee.

For the design and construction of the odorization system and to ensure safe access for Snam Rete Gas's staff, or subjects appointed thereby to its regulating and metering

station, the Transporter shall use the information provided by the Applicant pursuant to paragraph 1.1.4.2 and the permissions or certificates pursuant to paragraph 1.1.4.2.

Snam Rete Gas shall publish on its website the technical/application solutions adopted for gas odorization at Redelivery Points.

Any changes by the Applicant presented at the time of the connection request, pursuant to paragraph 1.1.1, or during the implementation of the Upgrade Plan pursuant to Chapter 3, are subject to the Transporter's acceptance. The additional costs for the design, construction and management shall be borne by the Applicant/Final Customer. If rejected by the Transporter or if the Applicant/Final Customer fails to pay the above costs, the Transporter shall not build the odorization system and thus shall not start up the Point set out in paragraph 3.1 below or initiate the procedures to shut down the Point in compliance with the terms and conditions of paragraph 3.2 below.

#### *The construction*

After signing the offer prepared by Snam Rete Gas, submitting the bank guarantees and paying any contribution above, the construction of the connection may begin.

Once the construction of the Delivery/Redelivery Point has been completed, Snam Rete Gas communicates it to the customer and publishes the relevant information on its website, indicating the REMI code and the date from which the new point is available for capacity booking.

## **METHODOLOGY FOR THE MANAGEMENT OF MEASUREMENT PLANTS**

The methodology for the management of measurement plants is described in the chapter "Gas measurement".

## **CONDITIONS FOR THE ACTIVATION OF NEW REDELIVERY POINTS AND TERMINATION OF EXISTING REDELIVERY POINTS**

The operational administration of Redelivery Points covers the phases of:

- 1) activation of new Redelivery Points;
- 2) termination of existing Redelivery Points.

### **Activation of new Redelivery Points**

The activation of a new Redelivery Point – in other words, the start of gas delivery at the point – will be authorised and performed by Snam Rete Gas, once the following contractual and technical conditions are met:

- capacity booking at the relevant Redelivery Point, according to the terms of the Transportation Contract;
- consent of the Shipper to start the redelivery of gas at the Redelivery Point;

- subscription of the certification and inspection report by the owner of the measurement plant and by Snam Rete Gas;
- possession – in case of measurement plants connected to fiscal deposits different from that of Snam Rete Gas – of the notification UTF;
- successful outcome of the document verification if required, pursuant to Resolution 40/14;
- readiness for operation of the odorization system if required pursuant to Chapter 3 and this Chapter.

The request to activate the redelivery of gas at the Redelivery Point (Activation Request) must be made by the Shipper via the relevant functionality on the Snam Rete Gas website, according to the terms and procedures contained therein. In order to gain access to this functionality, Shippers must submit an access request via the Snam Rete Gas website.

The content of the access request submitted by the Shipper (requests, commitments, declarations or acceptances), as well as any request/communication or expression of will made within the meaning of this paragraph by the Shipper via the relevant functionality of the Transporter's website, constitute a formal obligation and commitment on the part of the Shipper, which accepts any and all liability arising from any breaches/errors or omissions.

The request must include the designation by the Shipper of the Final Customer's use category as classified by the TISG as required by the RQTG by sending the specific declaration in compliance with the terms and conditions published using the features of the website. The declaration is required before start-up. If the designation includes the odorization service pursuant to Chapter 3, the Point shall not be started up until completion of construction and availability of the odorization system by the Transporter under the provisions of this Chapter.

If required for construction, the information needed to safely carry out installation and maintenance of the Transporter's odorization equipment must also be provided (by way of non-limiting example: information on access to the regulating and metering station and the specific risks, safety procedures, plant layout, classification of hazardous areas, contact persons), using the methods set out in the specific procedure provided by the Transporter on its website.

It is understood that, in relation to the above request and all the information/communications required to manage such requests, Snam Rete Gas does not accept any liability in respect of the Shipper, Final Customer or third parties with regard to the veracity, accuracy and completeness of the data communicated and the statements made by them.

The Transporter shall perform odorization at the Point on the basis of the content of paragraph 1.1.1 of this chapter. The Shipper must report and keep up to date the information that is instrumental for the odorization for Redelivery Points at Final Customers directly connected to the transmission network pursuant to Chapter 3, paragraph 3.11 above. The provisions of Chapter 20, paragraph 7 remain in force. Starting up the Redelivery Point shall be subject to the Shipper's report.

In the cases covered by Resolution 40/14, starting up the Redelivery Point is also subject to documental proof of the safety of the facility interconnected by Snam Rete Gas. To this end, the Shipper must ensure the provision of information and documentation concerning the facility as laid down by the aforementioned Resolution, pursuant to the applicable technical standards and the procedures published on the Transporter's website. The provisions of Chapter 20, paragraph 7 remain in force.

The same terms and conditions described in this paragraph shall also apply to the re-start-up of previously shut down existing Redelivery Points, including resuming operation following changes to the systems. It is understood that the re-start-up is conditional, if required by Chapter 3, paragraph 3.11, to the implementation of the odorization system if required, except as per Chapter 3, section 3.11.1, and to documental proof of the safety of the facility pursuant to Resolution 40/14.

### 1.1) Termination of existing Redelivery Points

If, during the Thermal Year, a Shipper intends to interrupt the gas flow to a Final Customer, the Shipper is required to submit the appropriate request (Termination Request) to Snam Rete Gas via the relevant functionality of the Snam Rete Gas website according to the terms and procedures indicated therein.

Except as specified below with regard to disconnection, the Redelivery Point is closed by means of "disking" - i.e. by inserting a metal disc at the connection point located immediately upstream of the Redelivery Point.

In order to gain access to this functionality, Shippers must submit an access request via the Snam Rete Gas website.

The content of the access request submitted by the Shipper (requests, commitments, declarations or acceptances), as well as the Termination Request and any request/communication or expression of will made within the meaning of this paragraph by the Shipper via the relevant functionality of the Transporter's website, constitute a formal obligation and commitment on the part of the Shipper, which accepts any and all liability arising from any breaches/errors or omissions.

In order to proceed with the termination operations:

- 1) in case of agreement between the Final Customer and the requesting Shipper on the need to terminate the contractual supply, the request must be accompanied by the appropriate statement signed by the Shipper and the Final Customer attesting to the common agreement to proceed with the termination operations;
- 2) in case of a Termination Request due to the cessation of activities by the Final Customer, at the time of submitting the request, the Shipper must attest to the date on which the activities ceased;
- 3) in all other cases, the Shipper must attest, at the time of submitting the request, that the request itself is compliant with terms of the contract signed with the Final Customer.

The Shipper must communicate all of the information required for each of the abovementioned cases via the relevant functionality of the Snam Rete Gas website using the forms contained therein.

The Termination Request is presented to Snam Rete Gas suitably in advance to comply with the contents of this paragraph.

In the case of a shared Redelivery Point, the request must be sent by all the Shippers present at the same Point.

It is understood that, in relation to the above request and all the information/communications required to manage such requests and the activities associated with closing a Point, Snam Rete Gas does not accept any liability in respect of the Shipper, Final Customer or third parties with regard to the veracity, accuracy and completeness of the data communicated and the statements made by them. The Shipper therefore indemnifies Snam Rete Gas against any request for damages by third parties.

Snam Rete Gas, after having verified the suitability and completeness of the request by the Shipper, will plan and communicate to the Shipper the date for the termination works, trying to accommodate the request of the Shipper or stating a new back date that is as close as possible to the one proposed by the Shipper. The communication from Snam Rete Gas to the Shipper is made via the relevant functionality of its website within the third working day after receiving the request from the Shipper. The report shall provide proof of the date of receipt of the Shipper's request and shall include the name and contact information of the Transporter's contact persons.

The Shipper will inform the Final Customer concerned that a request to close the Final Customer's Redelivery Point has been submitted to Snam Rete Gas (hereafter "Termination communication").

The Termination Communication must contain:

- the indication of the date to carry out the termination as planned and communicated by Snam Rete Gas to the Shipper;
- the specific warning that the termination intervention will in any case be carried out even in the absence of the same Final Customer.
- exclusively with regard to the second termination operation as described in detail below, the notification that, where it is not possible to close the Redelivery Point by means of a dinking operation, the Redelivery Point will be disconnected by cutting off the flow of gas upstream of the Point, where technically feasible.

The Termination Communication must be sent to the Final Customer with suitable advance in order to allow the Final Customer to implement all the actions aimed at ensuring safety at its plants. This advance must not be shorter than 20 days compared to the date identified for the execution of the intervention, excluding the cases under point 1 above, which are subject to the agreement between the Final Customer and the Shipper, as communicated to Snam Rete Gas..

The Shipper must likewise ensure, providing evidence to Snam Rete Gas through the relevant functionality made available by Snam Rete Gas on its website and according to the terms and methods indicated therein, that the Termination Communication has the

minimum content specified above and has been sent to the Final Customer with the abovementioned advance.

The Shipper, as part of the termination request, may express its intention for a representative of the company to be present at the termination who, if actually present, will sign the relevant report together with a representative of the Transporter. In case of a shared Redelivery Point, the Shippers may delegate a Shipper, which will ensure that its representative is present at the termination. In this situation, all of the Shippers at the Redelivery Point must agree to the delegation.

Except with regard to the activation of the Default Transportation Service, the Shipper will be obliged to pay for the capacity booked at the Redelivery Point for the remaining part of the Thermal Year.

In particular, where the request to close the Redelivery Point by the Shipper is submitted following the termination of the supply contract due to non-performance by the Final Customer, the Transportation Contract entered into with the Shipper shall cease to apply with regard to the Redelivery Point for which the Termination Request has been submitted.

The Shipper, up until the actual closing of the Redelivery Point, may cancel their request no later than 12 noon on the working day before the diking operations are due to take place, by sending a cancellation request via the relevant functionality made available by Snam Rete Gas on its website.

In the event that a cancellation request is submitted after this deadline, or an intervention is made in the form of a declaration on the appropriate report signed by the representative of the Shipper, Snam Rete Gas is entitled to charge the Shipper the costs incurred in the meantime.

In all cases, the cancellation involves the continuation of the supply to the Redelivery Point by the Shipper.

The Shipper must in all cases notify the owner of the plant of the cancellation of the previously scheduled termination intervention.

Snam Rete Gas will not carry out the operation requested in the following cases:

- a) in the absence of all the Shippers' termination requests, in case of a shared Redelivery Point;
- b) where the Shipper has not provided a statement to Snam Rete Gas - through the relevant functionality made available on the Transporter's website according to the terms and methods indicated therein - certifying that the Termination Communication has been sent to the Final Customer with the minimum content specified above and the related reception by the latter within the notice period indicated above
- c) in the event of the timely and explicit cancellation by the Shipper or, in the case of shared Redelivery Points, by at least one of the Shippers;

- d) should Snam Rete Gas be unable to carry out the termination due to causes out of its control (such as, purely by way of example, denied access to the area where the point to be terminated is located to Snam Rete Gas personnel). These circumstances will be recorded in the report. Except as provided in this paragraph, in this case, the Shipper will agree with Snam Rete Gas a second date to carry out the termination and will inform the Final Customer of the new date, providing proof to Snam Rete Gas of the reception of the communication by the Final Customer. The request and the scheduling of the second termination intervention can be carried out at the same time as the request for the first intervention, for a later date. The second request will be automatically cancelled in cases where the diskings operation is carried out during the first scheduled intervention. In case of the persisting impossibility for Snam Rete Gas to carry out the second diskings intervention, Snam Rete Gas will: (i) having verified the technical feasibility of such an intervention, proceed to disconnect the Redelivery Point by cutting off the flow of gas upstream of the Redelivery Point; and (ii) based on the specific request of the Shipper submitted at the same time as the request for the second diskings intervention, contact the competent juridical authority in order to obtain a juridical permit that authorises Snam Rete Gas to proceed with the diskings intervention, specifying the execution methods. To this end, the Shipper must, according to the terms and procedures defined by Snam Rete Gas, provide the necessary documentation via the specific functionality made available on the Snam Rete Gas website.

In all cases where the diskings operation is not carried out, the Transportation Contract in place with the Shipper will remain fully effective, including for the Redelivery Point for which the termination request was formulated. The cases referred to in letters a) and d) are without prejudice to the provisions of Chapter 5, paragraph 11.

Except for the technical aspects associated with the diskings and disconnection operations, the Shipper assumes all and any liability towards the Final Customer and towards any third party regarding the termination, expressly exonerating Snam Rete Gas from any claims for damages made, for any reason, by the Final Customer or by third parties.

The provisions under this paragraph are also applied in the cases under Chapter 5 "Transportation Capacity Booking Procedure", paragraph 11.