



Tariffs criteria for gas transport for the Transitory Period 2018-2019

San Donato Milanese, 4 August 2017 - The Regulatory Authority for Electricity Gas and Water (AEEGSI) has published the Resolution n. 575/2017/R/gas which sets out the tariff criteria for the gas transmission activity during the Transitory Period 2018-2019.

- Regulatory Asset Base (RAB):

Investments carried out in year t-1 will be included in the RAB for the tariff determination of year t, substituting 1% additional return used to cover the regulatory time-lag.

- Rate of return (WACC):

The current asset β parameter is confirmed for the Transitory Period 2018-2019. The current rate of return, equal to 5.4% in real terms pre-tax, is therefore confirmed for 2018 and will be updated by January 2019 with the expected adjustments of the basic parameters.

- Incentives on new investments:

Current input-based incentive scheme (1-2% for 7/10 years respectively for regional and national networks) will be applied to new development investments entered into operation by 31 December 2017.

An input-based incentive scheme (1% for 12 years for regional and national networks) will be applied to development investments of new transmission capacity entering into operation in years 2018 and 2019, started at 31 December 2017. The incentive will be also applied to investment started after 1 January 2018 entering into operation in the transitory period, included in the Development Plan, with a benefit-cost ratio higher than 1.5 and a positive Authority evaluation.

The 1% additional return to cover the regulatory time-lag is applied to the investments carried out in the period 1 January 2014 - 31 December 2016.

- Operating Costs:

Cost base used for the 4th Regulatory Period will be rolled forward according to inflation and a productivity factor (X-factor). The unit commodity charge (CV) for years 2018 and 2019 will be calculated considering a reference volume equal to 67.2 bcm.