



Technical Operating Provisions (DTF) for the allocation of the Flexibility Service (hereinafter "DTF") pursuant to the Regasification Code cleared by ARERA with resolution no. 469/2023/R/Gas - version 1.4.1

1. INTRODUCTION AND DEFINITIONS

Introduction

- a) The Regasification Authority for Energy, Networks and Environment (ARERA) on 3 August 2021 cleared the Adriatic LNG Regasification Code, which introduced changes regarding access to the Flexibility Service made available by the Operating Company, allowing access to both Regasification Users and Transport System Users to improve competition in the gas market in Italy;
- b) in accordance with Article 12 of the TIRG and Annex (o) of the Regasification Code, the Operating Company offers the Flexibility Service (hereinafter, also, the "Service") according to transparent and non-discriminatory auction procedures according to the terms provided for in the Regasification Code as implemented below;
- c) taking into account the technical requirements for the operation of the Terminal and in compliance with the highest levels of operational safety and reliability, the Operating Company will publish from time to time on the specific Portal for the Flexibility Service (hereinafter "Portal") the Flexibility Volumes referred to in Article 3.7.1 of Chapter II and Annex (o) of the Regasification Code;
- d) On 17 October 2023, the Regulatory Authority for Energy, Networks and the Environment (ARERA) verified the Adriatic LNG Regasification Code, which introduced the *Portale Asta*, the electronic platform for assigning regasification capacity (including allocation of secondary capacity as required by art. 12 of EU Regulation 2022/2576), organized and managed by the Operating Company through which, if previously communicated by the Operating Company on its Electronic Communication System, the procedures for the allocation of Available Capacity and the Additional Services offered by Adriatic LNG, including the Flexibility Service, can be carried out.

Definitions¹

The capitalized terms refer to the definitions set out in the Regasification Code and, if not defined in the latter, they will have the following meaning:

- (i) **"Guarantees"** has the meaning attributed to it in article 3.2;
- (ii) **"Subscription Form"** has the meaning attributed to it in article 3.1;
- (iii) **"Compensation Period"** means the period, expressed in days when the Operating Company is available to redeliver the offered volumes in increase or decrease– *Periodo di Compensazione (PdC)* in the Italian version;

¹ Order of definitions as reported in the Italian version.

- (iv) **“Portal”** means the IT tool made available by the Operating Company on the Electronic Communication System for the allocation of the Flexibility Service;
- (v) **“Request”** means the quantity of Gas (MWh) in increase or decrease requested by the Flexibility Service User on the Portal with the associated economic offer (unit price offered) binding and unconditional in €/MWh and relevant PdC requested on the basis of what proposed by the Operating Company;
- (vi) **“Session”** means the period of time of 30 (thirty) minutes within which the Flexibility Service Users can make the Requests for allocation of the Service in relation to what is offered from time to time by the Operating Company on the Portal;
- (vii) **“Closing” or “Auction End Date”** means the closing time of each auction session;
- (viii) **“Flexibility Volumes” or “Volumes”** means the increasing or decreasing quantities of Gas expressed in MWh that the Operating Company publishes on the Portal for the offer of the Service;

2. Subject

The subject of these DTF is the definition of the application rules of the auction procedures for the allocation and provision of the Flexibility Service in compliance with the criteria set out in the Regasification Code.

3. Access to the Portal and allocation of the Flexibility Service (Access requirements - guarantees and payment obligations - access to the Portal - offer of the Service and Requests of the Flexibility Service User, auction sessions and calendar - reserve price - allocation criteria and communication of Sessions results)

3.1. Access requirements

Access to the Portal and participation in the Sessions for the allocation of the Service through the Portal are allowed impartially and on equal terms to all subjects who meet the requirements referred to in the following paragraphs.

Operators who have an interest in accessing the Portal and participating in the allocation procedures of the Flexibility Service shall (i) satisfy the conditions set out in the Regasification Code as applicable and (ii) obtain a Qualified Electronic Signature (FEQ) certificate in PADES format in the name of the person with adequate powers of representation who will proceed with the signing of the documentation enabling the auction procedures, provided by an authorized provider on the official EU list (<https://esignature.ec.europa.eu/efda/tl-browser/#/screen/home>) or, alternatively, other similar means suitable to meet the same requirements that will be evaluated by the Operating Company at its sole discretion.

An operator becomes a User of the Flexibility Service and request access to the Service to the Operating Company, delivering the documentation enabling access to the Portal and to the auction procedures listed below, depending on the type of operator (Regasification Service User or Transport System User), and made available by the Operating Company on the Electronic Communication System. An operator:

- **who is also a Regasification Service User**, can request access to the Flexibility Service after completing and submitting to the Operating Company the:

- Flexibility Subscription Form (Annex 1)
- Flexibility Portal Access Form (Annex 4);
- **who is a Transport System User**, can request access to the Flexibility Service after completing and submitting to the Operating Company the:
 - Flexibility Contract for Transport System User (hereinafter, also, "Contract") (Annex 2);
 - Flexibility Portal Access Form (Annex 4),
- **and delivery of:**

a Guarantee, in the form of a first demand guarantee (Annex 3), non-interest-bearing security deposit or rating, as specified in article 3.2 below;

All the documentation must be sent by the operators to the Operating Company at the following PEC address terminale.gnl.adriatico_mercato@pec.it and digitally signed using a Qualified Electronic Signature (FEQ) certificate in PADES format or, alternatively, other similar means suitable to meet the same requirements that will be evaluated by the Operating Company at its sole discretion.

The documentation can be sent to the Operating Company by 5:00pm CET every business day. For the purposes of these DTF, in order to determine the date and time of the actual submission of the documentation to the Operating Company, what is indicated as "the download date" on the PEC platform of the Operating Company will prevail. The Operating Company check the correctness of the documentation delivered and, if the aforementioned documentation is satisfactory, The Operating Company enables the Flexibility Service User to access to the Portal and communicates the access credentials within 3 (three) Business Days.

3.2. Financial guarantees to cover the obligations of the Flexibility Service Users - payment obligations

The **Regasification Service User** is required to guarantee the Regasification Service User guarantees to cover the obligations relating to the Capacity Agreement (article 10 of Chapter III) including the guarantee of the obligations for the provision of the ancillary flexibility service. Regasification Service Users who, on the date of submission of the above documentation, have not made the payments due to the Operating Company under any obligation (e.g. Capacity Agreement) for amounts invoiced and already due, cannot become Flexibility Service Users. The Operating Company will promptly inform ARERA of this circumstance for the adoption of the relevant measures.

The standards for Regasification Service Users referred to in the Regasification Code are adapted to **Transport System User** who is required to provide and maintain adequate financial guarantees for the obligations envisaged by the Contract to which he is a party for the entire duration of the Agreement. To this end, upon submitting the documentation for access to the Service, as described in paragraph 3.1 above, the Transport System User must provide the Operating Company:

- a) written evidence in a form and substance satisfactory to the Operating Company that the credit rating of the Applicant with reference to its long term unsecured and unguaranteed debt is not less than at least one of the following ratings:
 - BBB- issued by S&P; or
 - Baa3 issued by Moody's; or
 - BBB issued by Fitch Ratings.

In the event of a lowering of the rating, the Transport System User is required to provide adequate guarantees in order to continue to access the Service.

Or:

- b) Adequate guarantees to cover the exposure of the Transport System User towards Adriatic LNG, of a minimum value of € 100,000 (one hundred thousand/00 euros), in one of the following forms:
 - a. first demand guarantee provided by an Approved Guarantor in the form set out in the Guarantee_ Transport System User (Annex 3);
 - b. non-interest-bearing security deposit.

The *rating* referred to in lett. a), the guarantee on first demand and the non-interest bearing security deposit referred to in lett. b) are intended as a guarantee.

The value of the exposure of the Transport System User towards Adriatic LNG is determined by the amounts (including VAT) relating to the Flexibility Service (Fees for the Flexibility Service) due by the Transport System User listed below:

- invoices issued and not yet paid, and
- amounts accrued and not yet invoiced.

Invoices, once paid by the Transport System User, will be accounted for within 2 (two) Business Days from the receipt of the credit on the Operator's current account and will be included in the calculation of the exposure within the next business day from the day of the accounting.

The exposure of the Transport System User towards Adriatic LNG will be monitored daily for the period of validity of the Contract. In the event of a first demand guarantee or a non-interest bearing security deposit referred to in lett. b) above, the Transport System User has the right to increase or decrease the Guarantee during the period of validity of the Contract, provided that the minimum coverage of the exposure is maintained for the entire period of validity of the Contract. Failure to comply with this condition results in the loss of access to the Service. In particular, if the value of the exposure is not covered by the value of the first demand guarantee or by the non-interest bearing security deposit, the Operating Company will notify the Transport System User by certified e-mail of the suspension from the use of the Portal with a notice of 2 Business Days.

The daily monitoring of the exposure value is carried out by Adriatic LNG on the basis of the information available on the previous Business Day. If the exposure value reaches 90% of the value guaranteed by the first demand guarantee or by the non-interest bearing security deposit, Adriatic LNG will notify the fact to the Transport System User by means of a certified e-mail communication. The Transport Service User shall then check his position for compliance with the conditions referred to in this paragraph.

The financial guarantee will remain in force until at least the sixtieth (60th) day following the expiration date of the Agreement. If the Flexibility Service User to whom access and/or provision of the Flexibility Service is provided, for any reason fails to pay the Flexibility Fees, the Operating Company may, at its discretion, enforce the guarantee and the provision of the Flexibility Service will be suspended.

3.3 Access to the Portal

Access to the Flexibility Portal is subject to the receipt of strictly confidential login credentials sent by the Operating Company to the Flexibility Service User. The login credentials (user and password) are provided by the Operating Company to the authorized name that has been previously indicated by the Flexibility Service User to use the Portal in the Flexibility Portal access form. The Flexibility Service User is responsible for the use and activities that take place through their account and/or through the use of login credentials. The Operating Company do not guarantee the availability and functioning of the Portal.

3.4 Service Offer and Flexibility Service User Requests - sessions and calendar

Flexibility Volumes, **if available**, are proposed by the Operating Company on an Intra-day, Day-ahead or More-days basis, in increase and / or decrease of the Redelivery, according to the calendar and times provided below. The Operating Company offers the Flexibility Volumes on the Portal and communicates the start time of the Session to the Flexibility Service Users.

The Operating Company also provides the constraints within which the Compensation Period ("PdC") is defined, i.e. the timing and quantities to compensate the Flexibility Volumes offered.

Requests for the Flexibility Service must be submitted exclusively through the Portal. Requests for increasing and/or decreasing quantities of Gas by the Flexibility Service Users must be made within the limits of the Flexibility Volumes provided by the Operating Company on the Portal. If a Flexibility Service User makes a request for quantities of Gas increasing and/or decreasing greater than the Flexibility Volumes made available by the Operating Company, the Request is not accepted by the Portal.

The requests also include the Compensation Period ("PdC") to be entered on the Portal together with the quantities of Gas, within the limits of the availability of quantities in MWh per day in which the Operator can carry out the redelivery.

The Request provided in the Portal is binding, unconditional, irrevocable and valid until the end of the Session. No justification or reason will enable the Flexibility Service User to declare his Request ineffective, invalid or otherwise revoked. In the event that more than one Request is received by the Operating Company from the same Flexibility Service User in the same Session, only the last Request will be taken into consideration.

Until the end of the Session, the Flexibility Service User may replace the previous Request submitted with a new one, provided that the total economic value of the subsequent Request, is greater or same as the previous one.

Requests submitted in ways that do not comply with the conditions set out in the Regasification Code and the DTF for the allocation of the Flexibility Service are not admitted to the auction procedure and will be excluded, without any responsibility being ascribed to the Operating Company.

- **"Day - ahead" Flexibility Service – Requests & Allocation Process:**

In the case of Flexibility Volumes offered for **Days D + 1**, the following applies:

- **by 3.30 pm C.E.T. on Business Day D:** the Operating Company offers the Flexibility Volumes and referred Compensation Period on the Portal and opens the first auction Session;

- the Flexibility Service User must send the Requests to the Operating Company through the Portal;
 - at the end of the auction Session ("Closing"): the Operating Company, through the Portal, communicates to the Flexibility Service Users the results of the allocation process in terms of Flexibility Volumes allocated, if any, and relevant PdC, awarded in consideration of the economic merit of the Flexibility volumes allocated.
 - Following the allocation process pursuant to the previous paragraph, if there are residual Flexibility Volumes, the Operating Company communicates the Volume offered and the opening time of the next auction to the Flexibility Service Users. **The Operating Company organizes auction Sessions as long as there are no more Volumes to offer, including, in the case of a Business Day before a holiday, the Volumes for the following days, up to, for example, D + 3, no later than 5.00 pm C.E.T.**
- **"More-days" Flexibility Service – Requests & Allocation Process:**

In the case of Flexibility Volumes offered for Days D +x², the following applies:

- by 3.30 pm C.E.T. on Business Day D: the Operating Company offers the Flexibility Volumes and referred Compensation Period on the Portal and opens the first auction Session;
- the Flexibility Service User must send the Requests to the Operating Company through the Portal;
- at the end of the auction Session ("Closing"): the Operating Company, through the Portal, communicates to the Flexibility Service Users the results of the allocation process in terms of Flexibility Volumes allocated, if any, and relevant PdC, awarded in consideration of the economic merit of the Flexibility volumes allocated.
- Following the allocation process pursuant to the previous paragraph, if there are residual Flexibility Volumes, the Operating Company communicates the Volume offered and the opening time of the next auction to the Flexibility Service Users. **The Operating Company organizes auction Sessions as long as there are no more Volumes to offer, no later than 5.00 pm C.E.T.**

"Intra-Day " Flexibility Service – Requests & Allocation Process :

The following applies:

- by 11.00 am C.E.T. on Business Day D: the Operating Company offers the Flexibility Volumes and referred Compensation Period, on the Portal and opens the first auction Session;
- the Flexibility Service User must send the Requests to the Operating Company through the Portal;
- at the end of the auction Session ("Closing"): the Operating Company, through the Portal, communicates the results of the allocation process of the Flexibility Volumes allocated, if any, and Compensation Period, awarded in consideration of the economic merit of the Flexibility volumes allocated, to the awarded Flexibility Service Users for the same Business Day D.
- Following the allocation process, pursuant to the previous paragraph, if there are residual Flexibility Volumes, the Operating Company communicates the Volume offered and the opening time of the next auction to the Flexibility Service Users. **The Operating Company organizes Auction Sessions as long as there are no more Volumes to offer for the day, no later than 5.00 pm C.E.T.**

² The request and allocation on "More-days" Flexibility Service basis, refers, for example, to the case of offering holidays and/or days before holidays (e.g. weekends) where the operating Company proposes daily volumes to be allocated, together with compensation period, bonded.

The auction timetable for the Flexibility Service is the following:

| TYPE OF AUCTION | MONDAY (Business Day) | TUESDAY (Business Day) | WEDNESDAY (Business Day) | THURSDAY (Business Day) | FRIDAY (Business Day) |
|---------------------|-----------------------|------------------------|--------------------------|-------------------------|-----------------------|
| Intraday D (*) | X | X | X | X | X |
| Day ahead D+1 (**) | X | X | X | X | X |
| D+2 (Sunday) (**) | | | | | X |
| D+3 (Monday) (**) | | | | | X |
| D+x (e.g. Week end) | | | | | X |

The program is subject to change based on calendar days (*Business or Non-Business*) and on the availability of Flexibility Volumes to offer. For each type of auction, Sessions with increasing and / or decreasing Flexibility Volumes can be organized within the timetable indicated by the Operating Company.

3.6 Criteria for allocation and communication of Sessions results

At the end of each Session, the Operating Company using the Portal, defines a single order of merit and allocates the Service starting from the Flexibility Service User who made the Request with the highest overall economic value, understood as the product of the requested quantity, within the limits of the Volumes of Flexibility made available by the Operating Company, and the unit price offered in accordance with the provisions of Annex (o) of the Regasification Code.

Based on the above order of merit, the allocated Flexibility Volumes will be distributed by the Operating Company in the Compensation Periods in consideration of the preferences expressed in the Requests. In case of receipt of one or more offers that exceed the quantity offered by the Operating Company, the requests will be selected on the basis of the criterion of maximization of the economic value and possibly re-proportioned in order not to exceed the quantity offered by the Operating Company.

The Operating Company communicates through the Portal to each User of Flexibility Service the results of the Session in which he made the Request in accordance with the provisions of the DTF and the Regasification Code. The communication of the Operating Company is deemed to be acceptance of the Request made on the Portal without the need of any other communication or exchange of correspondence.

Following the allocation of the Flexibility Service, the Awarded Flexibility Service User agrees to:

- a) in the case of a **Regasification Service User**: Redelivery Program Variation, Modified Redelivery Program, Modified Redelivery Program following requests for Additional Services, Spot Redelivery Program, Modified Spot Redelivery Program, Modified Spot Redelivery Program following requests for Additional Services as applicable, for the allocated Flexibility Volumes or
- b) in the case of a **Transport System User**, the gas exchange transaction at the PSV of the allocated Flexibility Volumes.

4. Flexibility Service availability in the event of an unplanned reduction of gas redelivery.

In the event of an unplanned reduction of gas redelivery on Day D, in the case of differences between the total quantity of Gas planned for Redelivery by the Operating Company to all Terminal Users for that day (both Regasification Service Users and Flexibility Service Users) and the quantity actually regasified on the same Day D, the Operating Company redelivers the overall quantities regasified giving priority to the Regasification Service Users as part of the provision of the Regasification Service.

In particular, if, following the redelivery of the quantities to the Regasification Service Users as part of the Regasification Service provision, additional volumes are available for the Flexibility Service Users, these volumes will be redelivered, defining for each Flexibility Service User, respectively (i) the Variation of the Redelivery Program of Flexibility Volumes (for Flexibility Service Users who are also Regasification Users) and/or (ii) the Gas exchange at the PSV (for Transport System Users) of the Flexibility Volumes actually redelivered by the Operating Company, as *pro rata* on the respective Flexibility Volumes allocated to the Flexibility Service Users at the end of the reference Session.

5. Various provisions

- a) Without prejudices to the TIRG and with the provisions adopted by the Operating Company in its implementation, the Operating Company reserves the right to modify, cancel, revoke, suspend, interrupt the procedure for the allocation of the Flexibility Service, at its sole discretion by communicating via certified e-mail to the Flexibility Service Users, within the deadline set for the determination and communication of the allocation. The Flexibility Service Users may not, individually or collectively, claim from the Operating Company, for the aspects of competence, expectations of any kind in relation to the allocation of the Flexibility Service subject to the allocation procedure, any right to compensation, reimbursement or indemnities of any kind.
- b) The Operating Company is not responsible and will not bear the charges and expenses incurred by the Flexibility Service User for the purpose of participating in the auction.
- c) The Operating Company is not responsible, in any way, for the information provided via telephone.
- d) The information, provided in any way and on any means, received by the Flexibility Service Users are to be considered strictly confidential and may not be used for any purpose other than participating in the auction pursuant to the Regasification Code and the DTF.
- e) If there is a conflict in interpretation between the DTF and the Regasification Code, the latter must be considered prevalent.
- f) For anything not expressly regulated by this DTF, please refer to the provisions contained in the Regasification Code.

9. Annexes

The following attachments made available by the Operating Company on the Electronic Communication System (www.adriaticlng.it) represent an integral part of this DTF:

Annex 1 – Modulo di Sottoscrizione - Flexibility Subscription Form

Annex 2 – Contratto per l'accesso al Servizio di Flessibilità - Flexibility Contract for Transport System User

Annex 3 – Garanzia_Utenti del Servizio di Trasporto - Guarantee_ Transport System User

Annex 4 – Modulo di richiesta di accesso al Portale - Portal Access Form

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