



Terminale GNL Adriatico S.r.l.

Temporary Auction Rules for the allocation of the Infra-Annual Capacity pursuant to the TIRG Version– Temporary Procedure for the allocation of the Infra-annual available regasification capacity as per art.3 of the Resolution 97/2020/R/Gas – Update.

1. Preamble and definitions

Preamble

- a) On 28 September 2017 the Regulatory Authority for Energy Networks and Environment (ARERA) adopted Resolution no. 660/2017/R/Gas on "Regulatory reform regarding the allocation of the LNG regasification capacity on the basis of market mechanisms (auctions)" and relative Annex A "Integrated text of the provisions concerning guarantees of free access to the LNG regasification service (TIRG)" and on 19 November 2019 Resolution n. 474/2019/R/Gas "Tariffs criteria for the regasification service for the fifth regulatory period (2020-2023)";
- b) in accordance with article 6.3 of the TIRG, the Operating Company intends to allocate the Infra-Annual Capacity through a competitive auction according to the terms and conditions describes;
- c) in consideration of the requests coming from operators in the gas market the Operating Company is motivated to allow the berthing and unloading of LNG carriers with a capacity from 65,000 m3 up to 217,000 m3 of LNG;
- d) ARERA, on 26 March 2020, with Resolution n. 97/2020/R /Gas, provided that, pending the adjustment of the PAR platform, the Operating Company can directly manage the auction process with transitional procedure following the publication of their terms and conditions;
- e) On July 7 2020 the Operating Company published the updated version of the temporary auction rules ("Temporary Auction Rules"), always providing that the Available Capacity is offered and assigned in a non-discriminatory way and ensuring the maximum competitive comparison amongst all the Capacity purchase offers Available, regardless of the size of the LNG carriers used for the discharge;
- f) references to PAR and/or GME in the Regasification Code, for example, in point b) α) i), iii) and ix) of article 2.4.2. of Chapter II, are temporarily suspended;
- g) in order to optimize the use of the Available Capacity, taking into consideration the operating conditions, time by time, and before the starting of the auction, the Operating Company as a Reasonable and Prudent Operator, will declare on the Electronic Communication System, before the start of the relative auctions, the possibility of berthing, unloading and unmooring of an LNG vessel with a quantity in discharge up to 217,000 m3liq also in Slots with a duration of less than 126 hours and that, the relative quantity of LNG can be Regasified in accordance with

- the Regasification Code;
- h) Weekly price movements, including significant ones, were found on the main wholesale gas markets in Europe and on the world LNG market;
 - i) the Regasification Code approved with ARERA Resolution of 26 March 2020 n. 97/2020/R/Gas provides for the obligation to organize at least one competitive auction per month for the allocation of the Infra-Annual Capacity;
 - j) with a view to further maximizing the use of Available Capacity, the Operator intends to increase the frequency of competitive auctions for the allocation of Infra-Annual Capacity referred to in the Regasification Code by organizing four sessions per month (i.e. one session per week) and adding improvements to the timing of the procedure to facilitate participation.

Definitions

The terms in capital letter refer to the definitions in the Regasification Code and, if not defined in the latter, have the following meaning:

- (i) “*Bid Bond*” has the meaning attributed to it in article 4.3;
- (ii) “Unit Price” the price expressed in €/m³liq that the Participant undertakes to pay for the Product requested. The Unit Price does not include VAT;
- (iii) “Form of commitment” or “Form” has the meaning attributed to it in article 4.2;
- (iv) “Offer Form” has the meaning indicated on art. 5.1
- (v) “Offer” means the binding and unconditional economic offer in €/m³liq per Product made in accordance with this Temporary Auction Rules;
- (vi) “Participant” has the meaning attributed to it in article 4;
- (vii) “Product” means the amount of Infra-annual Capacity consisting of one or more Unloading Slots and respective quantity, among 65.000 m³liq up to 217.000 m³liq, auctioned by the Operating Company;
- (viii) “Actual Offered Quantity” has the meaning attributed to it in article 5.1;
- (ix) “Actual Requested Quantity” and “Communication of Actual Requested Quantity” have the meaning attributed in article 5.1;
- (x) “Temporary Auction Rules” has the meaning attributed to it in premise e) and pursuant to ARERA Resolution of 26 March 2020 n. 97/2020/R /Gas temporarily replaces “Auction Regulations” as defined in article 1.1 of Chapter I of the Regasification Code;
- (xi) “Term” has the meaning attributed to it in article 5.1 a).

2. Object

The allocation of the Infra-Annual Capacity is the object of this Temporary Auction Rules.

The allocation of the Infra-Annual Capacity through auction procedures is carried out on a weekly basis and in compliance with the temporarily criteria defined in the Temporary Auction Rules.

3. Methods of participation

Participation in the auction procedure is allowed in an impartial manner and on equal terms to all parties that meet the requirements of the following article 4.

4. Participation requirements

- 4.1 The parties interested in participating in the allocation procedures shall (i) satisfy the conditions set forth in the Regasification Code and (ii) ought to have a Qualified Electronic Signature Certificate (FEQ) in a PADES format, in a person's name with adequate powers of representation, who will proceed with the signing of the auction and contractual documentation, provided by an authorised provider amongst the official list of the UE (<https://webgate.ec.europa.eu/tl-browser/#/>) or, alternatively, other similar tools and suitable to satisfy the same requirements that will be evaluated by the Operating Company at its unquestionable judgment.
- 4.2 Each interested party ("Participant") shall submit a declaration to the Operating Company, using the Form available on the Adriatic LNG Electronic Communication System, by 17.00 (seventeen) on the Working Day before the day of the auction:
- a) satisfaction of all the Access Requirements foreseen by article 2.4.4 of Chapter II of the Regasification Code;
 - b) acceptance of the provisions of the Regasification Code and the herewith Auction Rules;
 - c) commitment - through an Access Request - to execute, under the terms of the Regasification Code, the Contract for the Regulated Capacity or a Contract for the Spot Capacity functional to the execution of one or more Discharges indicated in the Offer;
 - d) not to be subject to bankruptcy proceedings or any debt recovery actions by the Operating Company;
 - e) to have, pursuant to and for the effects of the D.P.R. n. 445/2000, the powers of representation by the signer as well as provide adequate documentation to support this declaration.

All documentation must be sent by the Participants to the Operating Company at the following PEC address terminale.gnl.adriatico_mercato@pec.it and digitally signed using a Qualified Electronic Signature Certificate (FEQ) in PADES format or, alternatively, other similar tools and suitable to meet the same requirements that will be assessed by the Operating Company at its unquestionable judgment.

In the event that the mentioned documentation is satisfactory, the Operating Company will communicate to the Participants, within eighteen (18.00) of the Working Day before the day of the auction the qualification of the Participant to be able to make one or more Offers for the Intra-annual Capacity Subscription Procedure.

For the purposes of these Temporary Auction Rules, to determine the exact date and time of the delivery of the documentation to the Operating Company, including e.g. the Offer Form, the Contract for the Regulated Capacity or the Contract for the Spot Capacity, the "download date" on the PEC platform of the Operating Company will be taken as evidence.

4.3 *Bid Bond*

- a) In order to participate to the auction procedure, the Participant shall provide to the Operating Company at the latest at the time of submission of the Form, a bank guarantee issued by an Approved Guarantor in original and in the form available on the Electronic Communication System or, alternatively, a non-interest bearing security deposit for an amount equal to Euro 250,000.00 (two hundred and fifty thousand) (the "Bid Bond") for each Unloading Slot on which the Participant intends to make the Offer. (the "*Bid Bond*"). A copy of the bank guarantee must be anticipated to the PEC address terminale.gnl.adriatico_mercato@pec.it

- of the Operating Company and then sent in original.
- b) Regarding each Unloading Slot on which the Participant intends to make an Offer, the Bid Bond guarantees the signing of the related Capacity Agreement and the delivery of the guarantees referred to in Article 10 of Chapter III of the Regasification Code by the Participant to which Capacity is allocated at the outcome of the auction, in accordance with the provisions of article 2.4.2. of Chapter II of the Regasification Code. If the User complies with these subscription and delivery obligations, the Bid Bond is returned at the request of the successful tenderer.
 - c) If the Participant to whom regasification capacity is allocated through the auction, for any reason, does not execute the Capacity Agreement and/or does not provide the guarantees referred to in article 10 of Chapter III of the Regasification Code, the allocation is declared invalid according to the Temporary Auction Rules, by the assignment to this Procedure and the Operating Company may, at its sole discretion, enforce the Bid Bond.
 - d) If no Capacity is allocated to the Participant at the auction, the Participant can request the return of the Bid Bond that will be done by the Operating Company in reasonable time.
 - e) The Bid Bond remains in force for at least eight (8) Business Days after the closure of the relevant auction.

The Participant has the right to present to the Operating Company, at the latest upon delivery of the Form, a single documentary guarantee to replace the Bid Bond and to cover the Capacity Agreement, in the form available on the Electronic Communication System.

4.4 The subjects who have not provided, on the date of submission of the Form, the payments due to the Operating Company under any obligation (e.g. Capacity Contracts) for amounts invoiced and already expired will not become Participants. The Operating Company will promptly inform ARERA of this circumstance for the adoption of the appropriate measures.

5. Presentation of the Offer – Reserve Price

5.1. Timing and obligations common to all modalities of offer's formulation

- a) The Participant submitting the Offer to the Operating Company, becomes Applicant pursuant to the Regasification Code.
- b) For the purposes of this Temporary Auction Rules, the period for the submission of Offers by the Participant, under penalty of exclusion, is from 10.30 am to 2.30 pm of each auction day. The auction calendar for each Thermal Year is published and constantly updated by the Operating Company on its Electronic Communication System (Home>Market Area>Services>Regasification>Auction Calendar).
- c) The Operating Company will publish the Products on its Electronic Communication System.
- d) The Participant will transmit the Offer to the Operating Company using the Offer Form published on the Electronic Communication System. The Offer Form must be signed by the legal representative using a Qualified Electronic Signature Certificate in PADES format or, alternatively, another similar tools and suitable for meeting the same requirements that will be assessed by the Operating Company at its unquestionable judgment, and sent to the Operating Company at following PEC address: terminale.gnl.adriatico_mercato@pec.it, indicating the quantity, in m3liq within the limits of the relative Product on which it irrevocably undertakes to offer the proposed unit price. It is understood that if the Offer is not signed in PADES format and/or the Operator is unable to carry out reasonably satisfactory checks within the terms of communication of the results of the auction, the offer will be canceled

without the need for further communications from the Operating Company to the Participant and without any liability being ascribed to the Operating Company.

- e) Offers submitted in a way that is not consistent to the criteria indicated in the Regasification Code, in this Temporary Auction Rules are not admitted to the auction procedure and will be excluded.
- f) The accepted Offer is considered binding, unconditional, irrevocable and valid until 6.00 pm of the fourth (4th) Working Day following the Day of the auction for which the Offer was submitted. No justification or reason enable the Applicant to declare its Offer ineffective, invalid or in any case revoked. In case of acceptance of the Offer and the allocation of the Unloading Slot/Slots, the Applicant undertakes irrevocably to execute the Contract for the Regulated Capacity or the Contract for the Spot Capacity according to the dispositions of the Regasification Code.

5.2. Reserve price

- a) The reserve price ("RP") in euro/m³ referred to in point (vi) of article 2.4.2 of Chapter II of the Regasification Code is defined from time to time for volumes of LNG in m³liq that composes the product and limitedly to the total volume in m³liq for each slot. The RP will be transmitted to a notary before the starting of the auction and will not be made public.
- b) Offers below the RP per Slot of the Product will not be considered and will not compete in the auction.

6. Allocation Criteria

- a) Regarding to each Product, the valid and appropriate verified Offers pursuant to Article 5 are ordered, on the basis of the price, in descending order. At the same price, the Operating Company applies the temporal priority of receipt of the offer at the PEC.
- b) the Operating Company will allocate the Available Capacity to the Offer with greater overall economic value (intended as the result between the quantity requested within the limits of the Product requested and the unit price offered) to the extent that the unit price offered per Slot is not less than the RP for the respective Slot/Slots or, if the Product is made up of several Slots, each of the fees offered is not less than the RP of each of the Slot to which they refer.
- c) The Participant is aware and accepts that the Offer constitutes an irrevocable commitment to purchase from the Operator the quantities of Infra-Annual Capacity for which it is the recipient of the proposed price (pay as bid) and to sign the relevant Capacity Agreement.

7. Communication of results and signing of the Infra-annual Capacity Agreement

- a) The Operating Company will notify each Participant by PEC, by 5.00 pm of the day of the auction, the results of the session in which he made a Purchase Offer in accordance with the provisions of the Temporary Auction Rules and the Regasification Code.
- b) Following the assignment of the Unloading Slots, according to the criteria defined in the Regasification Code, the successful tenderer will send the Operating Company not later than 2 (two) Working Days from the confirmation of acceptance of the Offer Slot (i), the Contract for Regulated Capacity or Spot Capacity Contract as appropriate, in original and duly signed and (ii) the guarantees referred to in Article 10 of Chapter III of the Regasification Code. In case of non-fulfillment of the conditions (i) and / or (ii), the provisions of article 4.3 above will be applied. The delivery, as per art.8 a), will take place by sending

the documentation to the PEC terminale.gnl.adriatico_mercato@pec.it and must be signed by the person with adequate powers of representation and using the certificate of Qualified Electronic Signature (FEQ) in PADES format or, alternatively, another similar means capable of satisfying the same requirements that will be assessed by the Operating Company at its unquestionable judgment. The digital submission must be followed by the original sending of the warranty.

8. Various provisions

- a) Communications: the PEC address for any communication as per the Temporary Auction Rules, included the Offer Form is terminale.gnl.adriatico_mercato@pec.it
- b) In accordance with the provisions of the TIRG and with the provisions adopted by the Operating Company implementing the TIRG, the Operating Company reserves the right to modify, cancel, revoke, suspend, interrupt the Procedure of Capacity Allocation, at its sole discretion giving notice on the Electronic Communication System within the deadline for the determination and communication of the outcomes. The competing bidders cannot, individually or collectively, claim to the Operating Company, for the aspects of competence, expectations of any kind in relation to the outcomes and the signature of the contracts and/or the allocation object of the Allocation Procedure, no right to compensation, reimbursement or indemnity of any kind.
- c) The Operating Company is not responsible for and will not bear the costs and expenses incurred by the Participant for the purposes of participation in the auction.
- d) The Temporary Auction Rules is interpreted and regulated according to the Italian Laws. The Italian version of the Temporary Auction Rules is the only binding version.
- e) In addition to the provisions of the Regasification Code regarding liability, the Operating Company cannot in any way be held responsible for the information provided by telephone.
- f) The information, provided in any form, received by the Participants has to be considered strictly confidential and may not be used for a purpose other than participating to the auction pursuant to the Temporary Auction Rules.
- g) In case of conflicts between the Temporary Auction Rules and the Regasification Code, the second shall be considered prevalent.
- h) For anything not expressly regulated by this Temporary Auction Rules, please refer to the provisions contained in the Regasification Code.

9. Annexes

The following annexes are made available on the Electronic Communication System by the Operating Company (www.adriaticlng.it) and they constitute an integral part of this Temporary Auction Rules:

- Annex 1 – Form of Commitment
- Annex 2 - Bid Bond – guarantee
- Annex 4 – Offer Form