

## Public consultation on the Regasification Code's amendment n.12

With the aim to offer to the gas market in Italy and Europe the tools to exploit the potential of the LNG market and the regasification service, including the related ancillary services, with the launch of this public consultation Adriatic LNG proposes:

- an amendment to the Regasification Code to introduce the so-called "Open Season" procedure for the sale of the portion of regasification capacity not subject to exemption, pursuant to the Decree of the Ministry of Economic Development of 8 July 2020 "Criteria for the Regulatory Authority for Energy, Networks and the Environment to define the procedures to allocate the quota of capacity not subject to exemption for interconnectors to and from countries outside the European Union and regasification terminals repealing decree of 28 April 2006" ("MED Decree") and to the article 2 of ARERA resolution 576/2020/R/Gas "Provisions regarding access to the regasification service for periods longer than the thermal year". The stakeholders are also invited to contribute to the public consultation on the products to be allocated [<https://www.adriaticlng.it/en/market-area/open-season>];
- an amendment to the Regasification Code in order to introduce an evolution of the flexibility service open to the Regasification Capacity Users and to the Transport System Users and various regulations published by ARERA;
- an amendment to the Regasification Code to further simplify the rules to allocate the Infra-Annual capacity.

The proposal on the Open Season procedure aims to give the gas market in Italy the same tools already available in other markets in Europe and provides for:

- the allocation of all available regulated regasification capacity and, possibly, newly built for a duration of 25 years;
  - ✓ the proposed products are described in the following consultation document: [<https://www.adriaticlng.it/en/market-area/open-season>]
- an allocation in compliance with the criteria of efficiency, cost-effectiveness and safety of the gas system, as well as the requirements for the protection of competition referred to in the MED Decree:
  - ✓ higher contractual volumes;
  - ✓ longer duration and continuity of the contract (priority to single user vs. multiple users);
  - ✓ willingness to invest in additional capacity;
  - ✓ priority access to operators holding, at the time of the request, an overall capacity allocated at the entry points of the national gas



- pipeline network, excluding the connection points to storage, not exceeding 25%.
- the development of the process according to the two phases described below:
    - ✓ Non-binding qualification phase (lasting up to 3 months)
      - in this phase, interested operators can submit a qualification request using the subscription documentation that will be made available on the Adriatic LNG website;
    - ✓ Binding phase of capacity allocation (lasting about 1 month):
      - in this phase the qualified bidders will be able, on a discretionary basis, to make a binding and unconditional offer for one or more products offered by Adriatic LNG.
  - that the capacity is allocated by Adriatic LNG to the offer:  
with the highest total contractual value by product or products combination, considering together the price offered for the available capacity and the price offered for the incremental capacity (net present value of the annual payment flows for the allocated capacity).

The proposed Regasification Code's amendment no. 12 also foresees:

- given the availability of flexibility in the redelivery of Gas since the Flexibility Service was proposed, and in particular in 2020 and in the years to come<sup>1</sup>, it is proposed to introduce improvements to the way the flexibility service is allocated. Adriatic LNG intends to make this service available to all parties operating on the balancing market, therefore both users of the LNG regasification service and of the gas transport via pipeline. This change will allow all operators to be able to take advantage of flexible resources, auctioned according to the *pay as bid* method and the timing described in the Regasification Code and in the DTF (Technical Rules). This new method of offering the service, taking advantage of an existing potential, will contribute to increase the liquidity of the Italian market and guaranteeing greater opportunities for operators, who will therefore be able to draw not only on resources from storage but also from LNG regasified by Adriatic LNG, as a source of flexibility in a context of intense competition and in constant evolution;
- following the success of the new Infra-Annual allocation rules in force since April 2020, clarifications are proposed aimed at (i) simplifying the provisions of the Regasification Code and the Auction Rules and (ii) introducing the right to purchase an option on the capacity which Unloading Slot does not have a defined date when the Infra-Annual process is carried out;
- the implementation of various regulations related to:

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<sup>1</sup> Subject to the allocation of the Infra-Annual and Multi-Annual regasification capacity, the operating conditions of the terminal and the events beyond the control of the Operator.



- ✓ the revocation of the transitional measurement fee, the introduction of the emission trading fee ("Cets") (Res. 474/2019/R/Gas);
- ✓ the revocation of the variable unit fee CV to the entry points, as its application is moved to the exit points (i.e. redelivery points, exit points towards storage facilities and interconnection points with foreign systems) and the elimination of *gamma fuel* in favor of the transport company, as required by the criteria currently in force (114/2019/R/Gas);
- ✓ the implementation of the *Use it or Lose It* rules referred to in ARERA Resolution no. 576/2020/R/Gas<sup>2</sup>.

This consultation, addressed to all interested stakeholders, starts on **February 2<sup>nd</sup>, 2021** and ends on **March 22<sup>nd</sup>, 2021**. Please send your contribution to the following email [alng\\_mercato@adriaticlng.it](mailto:alng_mercato@adriaticlng.it).

*Please clarify whether your reply should be treated as confidential. The absence of any indication regarding the confidentiality of your reply is to be considered as a consent given to Adriatic LNG to make it public.*

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<sup>2</sup> It is understood that until the verification of compliance by ARERA is completed, the *use it or lose it* rules are those currently provided by the Regasification Code.