

TENDER PROCEDURE FOR THE IDENTIFICATION OF PARTIES AVAILABLE TO PROVIDE AN LNG CARGO FOR TEMPORARY STORAGE OF GAS IN THE TANKS OF TERMINALE GNL ADRIATICO S.R.L, FOR THE PEAK SHAVING SERVICE FORESEEN BY MINISTERIAL DECREE 18/10/2013, DURING THERMAL YEAR 2021/2022 WINTER PERIOD

Whereas

- A. With decree of 13 September 2013, 27 December 2013, and subsequent amendments, the Ministry of Economic Development (hereinafter "MSE") revised and updated the Emergency Plan provided by article 8, paragraph 1, of Legislative Decree 93/2011. The last update of September 30, 2020, confirmed the use of LNG in storage as "peak shaving" service that can be activated through LNG regasification terminals that have a partially utilization or LNG tanks intended for such purpose, that is the increase of LNG imports also by contractual options that allow deferred redeliveries through regasification terminals;
- B. With decree of 18 October 2013, the MSE has introduced that:
- Regasification terminal operators wishing to offer the Peak Shaving service issue a public tender aimed at identifying parties willing to provide, in due time for the Peak Shaving service, an LNG cargo for storage of gas in the terminal tanks, for the part not already sold to third parties;
 - the Peak Shaving service charges are covered by the national natural gas system in accordance with procedures established by the Regulatory Authority for Energy, Networks and Environment ("ARERA");
- C. On 19 September 2014, ARERA issued the resolution no. 448/2014/R/Gas, with which it approved the proposal to amend the Regasification Code of the company Terminale GNL Adriatico S.r.l. ("ALNG"), introducing, *inter alia*, the temporary storage service and the related utilization fees.
- D. The temporary storage service introduced in the ALNG Regasification Code allows the temporary storage of a quantity of LNG at the Terminal's storage tanks for subsequent redelivery ("Temporary Storage Service");
- E. In a letter dated October 29, 2014 ARERA required the provision of a regasification service during winter 2014/2015 with deferred delivery different than the Temporary Storage Service *stricto sensu*. Then ALNG proposed to offer the regasification service and the Temporary Storage Service but the latter without the CRS charge component and is therefore a specific service to be included exclusively in the Emergency Plan referred to in Article 8, paragraph 1, of D Lgs. n. 93/2011. This service is proposed again for the winter 2021/2022 while the temporary storage fee is be included in the maximum regasification service fee approved by ARERA, in force at the time of the start of the tender, and published on the Operating Company's website

- F. On September 22, 2016 the ARERA adopted the resolution no. 520/2016/R/gas which approved the proposed amendment of the Regasification Code of ALNG company, introducing, *inter alia*, the Peak Shaving Service;
- G. On November 25, 2021 the Ministry of Ecological Transition (MiTE) - to which the law - decree dated March 1st, 2021, n.22, converted with amendments by law dated April 22nd 2021, n.55, gave jurisdiction in the field of energy policy due to the State - requested the LNG terminal operators to proceed urgently to establish the provisions for the management of the peak shaving service for the thermal year 2021-2022;
- H. On December 2, 2021 ARERA issued the resolution no. 553/2021/R/gas, providing for "Provisions for the management of critical issues in the gas system regarding the Peak Shaving service through regasification, in the winter period of the thermal year 2021/2022 and the additional storage service of the Stogit s.p.a.";
- I. ALNG, in coordination with Snam Rete Gas S.p.A. (hereinafter "SRG"), intends to implement this tender procedure (hereinafter "Procedure") for the selection referred to in point B of the Recitals;
- J. The award is made on the lowest price offered subject to: (i) the offered Price P is less than the Reserve Price 1 determined by MiTE based on the ARERA proposal and (ii) in case the offered Price P is higher than the Reserve Price 1, but less than the Reserve Price 2 determined by MiTE, subject to MiTE confirmation within one day from the opening of the tenders;
- K. The successful bidder (hereinafter also "Supplier"), in order to make available to SRG, as the Balancing Operator, the Peak Shaving Service referred to in article 2, paragraph 1, of the MD of 18 October 2013:
- i. shall sign a contract with ALNG and SRG by 17th December 2021 (Attachment 6 to this Procedure) concerning the provision by the Supplier, through the delivery and the storage in the ALNG Terminal's storage tanks, of the LNG quantities offered as part of the Procedure for which the Supplier is the successful bidder, by performing the Discharge and the Temporary Storage Service as described in point D above;
 - ii. shall sign a Capacity contract with ALNG for a Regasification Service in order to discharge the LNG quantities equal to or greater than the ones offered as part of the Procedure for which the Supplier is the successful bidder, according to the procedures and the timing of the Regasification Code;
 - iii. shall request the activation to ALNG of the Temporary Storage Service to be carried out between the Completion of Unloading date and February 28th, 2022, according to the procedures and with the timing of the Regasification Code, this also in order to make the Discharge referred to in point ii.

- L. The successful Supplier's LNG shall be delivered to and stored in the Terminal's storage tanks;
- M. In the period from the date of Completion of the Unloading to February 28, 2022, the LNG in Storage for the purposes provided in the Procedure may be used, subject to Regasification, for the Peak Shaving Service. In particular, limited to this period: (i) the Supplier shall give an irrevocable mandate to SRG to forward to ALNG, on behalf of the Supplier, the request for Gas volumes in Redelivery and to perform any other activity necessary to this scope; (ii) ALNG shall ensure the Gas Redelivery, upon request by SRG made on behalf of the Supplier according to the indications of the Emergency Committee and taking into consideration the daily regasification capacity made available by ALNG and the dispositions foreseen in the above mentioned "Temporary Storage Service" at the; (iii) once regasified, the Gas shall be sold by the Supplier to SRG, as the Balancing Operator, where required by the MSE;
- N. ALNG, therefore, in the presence of the necessary requisites, shall Redeliver to SRG the Gas quantities requested by the latter, in accordance with the Procedure. In the event of a request for Redelivery by SRG, the Gas shall be deemed to be sold to SRG by the Supplier;
- O. In the period 1 March 2022 - 31 March 2022:
- ALNG shall redeliver to the Supplier at the Redelivery Point or at PSV the Gas quantities net of: (i) the Gas quantities requested by SRG for the purposes set forth above, as well as (ii) the Gas quantities corresponding to losses and consumptions due to regasification service;
 - SRG shall transfer to the Supplier at PSV the Gas quantities corresponding to those used by SRG itself as Balancing Operator at the redelivery point, pursuant to point M above.
- P. The LNG Delivery and Gas Redelivery operations, as well as the resulting billing processes, shall be carried out as better specified in the Procedure, in the Contract for the provision of the Peak Shaving Service (Attachment 6) and in the ALNG Regasification Code as applicable;
- Q. The procedure obtained MSE clearance on 3 December 2021, in accordance with article 1, paragraph 1, point e) of the Ministerial Decree of 18 October 2013.

Article I. Definitions

All capital terms used in the Procedure shall have the meaning attributed to the same in clause 1.1 of chapter I of the Regasification Code or, if not defined in the Regasification Code, they shall have the following meanings:

- "Cassa per i servizi energetici e ambientali o CSEA (ex CCSE – Cassa conguaglio per il settore elettrico)" means the body established on 1 September 1961, with CIP – Inter-ministerial Price Committee - provision no. 941;
- "Peak Shaving Charge" shall have the meaning indicated in article III.1 (ii)
- "Supplier" shall have the meaning indicated in point J. of the Recitals;
- "P Price" shall have the meaning referred to in point c) of paragraph 1 of article 1 of the Ministerial Decree of 18 October 2013;
- "Procedure" shall have the meaning indicated in point I. of the Recitals;
- "SRG" shall have the meaning indicated in point I. of the Recitals;

In case of contradiction between the Regasification Code and the Procedure, the latter prevails.

Article II. Subject

The subject of the Procedure is the selection of Parties to discharge one LNG cargo in the storage tanks of the ALNG Terminal during the Discharge period reported below with subsequent Redelivery (after Regasification and as better specified in the Procedure and in the Regasification Code) in March 2022 (hereinafter "Service") in order to allow ALNG to provide to the Balancing Operator, i.e. SRG, upon request of the latter sent to ALNG on behalf of the Supplier, the Gas quantities needed for the provision of a Peak Shaving Service in the event of an exceptional demand for Gas by the system in the period from the Completion date of the Unloading to 28 February 2022.

The Service shall be provided through the Storage of 60,000 (sixty thousand) cubic metres of LNG, equal to approx. 400,000 MWh, through a Discharge in the following available Unloading Slot:

Slot Unloading Period	
January 2022	2-6

The Regasification Service and the Temporary Storage Service, part of the Peak Shaving Service, are subject to applicable law, to the Regulated Capacity Contract, to the Regasification Code and the Procedure.

Article III. Charges

III.1 - Regasification and Temporary Storage Tariffs.

(i) The regasification service shall be subject to the tariff for the year 2022 published by ALNG on the Electronic Communication System for Users at the start of the tender. The tariff for the Regasification Service referred to in ARERA

Resolution no. 474/2019/R/gas, shall be paid by the Supplier to ALNG and, for Peak Shaving purposes only, it includes the Temporary Storage Service ("Peak Shaving Charge").

III.2 – P Price.

The P Price shall be paid by the "Cassa per i servizi energetici e ambientali".

ALNG at the end of the Procedure will communicate to ARERA, to "Cassa per i servizi energetici e ambientali" and to SRG the amount due to the Supplier pursuant to Article 4 of the ARERA Resolution of 2 December 2021, no. 553/2021/R/GAS.

SRG shall pay the P Price to the Supplier according to the timing and procedures provided for in Resolution ARERA no. 553/2021/R/gas, subject to the receipt from "Cassa per i servizi energetici e ambientali" of the amount due to the Supplier.

Article IV. Parties admitted to the tender

The Parties eligible to participate in the tender:

- a) meet the criteria and conditions as reported in the ALNG Regasification Code for allocation of Capacity and for the Temporary Storage Service request of activation;
- b) are part of an LNG Contract to the Redelivery Point and the LNG Ships meet the conditions of the point c) of Article 2.3 of Chapter III of the Regasification Code, or have already obtained the permission from ALNG (see "List of LNG Ships published at www.adriaticlng.it") or, alternatively, are subject to the verifications provided for in the LNG Ship Vetting Procedure;
- c) sign a contract with ALNG and SRG by 17 December 2021 (Attachment 6 to this Procedure) concerning the provision by the Supplier, by delivery and storage in the storage tanks of the ALNG Terminal, of LNG quantities offered as part of the Procedure for which it proves to be the successful bidder, by performing the Discharge and providing the Temporary Storage Service;
- d) submit to ALNG by 17 December 2021, as a guarantee of the commitments assumed with the contract referred to in point K of the Recitals above, by the deadline of the contract signature (Attachment 6 to this Procedure), a first demand bank guarantee for the amount of 1,000,000 (one million) euros, according to the attachment 7 to this Procedure;
- e) sign – through an Access Request for Regulated Capacity and according to the procedures of the ALNG Regasification Code, a Contract for the Regulated Capacity in order to be able to discharge as indicated in the bid;

- f) request- through a Temporary Storage Service Request – ALNG to provide a Temporary Storage Service, according to the procedures of the ALNG Regasification Code;
- g) are authorised or will obtain the authorisation to operate at the PSV by 31 December 2021;
- h) are not subject to bankruptcy proceedings or not subject to debt collection proceedings by SRG

Article V. Submission of the proposal

In order to participate in the tender, the parties referred to in Articles II and IV above are required to:

- submit, within the deadlines indicated below, a single, closed and sealed package, countersigned on the closing flaps as confirmation of the authenticity of the original closure, by a person with powers of representation, reporting in the envelope the wording “TENDER PROCEDURE FOR IDENTIFICATION OF PARTIES AVAILABLE TO PROVIDE AN LNG CARGO FOR THE PURPOSES OF THE PEAK SHAVING SERVICE DURING THE WINTER PERIOD OF THE THERMAL YEAR 2021/2022 AS FORESEEN BY MINISTERIAL DECREE 18/10/2013” and the company name, address, fax number and e-mail address of the sender (“Package”);
- It is mandatory to insert the Envelope no. 1 and the Envelope no. 2 inside the Package, as described hereinafter, each of which shall be closed, sealed and countersigned on the closing flaps as confirmation of the authenticity of the original closure by a person with appropriate powers of representation.

Envelope no.1 shall indicate outside the wording “DOCUMENTATION” and the company name of the bidder, and shall contain the photocopy of a valid identity document of the person signing the proposal, as well as the declarations and commitments listed below:

- a) declaration concerning full acceptance of the Procedure and its attachments
- b) declaration concerning existence of the criteria and conditions as reported in the ALNG Regasification Code for allocation of the Regulated Capacity and for the request of activation of the Temporary Storage Service;
- c) have the authorisation to operate at the PSV or obtain such authorisation within 31 December 2021

- d) declaration that the bidder is part of a contract for transport of the LNG at the Delivery Point
- e) declaration concerning the existence, with reference to the LNG Carriers, of the conditions referred to in point c) of Article 2.3 of Chapter III of the Regasification Code (ALNG authorisation - List of LNG Carriers published at www.adriaticlng.it) or, alternatively, declaration concerning the subjection of LNG Tanker to the verifications provided for in the LNG Tanker Vetting Procedure
- f) sign a contract with ALNG and SRG by 17 December 2021 (Attachment 6 to this Procedure) concerning provision by the Supplier, through delivery and storage in the tanks of the ALNG Terminal, of the LNG quantities offered as part of the Procedure for which it proves to be the successful bidder, by performing the Discharge and providing the Temporary Storage Service;
- g) submit to ALNG by 17 December 2021, as a guarantee of the commitments assumed with the contract referred to point K) of the Recitals above, by the deadline of the contract signature, a first demand guarantee for the amount of 1,000,000 (one million) euros, the text of which is provided in Attachment 7 of this Procedure;
- h) sign a Regulated Capacity Contract as per the ALNG Regasification Code, which is functional for carrying out the Discharge and full acceptance of the Procedure, including the attachments (infra Annex 1), and to pay the related charge, according to the terms and conditions of the ALNG Regasification Code;
- i) request the provision of the Temporary Storage Service by ALNG, in order to have the availability of the storage and full acceptance of the Procedure;
- j) identification of a contact person as recipient of all communications foreseen for the execution of this Procedure, specifying fax number and e-mail address, to whom communications sent by ALNG shall be sent, on the understanding that it shall be up to ALNG to decide whether to use only one or both communication channels (Attachment 2);
- k) self-certification of powers of representation of the signatory (Attachment 3);
- l) to subscribe a transportation contract with SRG by 31 December 2021;
- m) declaration that the bidder is not subject, at the moment of the offer, to any bankruptcy proceeding or debt collection proceeding by ALNG and/or SRG.

Envelope no.2 shall indicate outside the wording "FINANCIAL PROPOSAL" and the company name of the bidder, and shall contain:

The binding proposal, prepared in accordance with the form in Attachment 4, to:

- a) provide to SRG the Gas as explained in Article II during the period between the Completion of Unloading date and 28 February 2022, indicating the following elements:
 - i. expected quantity to be discharged, functional for the Peak Shaving service;
 - ii. name of the LNG cargo used for the Discharge;
 - iii. LNG quality assurance;
 - iv. estimate of the LNG density /Wobbe Index;
 - v. the expected LNG unloading port;
 - vi. Unloading Slot indication and the corresponding P bid price expressed in €/MWh and rounded to 3 decimal places (where more than three decimal places are indicated, the value shall automatically be rounded down to the third decimal place);
 - vii. the quantity included in the proposal shall be equal to 60,000 (sixty thousand) cubic metres of LNG equal to approx. 400,000 MWh; and
- b) pay the Regasification fee. The bidder will specify the applicable VAT rate.

The documents listed above shall be prepared using the forms attached to the Procedure. The submission of incomplete proposals or that are not in compliance with the provisions of the Procedure shall constitute reason for exclusion from the tender.

Proposals submitted shall be binding until the completion of the Procedure and therefore until the date on which the Contract for Regulated Capacity is signed with the successful bidder and until ALNG communicates the outcome of the award process with reference to the activation of the Temporary Storage Service. ALNG shall publish notification of completion of the Procedure on its website.

Article VI. Deadlines for participation in the tender

- A. The Package shall, under penalty of exclusion, be delivered from Monday to Thursday between 09.00 and 12.00 and 14.00 and 17.00 hours C.E.T., and on Friday between 09.00 and 12.00 hours C.E.T. excluding non-working days in Milan, **by 14.00 hours C.E.T. on 15 (fifteen) December 2021** at:

Notary Alfonso Colombo
Via Borgogna, 5
20122 Milano (MI)

- B. Where the bidding company intends to deliver the offer through direct delivery by an employee, this one will show its own valid identity document;
- C. Where the participating company proceed to the presentation of the offer by using the Poste Italiane or private courier (eg, SDA, UPS, DHL or others), the same will inform in advance, to the mail box alfonso.colombo@notaicolombo.it the third party which it has relied for delivery;
- D. The delivery of the Package outside the times indicated in paragraph A of Article VI will not be accepted without any responsibility for this to ALNG. The bidding company that makes use of third parties to deliver it according to point C above, cannot justify the delay in the delivery being this due to such third parties.
- E. Upon delivery of the Package, the staff of the Notary Alfonso Colombo appointed to receive it
 - i. If sent by an employee of the bidding company, will photocopy the identity document of the person delivering it, releasing a receipt, signed by the employee of the Notary Alfonso Colombo who will receive the Package
 - ii. if using third parties, will verify the compliance of the data previously communicated to the mailbox indicated at point C above, releasing a receipt, signed by the employee of the Notary Alfonso Colombo who will receive the Package.

The receipt is the only valid document to certify the date and time of delivery of the Package. It will not therefore be considered as delivered the Package for which it has not been granted any receipt.

- F. It will be excluded the Packages received incomplete or that do not follow the procedure (not limited to, unsealed envelopes, documents not signed, or not accompanied by the photocopy of the identification document of the person who subscribes). Even the not irrevocable offers, or subject to a condition, or non-compliant with the forms made available by ALNG on the Electronic Communication System will be excluded;
- G. Single bids submitted by two or more participating companies or intermediaries of any kind are not allowed
- H. In the event that a company presents more than one offers, it will be considered valid only the last one received in chronological order, while the others will be invalid.
- I. If more than one offer will be submitted by the same company at the same time (for example, given to the same employee or to the same courier), the

offer taken into account for the Procedure, and thus opened, will be drawn lots while the others will all be excluded and will remain sealed;

- J. The Reserve Price 1 and 2, as reported in the premise J and in the article VII, have to be delivered at the same notary above, in two separate sealed envelopes and countersigned at the closing flaps by the MITE, within the same deadline for the submission of offers, marked externally to highlight which is the envelope containing the Reserve Price 1 and which is the envelope containing the Reserve Price 2.

Article VII. Awarding of the tender

The awarding shall take place as follows:

- A. The designated committee, whose secretary will be a notary of the Notary Alfonso Colombo, will meet on 15 December 2021 (14.00 hours), at the presence of a designated SRG representative, at the Notary Alfonso Colombo, Via Borgogna 5, 20122 Milano (MI). The committee, after verifying the successful delivery of the envelopes containing the Reserve Prices 1 and 2 from the MITE, will open the received Packages by the bidders, will check both envelopes No. 1 and No. 2 and that all the submitted envelopes are closed and report the correct entries outside. Only if these checks will be completed successfully, the committee will open the Envelope No. 1 of each bidder and proceed to verify the completeness and conformity of documentation contained therein.
- B. Then, the committee will open the Envelope No. 2 of each bidder of which has been verified and accepted the documentation contained in Envelope No. 1, and prepare the order of the received offers starting from the lower P price offered.
- C. Finally, the committee will open the envelopes sent by MITE that contains the Reserve Price 1 and 2, as of premise J, and will take note of the values therein.
- D. ALNG will award the service in the order of merit of the offers to the person who has shown the lower P price, but in the respect of the principal conditions summarized in the introduction J previous to the express consent of MITE.
- E. In the event that two or more companies have submitted offers with the same price P, the company that has offered a greater volume of LNG will be awarded or – in case of equal volume - the one that will be extracted by drawing lots by the committee.
- F. Upon final determination of MITE in accordance with the conditions set out in the preamble J, ALNG communicates, no later than 15 December, 2021 at 24:00 CET only to the winner, the result of the tender via registered mail anticipated by e-mail or fax, confirming the award and the relative price P and the VAT. A similar notice will be sent to the MITE and to the ARERA.

- G. If when opening the Envelope No. 1 the documentation is incomplete or not in compliance with the provisions of Article V, resulting in the exclusion of the bidder from the procedure, ALNG will inform the bidder by 15 December 2021 and will retain the envelopes for a maximum of 60 days from the opening date of the envelopes for the eventual pick up of the excluded subjects.
- H. The documents of the tender will be available to those who have submitted a bid at ALNG for 60 calendar days

Article VIII. Provision of Gas by the Supplier - Reference

Regarding the quantities of LNG that will be actually injected into the Adriatic LNG Terminal:

- throughout the period between the Completion of Unloading date and 28 February 2022, subject to a request sent by SRG to ALNG as indicated by the MSE, the Supplier shall sell to SRG the LNG quantities that shall be Regasified and injected into the grid by ALNG, pursuant to the Regasification Code and the SRG network code, net of the percentage to cover losses and consumptions related to the Regasification Service, included any losses and consumption quantity estimated by ALNG that can't be recovered;
- during the month of March 2022:
 1. ALNG shall Redeliver the Supplier the Gas quantity still in the ALNG tanks storage on 28 February 2022;
 2. SRG shall deliver at PSV to the Supplier any Gas quantity made available by the Supplier to SRG and Regasified by ALNG at the request of MSE.

Charges for service under this Procedure, including all expenses incurred by SRG and ALNG, are charged to the national system of natural gas as determined by ARERA.

By 15 April 2022, in accordance with Resolution 553/2021/R/gas, the CSEA shall pay the aforesaid amounts to Snam Rete Gas that will transfer them to the Supplier within the period specified in the Contract (Annex 6).

Article IX. Penalties

Without prejudice to the provisions of the Regasification Code, the Supplier, in violation of the obligations taken, will not Discharge the LNG quantities within the Scheduled Arrival Range of the allocated Unloading Slot, it shall be required to pay a penalty to ALNG equal to:

- The purchase cost of the corresponding quantity of Gas on the natural gas balancing platform as per ARERA resolution 312/2016/R/Gas by SRG in the

period between the Scheduled Arrival Range of the allocated Unloading Slot and 28 February 2022; and

- All ancillary costs or penalties for the above purchases; and
- In the event of unavailability of Gas on the natural gas balancing platform as per ARERA resolution 312/2016/R/Gas or suspension of the latter for any reason, all system costs to ensure the supply of gas and electricity to the system in emergency situations pursuant to Article 28, paragraph 3, of Legislative Decree no. 164 of 23 May 2000.

Penalty won't include the guarantee amount as per article 4.d)

Any amounts paid by the Supplier for such penalties shall be returned to SRG by ALNG as established by ARERA.

Article X. Warnings and Attachments

ALNG reserves the right to modify, cancel, revoke, suspend or discontinue the Procedure, giving notice on its website, by the award notification deadline. Bidders cannot, individually or collectively, claim any kind of expectation in relation to the awarding and signing of contracts and/or allocations pursuant to the Procedure, as well to claim any right of compensation, reimbursement or indemnification of any kind whatsoever.

The following attachments, available on the ALNG website www.adriaticlng.it nella sezione it >Mercato >Servizi del Terminale >Peak Shaving >Procedura di gara per l'individuazione di soggetti disponibili ad offrire un servizio di stoccaggio temporaneo di GNL ai fini del servizio di peak shaving provided for by MD of 18 October 2013, constitute an integral part of this procedure:

Attachment 1:

Commitment form

Attachment 2:

Communication form

Attachment 3:

Power of signature declaration

Attachment 4:

Proposal form

Attachment 5:

Receipt

Attachment 6:

Contract for provision of the peak shaving service

Attachment 7:

Bank guarantee concerning the Contract for the provision of the peak shaving service

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