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Implementing Auction Rules for the allocation of annual available Capacity and Incremental Capacity subject to conditions in accordance with the Regasification Code cleared by ARERA resolution No. 355/2021/R/Gas and, lastly, with resolution No 286/2023/R/Gas on 27th June 2023 - Open Season 2023.

1. Recitals and definitions

Whereas:

- a) The Regulatory Authority for Energy, Networks and Environment ("**ARERA**") adopted Resolution No. 660/2017/R/Gas "*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 liquefied natural gas regasification service (**TIRG**)*" and "*Tariff regulation criteria for the liquefied natural gas regasification service for the sixth regulatory period (2024-2027)*" on 9th May 2023;
- b) the Ministry for Economic Development adopted the decree of 8 July 2020, "*Criteria on the basis of which the Regulatory Authority for Energy Networks and Environment defines the procedures for assigning the quota of capacity not subject to exemption for interconnectors to and from countries outside the European Union and regasification terminals and repeal of the decree of 28 April 2006*" ("**MiSE Decree**"), which sets out the criteria for allocating regasification capacity not subject to exemption.
- c) by Resolution No. 576/2020/R/Gas, ARERA amended and updated the TIRG in order to incorporate the provisions of the MiSE Decree.

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- d) during the period from 2 February to 22 March 2021, the Operating Company submitted for public consultation an illustrative document relating to the possible products and the main characteristics of the mechanisms and rules of the “Open Season”, or Annual Allocation, procedure for the allocation of the portion of Annual regasification Capacity not subject to exemption in compliance with the MiSE Decree and ARERA Resolution No. 576/2020/R/Gas, together with a proposal to update the Regasification Code. As a result of the public consultation, these proposals were substantially amended, also to consider ARERA's observations. The amended Regasification Code was subsequently cleared by ARERA with Resolution No. 355/2021/R/Gas of 3 August 2021;
- e) the new Annual Subscription Process is aimed at offering the European gas market a process that enables the allocation of Available Capacity for up to a period of 25 years, also guaranteeing the allocation of capacity in accordance with criteria of efficiency, cost-effectiveness and safety of the gas system, as well as meeting the need to protect competition, as required by the MiSE Decree and the principle of maximising the utilization of the Terminal pursuant to Chapter II Article 2.4.3 of the Regasification Code;
- f) the Operating Company is required to publish and constantly update the status of the Terminal Capacity in its Electronic Communication System;
- g) in particular, the Regasification Code cleared by means of the ARERA Resolution referred to in letter d) above requires the Operating Company, at least once every Thermal Year, and in any case by the first of June (or the following Business Day, if 1 June is not a Business Day)¹, to reclassify all the Unsubscribed Foundation Capacity and all the Released Foundation Capacity relating to the Thermal Year immediately following the current Thermal Year as Unsubscribed Non-Foundation Capacity and Released Non-Foundation Capacity, respectively, updating the Electronic Communication System and indicating the updated data on Available Capacity;
- h) the Regasification Code provides that, simultaneously with the publication of the Available Capacity, the Operating Company may, but must not, publish an investment proposal to increase the Available Capacity subject to financial conditions and the obtaining of the necessary permits pursuant to the Regulations ("Incremental Capacity"). Once available, the Incremental Capacity becomes Regulated Capacity;
- i) in the period 24 May - 8 June 2023, the Operating Company submitted to a public consultation procedure an illustrative document relating to the inclusion of a condition subsequent in the form of the Non-Foundation Capacity Agreement attached to the Regasification Code applicable only to Incremental Capacity. Following the public consultation, the observations received and the related report from the Operating Company were sent to ARERA and the form of the Regulated Capacity Agreement attached to the amended Regasification Code was subsequently verified and approved by ARERA with Resolution of 27 June 2023 no. 286/2023/R/Gas;

¹ In consideration of the Public Consultation No 13 and issuance of Resolution 286/2023/R/GAS/ timing of Annual Procedure 2023 has been postponed to allow the implementation of Open Season 2023

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- j) without prejudice to the provisions of article 2.3 below, the Operating Company intends to offer the possibility of subscribing Incremental Capacity subject to conditions with respect to which, only after its possible allocation, will decide whether or not to proceed with its realization, also account of the financial, economic and technical conditions of the intervention, and subject to obtaining the authorization permits;
- k) in compliance with the Regasification Code (which provides that, concurrent with the publication of Available Capacity referred to in point g) above, the Operating Company must publish the Implementing Auction Rules for annual Capacity allocation through “pay-as-bid” auctions), by means of these Implementing Auction Rules for annual Capacity allocation *Open Season 2023*, the Operating Company intends to implement the procedures provided for in the Regasification Code for allocating (i) Available Capacity for periods equal to or greater than the Thermal Year and (ii) Incremental Capacity subject to conditions (without prejudice to the provisions of article 2.3 below) by means of competitive auctions in accordance with the procedures and terms described below.
- l) ARERA has adopted on May 27th June 2023 the resolution n° 288/2023/R/GAS regarding on Reserve Prices definitions for allocations of regasification capacity. Entry Costs shall be included in the Reserve Price defined by the Operating Company.

Definitions

Capitalised terms refer to the definitions set out in the Regasification Code and, where not defined therein, shall have the meanings set out below:

- (i) **“Bid Bond”** [“Bid Bond” in the Italian text] has the meaning assigned to it in Article 4.7;
- (ii) **“Binding Phase”** [“Fase Vincolante” in the Italian text] has the meaning assigned to it in point iv) of Article 2.4.2 of Chapter II of the Regasification Code as described in greater detail in Article 4 of these Implementing Auction Rules for annual Capacity allocation. The Binding Phase starts on July 19th, 2023 and will end on August 2nd, 2023 2 P.M. CET;
- (iii) **“Declaration of Interest”** [“Dichiarazione di interesse” in the Italian text] has the meaning assigned to it in Article 5;
- (iv) **“Entry Costs”** [“Costo di Entry” in the Italian text] means the cost of downstream transportation on “take or pay” basis provided for in resolution ARERA no 288/2023/R/GAS to be calculated considering Tariff 2024 as defined with Resolution of Arera no 234/2023/R7GAS with coefficient of multiplication 1 (one) converted from €/y/Smc/d in €/lcm² for the purpose of the Access Request by using a liquid/gas volume ratio of 611;
- (v) **“Non-Binding Phase”** [“Fase Non Vincolante” in the Italian text] has the meaning assigned to it in point iv) of Article 2.4.2 of Chapter II of the Regasification Code where, with the exception of the

² Hyperlink to resolution ARERA n°234/2023/R/GAS for the relevant 2024 reference for *entry* cost is GNL *Cavarzere*:
<https://www.arera.it/it/docs/23/234-23.htm>

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confidentiality obligation, neither the Interested Operator nor the Operating Company undertakes binding commitments as described in detail in Article 4 of the Implementing Auction Rules for annual Capacity allocation. The Non-Binding Phase starts on June 30th, 2023 and will end on July 14th, 2023 – 2 P.M. CET;

- (vi) **"Notice of opening of the Annual Subscription Process (Non-Binding and Binding Phase)** ["Avviso di avvio della Procedura Annuale di Sottoscrizione (Fase Non Vincolante – Fase Vincolante)" in the Italian text] has the meaning assigned to it in Article 4.1;
- (vii) **"Unit Charge"** ["Corrispettivo Unitario" in the Italian text] means the amount expressed in €/lcm in real terms 2023³ that the Applicant undertakes to pay for the Available Capacity and/or for Incremental Capacity subject to conditions. The Unit Charge does not include VAT.

2. Purpose

- 2.1 The purpose of these Implementing Auction Rules for annual available Capacity allocation and for Incremental Capacity subject to conditions is to implement the Annual Subscription Process of Available Capacity and Incremental Capacity subject to conditions provided for in the Regasification Code.
- 2.2 The allocation of Available Capacity and, in this case, of the Incremental Capacity subject to conditions carried out by means of the Annual Subscription Process is performed on an annual basis and in accordance with the criteria defined in the Regasification Code as implemented in these Implementing Auction Rules for annual Capacity allocation.
- 2.3 The Operating Company reserves the right to decide whether or not to proceed with the realization of the Incremental Capacity subject to conditions, also taking into account the financial/economic and technical conditions of the intervention, without prejudice to obtaining the authorization permits. Therefore, the Operating Company does not assume any obligation, commitment and/or liability nor does it provide any guarantee regarding the decision to realize the Incremental Capacity subject to conditions. Therefore, in the event of a decision by the Operating Company not to proceed with the realization of this Incremental Capacity subject to conditions:
 - i. each Access Request presented and the subsequent allocation of the Incremental Capacity subject to conditions following the outcome of the Annual Subscription Procedure will no longer produce any effect, limited to such Incremental Capacity subject to conditions;
 - ii. each Capacity Agreement, limited to the Incremental Capacity subject to conditions, will be terminated pursuant to art. 1353 of the Civil Code, with retroactive effect, according to the provisions therein;
 - iii. the Interested Operators, Applicants and any other subject having an interest in the Annual Subscription Procedure may not, individually or collectively, assert any claim

³ The price to be applied during the contractual period will be re-evaluated annually at the actual inflation rate, as measured by ISTAT in the national consumer price index for blue-collar and white-collar families, net of tobacco.

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against the Operating Company (including, by way of example but not limited to, any right to compensation for damages, to indemnity and/or reimbursement) in relation to the ineffectiveness of each Access Request and of the allocation of the Incremental Capacity subject to the conditions referred to in point i above. and the termination of each Non-Foundation Capacity Contract referred to in point ii. above, limited to the Incremental Capacity subject to conditions.

2.4 The decision of the Operating Company referred to in the previous article 2.3 is adopted - and communicated to the Interested Parties - after the closure of the Binding Phase and within 2 (two) months from the completion of the Capacity Contract.

3. Participation procedure

3.1 Participation in the Annual Subscription Process is granted on impartial and under equal conditions to all parties meeting the requirements set forth in Article 4 below. Participation in the Binding Phase is granted to accredited Interested Operators.

3.2 The allocation process is made of two phases: (i) a **Non-Binding Phase** and (ii) a **Binding Phase**, which details are provided below.

4. Performance of the allocation process

Phase 1: Non-binding Phase - Duration and Procedures

4.1 The Non-binding Phase is opened by the Operating Company by publishing it on the Electronic Communication System ["Notice of opening of the Annual Subscription Process (Non-Binding and Binding Phase)"].

4.2 The Operating Company publishes on its Electronic Communication System the updated data on Available Capacity.

4.3 Each interested party shall declare to the Operating Company, by completing the Declaration of Interest which includes a confidentiality obligation, in the form published in the Electronic Communication System and included here in Annex 1 ("**Declaration of Interest**"), no later than 2.00 (two)p.m. C.E.T. on July 14th, 2023:

- i. that it meets all the Access Conditions set out in Article 2.4.4 of Chapter II of the Regasification Code;
- ii. its express and full acceptance of the provisions set out in the Regasification Code and in these Implementing Auction Rules for annual Capacity allocation;
- iii. that it is not subject to bankruptcy proceedings or not subject to debt recovery actions by the Operating Company;

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- iv. elected signatory has, pursuant to and for the effects of Italian President Decree no. 445/2000 the necessary powers of representation and provide adequate documentation to support this declaration.

4.4 The party that signs a Declaration of Interest becomes an Interested Operator.

Interested Operators must obtain a Qualified Electronic Signature (QES) certificate in PADES format in the name of the person vested with adequate powers of representation who will sign the documentation relating to the Annual Subscription Process and contractual documentation, provided by an authorised provider included on the official EU list (<https://eidas.ec.europa.eu/efda/tl-browser/#/screen/home>) or, alternatively, another similar and suitable means to meet the same requirements that will be evaluated by the Operating Company at its sole discretion.

4.5 Even when accredited, the Interested Operator is not obliged to make an Access Request. The Interested Operator that makes an Access Request becomes an Applicant.

4.6 All documentation must be sent by Interested Operators to the Operating Company at the following certified email address [terminale.gnl.adriatico_mercato@pec.it] and, where applicable, digitally signed using a Qualified Electronic Signature (QES) certificate in PADES format or, alternatively, another similar and suitable means to meet the same requirements that will be evaluated by the Operating Company at its sole discretion.

4.7 Bid Bond:

- a) To partake the Annual Subscription Process, the Interested Operator must submit to the Operating Company no later than the same deadline as per article 4.3 above, a guarantee issued by an Approved Guarantor in the original and in the form available in the Electronic Communication System or, alternatively, a non-interest bearing security deposit in the amount of Euro 250,000.00 (two hundred and fifty thousand) (the "**Bid Bond**"). A copy of the guarantee must be sent in advance to the certified email address [terminale.gnl.adriatico_mercato@pec.it] and then sent in original version.
- b) The Bid Bond guarantees the signing of the relative Capacity Contract and the delivery of the guarantees referred to in Article 10 of Chapter III of the Regasification Code by the Interested Operator (then the Applicant) to which the Available Capacity is allocated following the Annual Subscription Process, in compliance with the provisions of Article 2.4.2.(a) of Chapter II of the Regasification Code. If the User is found to be in compliance with such execution and delivery obligations, the Bid Bond shall be returned at the request of the Applicant within a reasonable period of time.
- c) If the Applicant to which regasification capacity Available Capacity is allocated does not sign the Capacity Agreement and/or does not provide the guarantees referred to in Article 10 of Chapter III of the Regasification Code for any reason whatsoever, the Applicant shall be declared disqualified from the assignment in accordance with the Implementing Auction Rules for annual Capacity allocation and the Operating Company may, at its discretion, call on the Bid Bond. ARERA will be informed promptly.

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- d) If at the conclusion of the Annual Subscription Process no Available Capacity is allocated to the Applicant, it may ask for the Bid Bond to be returned, which will be returned by the Operating Company within a reasonable period of time.
 - e) The Bid Bond shall remain in force until at least eight (8) Business Days after the closing of the Annual Subscription Process i.e. until August 14th 2023.
 - f) The Interested Operator which has submitted the Bid Bond is entitled to submit to the Operating Company, no later than at the time of delivery of the Access Request, a single overall documentary guarantee in lieu of the Bid Bond and covering the Capacity Agreement, in the form available in the Regasification Code published in the Electronic Communication System.
- 4.8 Parties cannot become Interested Operators and/or Applicants, or they will lose this status, if they have not made at the date of submission of the Declaration of Interest or they do not make at any time during the Annual Subscription Process the payments due to the Operating Company on the basis of any obligation whatsoever (e.g. Capacity Agreements), for amounts invoiced and already due. The Operating Company shall promptly inform ARERA of this circumstance so that it may adopt the appropriate measures.
- 4.9 If the above-mentioned documentation, Bid Bond included, and the checks in accordance with the criteria set out in the Regasification Code and Regulations are satisfactory, the Operating Company will notify the accreditation to the relative Interested Operator within two (2) Business Days to participate to the Binding Phase of the Annual Subscription Process.

Phase 2: Submission of the Access Request - Reserve Price.

- 4.10 *Timing and procedures for submitting the Access Request.*
- a) The period of time for the submission of Access Request shall start on July 31st (thirty-one) 2023 – 9.00 (nine) A.M. CET and shall end on August 2nd (second), 2023 at 2:00 (two) PM C.E.T., under penalty of exclusion. As for August 2nd , 2023, the delivery of Access Requests is admitted until to and no later than 2.00 (two) P.M. CET.
 - b) The Applicant may make a maximum of 3 (three) Access Requests per session.
 - c) Each accredited Interested Operator may submit Access Requests for quantities and duration of its interest within the maximum limit of the Available Capacity and/or Incremental Capacity within the following limits:
 - i. **Available Capacity:** quantity and duration within the maximum allocation period set at 25 (twenty-five) years pursuant to the Decree of 8 July 2020, i.e. by 2048.

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II. **Incremental Capacity:** for a quantity between a minimum of 0.4 billion of standard cubic meters/year and 0.5 billion of standard cubic meters/year of natural gas, whose the total sum shall not be lower than 3 billion of standard cubic meters for the entire period to be intended as continuative.

d) The Applicant shall transmit the Access Request using the Access Request form attached to the Regasification Code published in the Electronic Communication System, and set forth herein in Annex 4, together with the Annex Price Form (which includes, among others, provisions of Unit Charge in €/lcm, total natural gas volume in standard BCM and LNG volume in lcm for each Unloading slot) The Access Request, including the Price Form, must be signed by the legal representative providing:

– for the **Available Capacity**, if requested:

- the offered **Unit Charge (A)**, expressed in real terms 2023⁴; and
- the **Entry Cost (B)**⁵; and
- the total **A + B** which it irrevocably undertakes to offer;

for the LNG volumes expressed in lcm for a period of time within the maximum Available Capacity limit and the maximum allocation period established as 25 (twenty-five) years, i.e. by 2048. The offered Unit Charge may be single and constant for the entire duration of the Available Capacity requested or may be modulated and divided into time periods of up to three-month period within the total duration of the Available Capacity requested. The Entry Cost shall be constant and the one provided for in the tariff regulation i.e. no discount or increase; and

- the **net present value** of the Access Request in **Euros** as per the modality pursuant to Article 5 of these Implementing Auction Rules for annual Capacity allocation

- for the **Incremental Capacity**, if requested:

- the offered **Unit Charge (C)**, expressed in real terms 2023⁶; and
- the **Entry Cost (D)**⁷; and
- the total **C + D** which it irrevocably undertakes to offer for GNL volumes expressed in mcl, considering the maximum allocation period equal to 20 years, a total minimum volume for a continuative period, not lower than 3 BCM, and an annual quantity between a minimum equal to 0.4 BCM/year and a maximum equal to 0.5 BCM.

The offered Unit Charge may be single and constant for the entire Incremental Capacity or may be modulated for each calendar year within the total duration of the Incremental Capacity requested. The Entry Cost shall be constant and the one provided for in the tariff regulation i.e. no discount or increase; and

⁴ The price to be applied during the contractual period will be re-evaluated annually at the actual inflation rate, as measured by ISTAT in the national consumer price index for blue-collar and white-collar families, net of tobacco.

⁵ For the calculation of Entry Costs losses and consumptions shall not be computed.

⁶ The price to be applied during the contractual period will be re-evaluated annually at the actual inflation rate, as measured by ISTAT in the national consumer price index for blue-collar and white-collar families, net of tobacco

⁷ For the calculation of Entry Costs losses and consumptions shall not be computed.

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- **the net present value** of the Access Request in **Euros** as per the modality pursuant to Article 5 of these Implementing Auction Rules for annual Capacity allocation.

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- e) any Access Request or declaration of interest to participate to the second session shall be delivered to:

Notai Studio Associato Cavallotti Posadinu
Viale Luigi Majno, 34
20129, Milano (MI) – Italia

Under penalty of exclusion, the front page of the sealed envelope containing the Access Request shall provide the following words: "*Richiesta di Accesso - Adriatic LNG, Open Season 2023*".

- f) Access Requests subject to conditions or submitted in a manner that does not comply with the conditions set out in the Regasification Code and the Implementing Auction Rules for annual Capacity allocation shall not be admitted to the Annual Subscription Process and shall therefore be considered invalid, without any liability being borne by the Operating Company.
- g) The Access Request shall be considered binding, unconditional, irrevocable and valid **(i)** until the expiry of the Binding Phase, or if earlier **(ii)** until the Operating Company notifies the Applicant that the auction has ended. No justification or reason shall entitle the Applicant to declare its Access Request ineffective, invalid or otherwise revoked. Should the Access Request be accepted by the Operating Company, the Applicant irrevocably undertakes to sign the Capacity Agreement annexed to the Regasification Code as verified by ARERA with the resolution n. 286/2023/R/GAS.

4.11 *Reserve Price - minimum Capacity Contract value*

- a) The reserve price ("**RP**") in €/lcm referred to in point (vi) of Article 2.4.2(a) of Chapter II of the Regasification Code for Available Capacity and Incremental Capacity, shall be defined by the Operating Company. Pursuant to resolution of ARERA n° 288/2023/R/Gas the RP will include the Entry Costs.
- b) The RPs shall be delivered by the Operating Company to the notary public prior to the commencement of each sessions and is kept confidential.
- c) Access Requests made below each RP for Available Capacity will not be considered. The Applicant who has made an Access Request below the RP has access to the subsequent session, if any.

5. Allocation criteria, communication of results and signing of the Capacity Agreement

5.1 The allocation criteria are set out in Article 2.4.2 a) of Chapter II of the Regasification Code and implemented in these Implementing Auction Rules for annual Capacity allocation.

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5.2 Per point v) of article 2.4.2 a) of Chapter II of the Regasification Code, in the event more than two (2) Access Requests are delivered, the Available Capacity is allocated to the combination of Access Request with the highest overall economic value.

5.3 The methods for calculating the net present value (also, “NPV” [“VAN” in the Italian text]) of the Access Request are:

the NPV of any and each Access request relating to the Available Capacity and/or Incremental Capacity requested by an Applicant and the Entry Costs shall be calculated as the sum for all the duration in the Access Request of the real price(s) offered in €2023/lcm for the relevant volumes in relation to which such real price(s) is(are) offered and discounted of the Discount Rate defined by the Operating Company plus the Entry Costs.

By way of example only, a simulation of modality of NPV calculation is provided here below under attachment 5.

5.4 The methods for communicating the outcome of each session of the auction and the auction are set out in point viii) of Article 2.4.2 a) of Chapter II of the Regasification Code

6. Miscellaneous

- a) Choice to waive Entry Costs: as set forth on resolution 288/2023/R/GAS within 15 days from the closure of the Procedure, Applicant to whom Available Capacity and/or Incremental Capacity is allocated shall notify the Operating Company whether or not intend to make use of the measure referred to in article 2 of the ARERA Resolution no. 288/2023/R/GAS and pay the entry costs as per the tariff determined from time to time and applicable on the basis of the tariff measures adopted, as provided for in article 3 of the above Resolution. It is understood that if the Applicant to whom Available Capacity and/or Incremental Capacity is allocated intends to make use of the measures referred to in the aforementioned article 2, in terms of Entry Costs, it is bound by a *take or pay* obligation also in relation to the Entry Costs Entry⁸.
- b) Communications: The certified email address for any communication pursuant to the Implementing Auction Rules for annual Capacity allocation unless otherwise expressed by Operating Company is: terminale.gnl.adriatico_mercato@pec.it
- c) Date and time: For the purposes of these Implementing Auction Rules for annual Capacity allocation, to determine the date and time of the actual delivery of documentation to the Operating Company, the date and time specified on the certified email of the Operating Company or, in the case of Access Requests, by the notary public, shall be deemed valid.
- d) Consistent with the provisions of the TIRG and the provisions adopted by the Operating Company in implementation thereof, the Operating Company reserves the right to amend, cancel, withdraw,

⁸In addition to take or pay obligation for Unite Charge

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suspend or terminate the Annual Subscription Process, at its sole discretion, by giving notice in the Electronic Communication System, by the deadline for determining and announcing the allocation(s) of Available Capacity. Adriatic LNG is not liable whatsoever from any amendment, suspension, cancellation or termination of the Annual Subscription Process, the rejection of any Access Request or the acceptance of another Access Request. Interested Operators, Applicants and any other party having an interest in the Annual Subscription Process may not, individually or collectively, claim against the Operating Company, in respect of the aspects for which it is responsible, any expectation whatsoever in relation to the award and signing of contracts and/or the allocation subject to the allocation procedure or any right to compensation, reimbursement or indemnities whatsoever.

- e) The Operating Company shall not be held liable for and shall not pay the charges and expenses incurred by Interested Operators, Applicants or any other party participating in any capacity in any phase of the Annual Subscription Process, regardless of whether the Annual Subscription Process is amended, cancelled, revoked, suspended or discontinued and/or their Access Request is accepted or rejected for any reason.
- f) The Implementing Auction Rules for annual Capacity allocation shall be interpreted and governed by the laws of the Italian Republic. The Italian version of the Implementing Auction Rules for annual Capacity allocation is the only binding version.
- g) The Operating Company shall not, in any way, be held liable for information provided over the telephone. Recording on any media whatsoever, including electronically, of telephone calls, video calls, meetings or the like is not permitted.
- h) Interested Operators, Applicants or any other party participating in any capacity in any phase of the Annual Subscription Process acknowledge the commercially sensitive nature of the Annual Subscription Process and that the existence and content of subsequent discussions and communications shall be confidential and must not be disclosed to third parties without the express written consent of Adriatic LNG. Information, provided in any manner and in any media, received from Interested Operators, Applicants and any other party is to be treated as strictly confidential and may not be used for any purpose other than to participate in the Annual Subscription Process pursuant to the Implementing Auction Rules for annual Capacity allocation.
- i) In case of discrepancy between the Implementing Auction Rules for annual Capacity allocation and the Regasification Code, the latter shall prevail.
- j) For all matters not expressly governed by these Implementing Auction Rules for annual Capacity allocation, reference shall be made to the provisions set forth in the Regasification Code.

7. Annexes

The following annexes made available in the Electronic Communications System of the Operating Company (www.adriaticlng.it) constitute an integral part of these Implementing Auction Rules for annual Capacity allocation:

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Annex 1 - Declaration of Interest Form

Annex 2 – Bid Bond - guarantee

Annex 3 - Guarantee in lieu of Bid Bond and covering the Capacity Contract

Annex 4 - Access Request Form referred to in the Regasification Code

Annex 4.1 - Price Form

Annex 5 - Conventional parameters for calculation of Net Present Value and example of its calculation

Annex 6 – Contract for Regulated Capacity as verified by ARERA with the resolution 286/2023/R/gas

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Annex 5 to implementing Auction Rules for Annual Capacity Allocation Conventional parameters for calculation of Net Present Value and example of its calculation

Conventional parameters for calculation of Net Present Value for 2023 Annual Capacity Allocation:

- Conversion rate from standard cubic meter of natural gas into liquid cubic meter (lcm) of LNG is: 611
- Discount rate: 6.1% real⁹
- Calculation of Entry Costs:
 - Calculation of Entry costs regarding Available Capacity and/or Incremental Capacity: with the purpose of determining VAN are converted from 2024 *Cavarzere* entry charge CPe , for Cavarzere Entry Point, equal to 0.921135 €/y/Scm/d using a liquid-to-volume ratio of 611, 365 days per year at delivery of 24,58M SCM/day
 - a multiplicative coefficient equal to 1 (one)
 - The losses and consumptions shall not be computed.

Example 1 – Access request for Available Capacity

The following example of an Access Requests is proposed to illustrate how NPV is calculated.

Access Request for all the available capacity **starting in January 2029 and lasting 5 years** (i.e. ending in December 2033), that is equal to 228M SCM/year for the years 2029 and 2032, and 648M SCM/year for the years 2030, 2031 and 2033 with a proposed Unit Charge (“Corrispettivo Unitario”) in real 2023 prices on a yearly basis equal to **11.0€/lcm + Entry Costs equal to 1.645€/lcm**.

Based on the assumptions above the Net Present Value is calculated as follows:

$$\begin{aligned} NPV_{\text{€},2023} = & \\ & (11+1.645) \cdot (228.000.000/611) \cdot D6 \quad + \quad (11+1.645) \cdot (648.000.000/611) \cdot D7 \quad + \\ & (11+1.645) \cdot (648.000.000/611) \cdot D8 \quad + \quad (11+1.645) \cdot (228.000.000/611) \cdot D9 \quad + \\ & (11+1.645) \cdot (648.000.000/611) \cdot D10 \end{aligned}$$

with:

- $D_i = 1 / (1 + 6.1\%)^i$
- $i = 6$ to 10

Net Present Value of the Access Request would be **Euros 30,706,242**.

Example 2 – Access request for Incremental Capacity

The following example of an Access Requests is proposed to illustrate how NPV is calculated.

⁹ WACC for LNG regasification in 2022 : <https://www.arera.it/allegati/docs/21/614-21alla.pdf>

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Access Request for **0.5 BCM/year starting in April 2026 and lasting 6 years** (i.e. ending in March 2032), with a proposed Unit Charge (“Corrispettivo Unitario”) in real 2023 prices on a yearly basis equal to **15.0€/lcm + Entry Costs equal to 1.645€/lcm**.

Based on the assumptions above the Net Present Value is calculated as follows:

$$\begin{array}{rcll} \text{NPV}_{\text{€},2023} & & & = \\ (15+1.645) \cdot (375.000.000/611) \cdot D3 & + & (15+1.645) \cdot (500.000.000/611) \cdot D4 & + \\ (15+1.645) \cdot (500.000.000/611) \cdot D5 & + & (15+1.645) \cdot (500.000.000/611) \cdot D6 & + \\ (15+1.645) \cdot (500.000.000/611) \cdot D7 & + & (15+1.645) \cdot (500.000.000/611) \cdot D8 & + \\ (15+1.645) \cdot (125.000.000/611) \cdot D9 & & & \end{array}$$

with:

- $D_i = 1 / (1 + 6.1\%)^i$
- $i = 3$ to 9

Net Present Value of the Access Request would be **Euros 58,460,142**.

For the sake of clarity, Standard parameters above are meant as reference for the purpose of calculating NPVs for the allocation only, it being understood that Charges applicable to the Capacity Agreements shall be adjusted on a yearly basis considering the actual inflation rates provided by the Italian Institute for Statistics (ISTAT) in the following index: “indice nazionale dei prezzi al consumo per le famiglie di operai e impiegati, al netto dei tabacchi”.

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