

The sea of the Veneto hosts a strategic infrastructure for Italy

Adriatic LNG is the company that manages the regasification terminal off the Venetian coast. It is the first offshore Gravity Based Structure (GBS) for unloading, storing and regasifying Liquefied Natural Gas (LNG).

Located in the Northern Adriatic Sea, about 15 kilometers off the Veneto coastline, the terminal has an annual regasification capacity of **9 billion m³** of natural gas (equal to more than half the national LNG regasification capacity) and delivers about **12% of the national natural gas consumption**. Currently, it is the first and only Italian LNG regasification terminal that can accept so-called super large-scale LNG vessels with a capacity of up to 217,000 liquid cubic meters.

The terminal is connected to the national gas pipeline network via a pipeline to the Cavarzere (Venice) metering station: from here the gas can be withdrawn by the user - and possibly sold on the market or consumed at its own point of consumption - without further infrastructure investment.

An entry point for natural gas

Thanks to regasification technology, the Adriatic LNG terminal allows the import of liquefied natural gas, overcoming pipelines' physical limitations. Being not bound to a single producing country, regasification terminals can receive LNG from any country provided with liquefaction plants.

Diversification and flexibility: a fundamental contribution to the national energy system

Due to this **high flexibility**, the terminal gives a significant contribution to the **diversification of supply sources, increasing the security of national energy system**. By expanding the number of import sources, risks connected to the dependence on few suppliers are therefore reduced. From 2009 until today, Adriatic LNG allowed the importation of liquefied natural gas from a range of 9 different Countries, including Qatar, USA, Egypt, Trinidad and Tobago and, recently, China too.

Natural gas: the key to energy transition

Natural gas is the **national primary energy source** and plays a key role in the **transition to more sustainable sources**, being the fossil source with lowest emissions (up to -60% compared with coal), abundant, economical, flexible and reliable. Easier to store and flexible, natural gas is suited to meet peak demand and back up intermittent renewable sources.

High reliability and one of the highest utilization rate in Europe

With the arrival of over **925 LNG carriers** and around **78 billion m³ of gas sent out into the national pipeline network**, the Adriatic LNG terminal has confirmed its strategic role for Italy.

Operating results	2019	2020	2021
Ships docked at the terminal	88	76	81
Cubic meters of gas injected into the pipeline	7.6 billion	6.5 billion	7 billion
Terminal utilisation rate	95,6%	82%	92%

81 ships docked at the Adriatic LNG terminal in **2021**. The number of cubic meters of natural gas injected into the national gas pipeline network in 2021 was **7 billion**. The capacity reservation rate (regulated and exempt from third party access provisions) in 2021 was 92%, which is higher than the average terminal utilisation rate in Europe (29% to 40% per month on average in 2021). In particular, the capacity utilisation rate for competitors in Italy is around 24.5%.

Since the beginning of 2022, more than **35 LNG carriers** has arrived at the terminal with around **3 billion** cubic meters of gas injected into the network.

Italian company and private asset investments

Adriatic LNG is an **Italian joint venture** established on May 2, 2005, controlled by ExxonMobil Italiana Gas (~71%) - a company belonging to ExxonMobil Group, Qatar Terminal Company Limited (~22%) - a company

belonging to Qatar Petroleum Group, and Snam Spa (~7%). The terminal was created **entirely with private assets** and has been operational since 2009.

Not only regasification: temporary storage and flexible delivery schedules

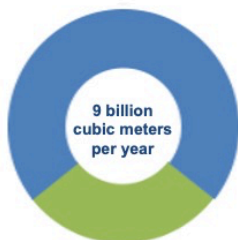
71% of the terminal's regasification capacity (equivalent to **approximately 6.4 billion m³/year** of natural gas) is allocated to Edison for a period of 25 years (until 2034); the remaining 29% (equivalent to **approximately 2.6 billion m³** of natural gas) is **offered on the market** through transparent procedures of capacity subscription defined by the market legislation in force.

In December 2021, the terminal was also selected again by the Ministry of Economic Development to offer the Peak Shaving service, a measure that is part of the "Emergency Plan" to deal with particular unfavourable situations during the winter period of the 2021/22 thermal year and guarantee the safety of the national gas system.

Adriatic LNG and the Market

After the success of Open Season 2021, Adriatic LNG's Open Season 2022 will offer to Italy and Europe the possibility of increasing liquefied natural gas importations, of attracting new suppliers and of diversifying natural gas sources.

Allocation of LNG regasification capacity



Exempted capacity: 71.2% of whole capacity (approx. 6.4 billion scm/year)

- Allocated for a period of 25 years (until November 2034)
- Equivalent to about 73 LNG carriers per year

Available adjusted capacity can be purchased through:

- Annual procedure/*Open Season* for long term capacity (beyond the thermal year)
- Weekly procedure for short term capacity (by the thermal year)

Adjusted capacity: 28.8% of whole capacity – approx. 2.6 bin scm/year

- Offered to the market through annual/*Open Season* and weekly capacity subscription procedures
 - Equivalent to 28 LNG carriers of 152,000 lcm per year
- *Adriatic LNG accepts LNG carriers with capacity from 65,000 to 217,000 lcm

With the increase of LNG regasification capacity from 8 to 9 billion cubic meters, Adriatic LNG will make available to the market a regasification capacity of about 147 billion cubic meters for the next 25 years. It is one of the most important auctions for LNG market worldwide.

The Adriatic LNG Open Season 2022 is expected to start by the end of May by carrying out the nonbinding qualification phase and will end in July 2022.

The regasification capacity available today can be purchased by **any player interested in operating in the gas market**, whether national or European.

Adriatic LNG also offers its customers a Flexibility Service and a Temporary Storage Service. With the **Flexibility Service**, users have the possibility to reschedule their gas redelivery profile either up or down daily, in line with their balancing needs. Thanks to the **Storage Service**, customers have the option of temporarily storing LNG in the Terminal's tanks and requesting its redelivery later.

The project to increase regasification capacity

To provide the market with more natural gas import capacity in Italy, Adriatic LNG increased the terminal's regasification capacity from 8 to 9 billion cubic meters per year at the beginning of 2022. Thanks to the optimization of the regasification terminal's operating regime but without any structural or plant modifications compared to the current configuration, Adriatic LNG can therefore regasify additional quantities of natural gas on behalf of its customers and is evaluating the possibility of further increasing the regasification capacity up to 11 billion cubic meters a year through some technical changes.

Safety culture and care for the environment

People's health and safety are more than a priority at Adriatic LNG: they are a core value. To ensure a systematic and structured approach to the management of safety, health and environmental risks, Adriatic LNG has adopted a management system called SHEMS (Safety, Security, Health and Environmental Management System), which effectively manages individual and operational risks to protect employees, suppliers, the local community, the environment and company assets. SHEMS complies with the highest industry-recognized safety, health and environmental standards and is regularly audited and updated. It also fully complies with the International Organization for Standardization's Environmental Management System standard (ISO 14001:2004; ISO

45001:2018) and the Occupational Health and Safety Assessment Series standard for health and safety management systems (OHSAS 18001:20).

The Adriatic LNG terminal has obtained a favorable decision in four Environmental Impact Assessment (VIA) procedures and holds the Integrated Environmental Authorization (AIA). In accordance with the competent control authorities, an **extensive monitoring plan** for the coastal marine environment was also defined, agreed between Adriatic LNG and the Superior Institute of Environmental Protection and Research (ISPRA) and implemented under the supervision of ARPAV. In the terminal's 12 years of operation, there has never been a breach of any of the strict environmental control parameters established.

Committed to the territory

Adriatic LNG – a responsible company with a global vision but deeply rooted in the region in which it operates – focuses on building relationships with local communities based on transparency, dialogue and cooperation.

To date, **35 local enterprises are now working for Adriatic LNG**, representing about 60% of the total value of active contracts with suppliers (equal to about 350 million Euros).

The company appreciates **the employment of local resources**: on over 120 employees distributed among the Milan headquarters, the Shore Base in Porto Viro and the offshore terminal, over one third (41) originate from Veneto, mainly from Rovigo and Venezia.

Adriatic LNG has always been committed to supporting sporting, cultural and socio-educational events organized by the local communities, through **investments and sponsorships**: to date, more than 2.8 million Euros have been invested for community projects. Furthermore, a fund of over 12 million Euros, managed by CONSVIPO (the Polesine Development Consortium), was established for fishing and the safeguarding of the Park of the Po Delta and the surrounding territory, providing innovation and support for welfare policies.

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