



Implementing Auction Rules for the allocation of the Infra-Annual Capacity pursuant to the Regasification Code cleared by ARERA with resolution no. 469/2023/R/gas 3.1

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 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 LNG regasification service (TIRG)*" and on 19 November 2019 Resolution no. 474/2019/R/Gas "*Tariffs criteria for regasification service for the fifth regulatory period (2020-2023)*";
- b) in compliance 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 here below;
- c) in consideration of requests coming from operators in the gas market and developments in LNG transportation market and in the interest of supporting competition, the Operating Company is motivated to allow the berthing and unloading of LNG carriers with a capacity from 65,000 liq m³ up to 217,000 liq m³ of LNG;
- d) on 18 April 2020, the Operating Company published the auctions application rules or Temporary auction rules, such rules being set forth to ensure that Available Capacity was offered and assigned on a non-discriminatory basis and put in to the competition all the bids for the purchase of the Available Capacity, irrespective of the size of LNG carriers for Unloading. Such implementing rules, as from time to time updated, enabled a wide number and variety of natural gas/LNG operators to access Available Capacity. These Implementing Auction Rules for Infra-annual capacity allocation replace previous Temporary auction rules;
- e) with the purpose of optimizing the use of the Available Capacity, considering from time to time the operating conditions and before starting related auctions, the Operating Company, acting as a Reasonable and Prudent Operator, may publish on the Electronic Communication System the availability to berth, Unload and unmoor LNG Vessels during periods of time shorter than the maximum time thresholds of the Unloading Slots of reference as defined in Article 1.1 of Chapter I of the Regasification Code;
- f) weekly price fluctuations, even significant, have occurred in the main wholesale gas markets in Europe and in LNG market worldwide;
- g) in order to maximize the use of Available Capacity, the Operating Company is willing to organize at least 4 (four) sessions per Month of competitive auctions for the allocation of Infra-annual

Capacity as per Regasification Code (i.e. at least a weekly session).

- h) With the aim to simplify the participation to the competitive auctions for infra-annual capacity allocation, to reduce the administrative activities requested to Participants and in compliance with the provisions of article 13 of the Regulation (EU) 2022/2576 of the Council on the December 19th 2022, the Operating Company has developed an informatic portal for managing auctions *ad hoc*, accessible from the Electronic Communication System (portaleasta.adriaticlng.it), without prejudice to impartiality and the guarantee of equal conditions for participation.

Definitions¹

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 €/liq m³ 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) "**Access Form to Portale Asta**" has the meaning attributed to it in article 4.2;
- (v) "**Offer**" means the binding and unconditional economic offer in €/liq m³ per Slot within the Product made in accordance with these Implementing Auction Rules for Infra-Annual Capacity allocation;
- (vi) "**Participant**" has the meaning attributed to it in article 4;
- (vii) "**Portale Asta**" means the informatic tool made available by the Operating Company through the Electronic Communication System as a trading platform for conducting competitive auctions for the assignment of Infra-Annual Capacity;
- (viii) "**Product**" means the amount of Infra-annual Capacity consisting of one Unloading Slot and respective quantity, from 65,000 liq m³ up to 217,000 liq m³, auctioned by the Operating Company;
- (ix) "**Actual Offered Quantity**" has the meaning attributed to it in article 5.1;
- (x) "**Actual Requested Quantity**" and "**Communication of Actual Requested Quantity**" have the meaning attributed in article 5.1;
- (xi) "**Applicant**" has the meaning attributed on article 5.1 a)
- (xii) "**Term**" has the meaning attributed to it in article 5.1 b).
- (xiii)

2. Object

The purpose of these Implementing Auction Rules for the allocation of the Infra-Annual Capacity is to define the implementing rules of the auction for the allocation the Infra-annual Capacity carried out on a weekly basis in compliance with the criteria defined in the Regasification Code.

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.

¹ Definitions are ordered as reported in the Italian binding version of the Implementing Auction Rules

4. Participation requirements

- 4.1 The parties interested in partaking the allocation procedures shall (i) satisfy the conditions set forth in the Regasification Code and (ii) 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 authorized provider as per EU official list (<https://eidas.ec.europa.eu/efda/tl-browser/#/screen/home>) or, alternatively, other similar tools and suitable to satisfy the same requirements that will be evaluated by the Operating Company at its discretion.
- 4.2 Each interested party ("Participant") shall submit a declaration to the Operating Company, using the Form of Commitment available on the Adriatic LNG Electronic Communication System, by 17.00 (seventeen) of the Business Day preceding the day of the auction, to confirm:
- a) compliance with all Access Requirements provided for by article 2.4.4 of Chapter II of the Regasification Code;
 - b) acceptance of the provisions of the Regasification Code and these Implementing Auction Rules for Infra-Annual Capacity allocation;
 - 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) 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.

In compliance with the times indicated above, the Participant must submit the Access form to Portale Asta (Annex 4) to the Operating Company for the issue of access credentials to the subjects identified by the Participant to operate on the Portale Asta in his name and account and to send them a link to the Portale Asta for configuring their personal access password. The access credentials and password are strictly personal and will also be valid for subsequent accesses to the Portale Asta.

The Participant is responsible for the use and for the activities that take place through his own account and/or through the use of the access credentials and/or of the Portale Asta and undertakes to guarantee compliance with the instructions and operating indications provided by the Operating Company for the use of the Portale Asta.

Communications and notifications sent through the Auction Portal to the Participant are sent to the subjects indicated in the Portale Asta Access Form.

All documentation must be sent by the Participants to the Operating Company at the following PEC address terminale.gnl.adriatico_mercato@pec.it and signed according to provision set forth in article 4 comma 1.

In the event that the aforementioned documentation is satisfactory, the Operating Company will communicate by eighteen (18.00) of the Business Day preceding the day of the auction, to each Participant whether it is qualified to make one or more Offers partaking the Infra-annual Capacity Subscription Procedure.

For the purposes of these Implementing Auction Rules for the allocation of the Infra-Annual Capacity, to

determine the exact date and time of the delivery of the documentation to the Operating Company, including e.g. the Commitment 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 for an amount equal to Euro 250,000.00 (two hundred and fifty thousand) (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. Alternately the Bid Bond could be issued as follows:
- I. a non-interest bearing security deposit for an amount equal to Euro 250,000.00 (two hundred and fifty thousand), or
 - II. The Participant should provide written proof, in a form and content satisfactory to the Operating Company, that it has a rating relating to long-term unsecured indebtedness not lower than at least one of the following ratings:
 - i. BBB- issued by S&P or
 - ii. Baa3 issued by Moody's; or
 - iii. BBB issued by Fitch Ratings.
- In case of rating downgrade, the Participant is required to provide adequate guarantees to continue accessing the Service.
- 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, 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 Implementing Auction Rules for Infra-Annual Capacity allocation, by the assignment to this Procedure and the Operating Company may, at its sole discretion, call on 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 deliver to the Operating Company, at the latest upon delivery of the Form, a single overall guarantee to replace the Bid Bond to cover the Capacity Agreement, in the form available on the Electronic Communication System.

- 4.4 The persons who have not made, 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 due cannot 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 for the submission of an Offer

- a) The Participant submitting the Offer to the Operating Company, becomes Applicant pursuant to the Regasification Code.
- b) For the purposes of these Implementing Auction Rules for Infra-Annual Capacity allocation, the period for the submission of Offers by the Participant, under penalty of exclusion, is from 10.30 am to 2.30 pm of the Day of each relevant auction ("Term"). The auction calendar for each Thermal Year is published and constantly updated by the Operating Company on its Electronic Communication System:
<https://www.adriaticlng.it/en/market-area/services/regasification/auctions-calendar/auctions-calendar>.
- c) The Operating Company will publish the Products on its Electronic Communication System.
- d) For each Product of interest, the Participant will send the Offer to the Operating Company via Portale Asta by completing and sending the Offer form available on the Auction Portal indicating the Unit Price and the volumes requested in liquid cubic meters of LNG. Until the end of the period for submitting Offers for the Product of interest, the Participant may replace the previous Offer with a new Offer provided that the total economic value of the subsequent Offer, as defined in Article 6 letter b), is greater or same as the previous one.
- e) Offers submitted in a way that is not consistent with the criteria indicated in the Regasification Code and in the Implementing Auction Rules for Infra-Annual Capacity allocation are not admitted to the auction procedure and will be excluded.
- f) The accepted Offer, will be considered binding, unconditional, irrevocable and valid until 6.00 pm of the fourth (4) Business Day after the Day when the relevant auction has been carried out and in relation to which the Offer is made. No justification or reason entitle the Applicant to declare its Offer ineffective, invalid or in any case revoked. In the event that an Offer is accepted and the Unloading Slot(s) is(are) allocated, the Applicant undertakes irrevocably to execute the Contract for the Regulated Capacity or, as the case may be, the Contract for the Spot Capacity in the form attached to the Regasification Code.
- g) In the event of unavailability of the Portale Asta, the Operating Company will promptly communicate in writing via certified email to Participants the alternative application methods and terms for participation in competitive auctions and the submission of the Offers.

5.2. Reserve price

- a) The reserve price ("RP") in euro/ liq 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 liq m³ composing the Product and limitedly to the total volume in liq m³ for each slot. RPs will be transmitted to a public notary before the starting of the auction and will not be made public.
- b) Offers below the applicable RPs per Slot of the Product will not be considered and will not compete in the auction.

6. Allocation Criteria

- a) Regarding each and any Product, Offers which are valid pursuant to Article 5 are ranked, on the basis of the price, in descending order. At the same price, the Operating Company applies the temporal priority confirmation of the sending of the Offer via Portale Asta.

- b) the Operating Company will allocate the Available Capacity to the Offer with greater overall economic value intended as the product 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 lower than the applicable RP for the respective Slot/Slots or, if the Product is made up of several Slots, each of the price offered is not lower than the RP of each of the Slot to which they refer to.
- 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 to be allocated to the Participant at the price proposed by the latter (*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 Applicant through Portale Asta, by 17.00 of the auction day the results of the session in which the Participant submitted a Purchase Offer in accordance with the provisions of the Implementing Auction Rules for the Infra-annual Capacity allocation and the Regasification Code. The Applicant will receive a notification via the e-mail addresses communicated in the Portale Asta Access Form in which he will be invited to view the results. Session outcomes and messages generated, extracted or in any case obtained from the Portale Asta have binding value for the Operating Company.
- 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 included the form downloadable from the Portale Asta containing the results of the auction with the Offer information, 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 only in case the signature does not comply with characteristics requested above.

8. Miscellaneous

- a) Communications: the PEC address for any communication as per the Implementing Auction Rules for the Infra-annual Capacity Allocation is terminale.gnl.adriatico_mercato@pec.it
- b) In accordance with the provisions of the TIRG and 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 Implementing Auction Rules for the Infra-annual Capacity allocation is interpreted and regulated according to the Italian Laws. The Italian version of the Implementing Auction Rules for the Infra-annual Capacity allocation is the only binding version.
- e) The Operating Company cannot, in any way or for any reason, be held responsible for the information provided by telephone.
- f) The information, provided in any form, received by the Participants shall be considered strictly confidential and shall not be used for a purpose other than participating to the auction pursuant to the Regasification Code and the Implementing Auction Rules for the Infra-annual Capacity allocation.
- g) In case of conflicts between the Implementing Auction Rules for the Infra-annual Capacity allocation and the Regasification Code, the second shall be considered prevalent.
- h) The Operating Company does not give any guarantee as to the availability and functioning of the Portale Asta. In the event of unavailability of the Portale Asta, the Operating Company will inform the Participants, as soon as reasonably possible and in writing, of the alternative application methods and terms for participating in the *pay as bid* Auctions and submitting the Offers.
- i) For anything not expressly provided by these Implementing Auction Rules for the Infra-annual Capacity allocation, 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 these Auction Rules:

Annex 1 – Form of Commitment

Annex 2 - Bid Bond – guarantee

Annex 3 – Bank Guarantee replacing the Bid Bond and covering the Capacity Agreement

Annex 4 – Access Form to Portale Asta