



## Technical Operating Provisions (DTF) for the allocation of the Virtual Liquefaction Service (hereinafter "DTF") pursuant to the Regasification Code cleared by ARERA with resolution no. 469/2023/R/Gas

### 1. INTRODUCTION AND DEFINITIONS

#### Introduction

- a) The Regasification Authority for Energy, Networks and Environment (ARERA) on 17 October 2023 cleared the Adriatic LNG Regasification Code, which introduced the Virtual Liquefaction Service made available by the Operating Company, allowing access to both Regasification Users and Transport System Users to improve competition in the gas market in Italy;
- b) in accordance with Article 12 of the TIRG and Annex (o) of the Regasification Code, the Operating Company offers the Virtual Liquefaction Service (hereinafter, also, the "Service") according to transparent and non-discriminatory auction procedures according to the terms provided for in the Regasification Code as implemented below;
- c) taking into account the technical requirements for the operation of the Terminal and in compliance with the highest levels of operational safety and reliability, the Operating Company will publish from time to time the volumes and the relevant time frame of the Virtual Liquefaction Service referred to in Article 3.7.4 of Chapter II and Annex (o) of the Regasification Code;

#### Definitions<sup>1</sup>

The capitalized terms refer to the definitions set out in the Regasification Code and, if not defined in the latter, they will have the following meaning:

- (i) **"Guarantees"** has the meaning attributed to it in article 3.2;
- (ii) **"Virtual Liquefaction (VL)"** has the meaning attributed to it in chapter I.1.1 of the Regasification Code. It means an Additional Service defined pursuant to the TIRG<sup>2</sup>, for which the Operating Company makes a service available on day D, to its Users and to the Transport System, a service which allows the Operating Company to deliver a quantity of gas to the PSV for the same Day D and/or for the following Day D+1 and to receive the available equivalent quantity of LNG in the Terminal's storage facilities with subsequent Redelivery (PdC);
- (iii) **"Subscription Form"** has the meaning attributed to it in article 3.1;
- (iv) **"Compensation Period"** means the period, expressed in days when the Operating Company is available to redeliver the offered volumes object of the exchange at PSV – Periodo di Compensazione (PdC) in the Italian version;

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<sup>1</sup> Order of definitions as reported in the Italian version.

<sup>2</sup> TIRG article 12 "Servizi di flessibilità per la riconsegna del Gnl"

- (v) **“Portal”** means the IT tool made available by the Operating Company on the Electronic Communication System for the allocation of the Virtual Liquefaction Service<sup>3</sup>;
- (vi) **“Request”** means the quantity of Gas (MWh) to be delivered at PSV requested by the Virtual Liquefaction Service User with the associated economic offer (unit price offered) binding and unconditional in €/MWh and relevant PdC requested on the basis of what proposed by the Operating Company;
- (vii) **“Session”** means the period of time of at least 30 (thirty) minutes within which the Virtual Liquefaction Service Users can make the Requests for allocation of the Service in relation to what is offered from time to time by the Operating Company;
- (viii) **“Closing” or “Auction End Date”** means the closing time of each auction Session;
- (ix) **“Additional Services”** as defined in chapter I.1.1. of the Regasification Code, means the Flexibility Service or the Virtual Liquefaction Service or the Temporary Storage Service or the Peak Shaving Service, and in general the further ancillary services to the Regasification Service offered by the Operating Company, as regulated pursuant to article II.3.7
- (x) **“Liquefaction Volumes” or “Volumes”** means the quantities expressed in MWh that the Operating Company publishes for the offer of the Service.

## **2. Subject**

The subject of these DTF is the definition of the application rules of the auction procedures for the allocation and provision of the Virtual Liquefaction Service in compliance with the criteria set out in the Regasification Code.

**3. Access to Virtual Liquefaction Service** (Access requirements - guarantees and payment obligations - offer of the Service and Requests of the Virtual Liquefaction User, auction sessions and calendar - reserve price - allocation criteria and communication of Sessions results)

### **3.1. Access requirements**

Access and participation in the Sessions for the allocation of the Service are allowed impartially and on equal terms to all subjects who meet the requirements referred to in the following paragraphs.

Operators who have an interest in participating in the allocation procedures of the Virtual Liquefaction Service shall (i) satisfy the conditions set out in the Regasification Code as applicable and (ii) obtain a Qualified Electronic Signature (FEQ) certificate in PADES format in the name of the person with adequate powers of representation who will proceed with the signing of the documentation enabling the auction procedures, provided by an authorized provider on the official EU list (<https://esignature.ec.europa.eu/efda/tl-browser/#/screen/home>) or, alternatively, other similar means suitable to meet the same requirements that will be evaluated by the Operating Company at its sole discretion.

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<sup>3</sup> If the Liquefaction Service Offer is not available through the Portale Asta, the Operating Company will communicate, as soon as reasonably possible and in writing, to the Users who have a subscription to the Flexibility Service and/or the Virtual Liquefaction, the methods and terms of application alternatives for participation in pay as bid auctions and the submission of Offers.

An operator becomes a User of the Virtual Liquefaction Service and request access to the Service to the Operating Company, delivering the documentation enabling access to the auction procedures listed below, depending on the type of operator (Regasification Service User or Transport System User), and made available by the Operating Company on the Electronic Communication System. An operator:

- **who is also a Regasification Service User**, can request access to the Virtual Liquefaction Service after completing and submitting to the Operating Company the:
  - Flexibility Subscription Form (Annex 1)
  
- **who is a Transport System User**, can request access to the Virtual Liquefaction Service after completing and submitting to the Operating Company the:
  - Virtual Liquefaction Contract for Transport System User (hereinafter, also, "Contract") (Annex 2); and providing
  - Guarantee, in the form of a first demand guarantee (Annex 3), non-interest-bearing security deposit or rating, as specified in article 3.2 below.

All the documentation must be sent by the operators to the Operating Company at the following PEC address [terminale.gnl.adriatico\\_mercato@pec.it](mailto:terminale.gnl.adriatico_mercato@pec.it) and digitally signed using a Qualified Electronic Signature (FEQ) certificate in PADES format or, alternatively, other similar means suitable to meet the same requirements that will be evaluated by the Operating Company at its sole discretion.

Both kind of Operators are invited to submit the completed Portale Asta Access Form (Annex 5) to participate in the Virtual Liquefaction auction procedures if available and supported by the electronic system.

The documentation can be sent to the Operating Company by 5:00pm CET every business day. For the purposes of these DTF, in order to determine the date and time of the actual submission of the documentation to the Operating Company, what is indicated as "the download date" on the PEC platform of the Operating Company will prevail. The Operating Company check the correctness of the documentation delivered and, if the aforementioned documentation is satisfactory, the Operating Company enables the Virtual Liquefaction Service User to make one or more Requests in the context of the auctions for the allocation of the Service within 3 (three) Business Days from receiving the documents.

### **3.2. Financial guarantees to cover the obligations of the Virtual Liquefaction Service Users - payment obligations**

The **Regasification Service User** is required to guarantee the Regasification Service User guarantees to cover the obligations relating to the Capacity Agreement (article 10 of Chapter III) including the guarantee of the obligations for the provision of the Additional Services, such as Virtual Liquefaction service. Regasification Service Users who, on the date of submission of the above documentation, have not made the payments due to the Operating Company under any obligation (e.g. Capacity Agreement) for amounts invoiced and already due, cannot become Virtual Liquefaction Service Users. The Operating Company will promptly inform ARERA of this circumstance for the adoption of the relevant measures.

The standards for Regasification Service Users referred to in the Regasification Code are adapted to **Transport System User** who is required to provide and maintain adequate financial guarantees for the obligations

envisaged by the Contract to which he is a party for the entire duration of the Agreement. To this end, upon submitting the documentation for access to the Service, as described in paragraph 3.1 above, the Transport System User must provide the Operating Company:

- a) written evidence in a form and substance satisfactory to the Operating Company that the credit rating of the Applicant with reference to its long term unsecured and unguaranteed debt is not less than at least one of the following ratings:
  - BBB- issued by S&P; or
  - Baa3 issued by Moody's; or
  - BBB issued by Fitch Ratings.

In the event of a lowering of the rating, the Transport System User is required to provide adequate guarantees in order to continue to access the Service.

Or:

- b) Adequate guarantees to cover the exposure of the Transport System User towards Adriatic LNG, of a minimum value of € 100,000 (one hundred thousand/00 euros), in one of the following forms:
  - a. first demand guarantee provided by an Approved Guarantor in the form set out in the Guarantee\_Transport System User (Annex 3);
  - b. non-interest-bearing security deposit.

The *rating* referred to in lett. a), the guarantee on first demand and the non-interest bearing security deposit referred to in lett. b) are intended as a guarantee.

The value of the exposure of the Transport System User towards Adriatic LNG is determined by the amounts (including VAT) relating to the Virtual Liquefaction Service (Fees for the Virtual Liquefaction Service) due by the Transport System User listed below:

- invoices issued and not yet paid, and
- amounts accrued and not yet invoiced.

Invoices, once paid by the Transport System User, will be accounted for within 2 (two) Business Days from the receipt of the credit on the Operator's current account and will be included in the calculation of the exposure within the next business day from the day of the accounting.

The exposure of the Transport System User towards Adriatic LNG will be monitored daily for the period of validity of the Contract. In the event of a first demand guarantee or a non-interest bearing security deposit referred to in lett. b) above, the Transport System User has the right to increase or decrease the Guarantee during the period of validity of the Contract, provided that the minimum coverage of the exposure is maintained for the entire period of validity of the Contract. Failure to comply with this condition results in the loss of access to the Service. In particular, if the value of the exposure is not covered by the value of the first demand guarantee or by the non-interest bearing security deposit, the Operating Company will notify the Transport System User by certified e-mail of the suspension from the use of the Portal with a notice of 2 Business Days.

The daily monitoring of the exposure value is carried out by Adriatic LNG on the basis of the information available on the previous Business Day. If the exposure value reaches 90% of the value guaranteed by the first demand guarantee or by the non-interest bearing security deposit, Adriatic LNG will notify the fact to the Transport System User by means of a certified e-mail communication. The Transport Service User shall then check his

position for compliance with the conditions referred to in this paragraph.

The financial guarantee will remain in force until at least the sixtieth (60th) day following the expiration date of the Agreement. If the Virtual Liquefaction Service User to whom access and/or provision of the Virtual Liquefaction Service is provided, for any reason fails to pay the Virtual Liquefaction Fees, the Operating Company may, at its discretion, enforce the guarantee and the provision of the Flexibility Service will be suspended.

### **3.3 Service Offer and Virtual Liquefaction Service User Requests - sessions and calendar**

Volumes at PSV for Virtual Liquefaction and relevant period, **if available**, are proposed by the Operating Company on an Intra-day or Day-ahead, according to the calendar and times provided below. The Operating Company offers the Virtual Liquefaction Volumes and communicates the start time of the Session to the Virtual Liquefaction Service Users.

The Operating Company also provides the equivalent quantity of LNG, the duration of storage into Terminal tank starting from the redelivery at PSV and the constraints within which the redelivery (Compensation Period "PdC") is defined, i.e. the times and quantities to compensate for the Virtual Liquefaction Volumes offered. The redelivery profile will be defined by the Operating Company in the most homogeneous way possible based on the duration expected for the compensation and starting from the first day following the indicated storage period.

Requests for the Virtual Liquefaction Service must be submitted exclusively using the form "Modulo di Richiesta-Request Form" (Annex 4) published on the electronic communication system.

The Request Form must be signed by the legal representative using a Qualified Electronic Signature certificate in PADES format or, alternatively, another similar and suitable means to satisfy the same requirements which will be evaluated by the Operating Company at its sole discretion, and transmitted to the Operating Company at following PEC address [terminale.gnl.adriatico\\_mercato@pec.it](mailto:terminale.gnl.adriatico_mercato@pec.it) indicating the quantity of gas delivered to the PSV, in MWh, within the limits of what is proposed by the Operating Company on which it irrevocably undertakes to offer the proposed unit fee (in €/MWh).

If a User of the Virtual Liquefaction Service makes a request for quantities of Gas, at PSV, exceeding the Virtual Liquefaction volumes made available by the Operating Company, the Request is invalidated by the Operating Company.

It is understood that, with the aim to optimize operating conditions of the regasification plant, the Operator will be able to unilaterally offer a quantity of gas for delivery to the PSV, in MWh, a storage period and a redelivery period, not editable.

Given by the Operating Company the LNG storage period, the requests also include the Compensation Period ("PdC") to be included in the Request within the limits of the constraints expressed by the Operating Company in terms of the availability of quantities in MWh per day in which it can carry out the redelivery and according to a regular profile.

The Request provided to the Operating Company is binding, unconditional, irrevocable and valid until the end of the Session. No justification or reason will enable the Virtual Liquefaction Service User to declare his Request ineffective, invalid or otherwise revoked. In the event that more than one Request is received by the Operating Company from the same Virtual Liquefaction Service User in the same Session, only the last Request will be taken into consideration.

It is understood that if the Request is not signed in PADES format and/or the Operating Company is unable to carry out reasonably satisfactory checks within the deadlines for communicating the outcome of the auction, the offer will be canceled without the need for further communications from the Operating Company to the Participant and without any liability being attributed to the Operating Company.

Requests submitted in ways that do not comply with the conditions set out in the Regasification Code and the DTF for the allocation of the Virtual Liquefaction Service are not admitted to the auction procedure and will be excluded, without any responsibility being ascribed to the Operating Company.

- **"Day - ahead" Virtual Liquefaction Service – Requests & Allocation Process:**

In the case of Liquefaction Volumes offered for **Days D + 1**, the following applies:

- **by 3.30 pm C.E.T. on Business Day D:** the Operating Company offers the Liquefaction Volumes at PSV, the duration of the storage for the equivalent volumes into Terminal tank and referred Compensation Period and opens the first auction Session. The Operating Company also indicates whether or not the User is given the right to request a smaller quantity than that offered and whether the duration of storage and the redelivery methods (PdC) can be modified within the limits set by the Operating Company.
- The Virtual Liquefaction Service User must send the Requests to the Operating Company according to the methods described above;
- **at the end of the auction Session ("Closing"):** the Operating Company, communicates to the Virtual Liquefaction Service Users the results of the allocation process in terms of Virtual Liquefaction Volumes allocated, if any, and relevant PdC, awarded in consideration of the economic merit of the Virtual Liquefaction volumes allocated.
- Following the allocation process pursuant to the previous paragraph, if there are residual Virtual Liquefaction Volumes, the Operating Company communicates the Volume offered, the storage duration for the equivalent volumes into Terminal tank, the PDC and the opening time of the next auction to the VL Service Users. **The Operating Company organizes auction Sessions as long as there are no more Volumes to offer, including, in the case of a Business Day before a holiday, the Volumes for the following days, up to, for example, D + 3, no later than 5.00 pm C.E.T.**

- **"Intra-Day " Virtual Liquefaction Service – Requests & Allocation Process :**

In case of Liquefaction Volumes offered within **Day D**, The following applies:

- **by 11.00 am C.E.T. on Business Day D:** the Operating Company offers the Virtual Liquefaction Volumes at PSV, the duration of the storage for the equivalent volumes into Terminal tanks and referred Compensation Period and opens the first auction Session. The Operating Company also indicates whether or not the User is given the right to request a smaller quantity than that offered and whether the duration of storage and the redelivery methods (PdC) can be modified within the limits set by the Operating Company.
- The Flexibility Service User must send the Requests to the Operating Company according to the methods described above;

- at the end of the auction Session (“Closing”): the Operating Company, communicates the results of the allocation process of the Virtual Liquefaction Volumes allocated, if any, the storage duration for the equivalent volumes into Terminal tanks and Compensation Period, awarded in consideration of the economic merit of the Virtual Liquefaction volumes allocated, to the awarded Virtual Liquefaction Service Users for the same Business Day D.
- Following the allocation process, pursuant to the previous paragraph, if there are residual Virtual Liquefaction Volumes, the Operating Company communicates the Volume offered and the opening time of the next auction to the Flexibility Service Users. **The Operating Company organizes Auction Sessions as long as there are no more Volumes to offer for the day**, no later than 5.00 pm C.E.T.

The auction timetable for the Virtual Liquefaction Service is the following:

TYPE OF AUCTION	MONDAY (Business Day)	TUESDAY (Business Day)	WEDNESDAY (Business Day)	THURSDAY (Business Day)	FRIDAY (Business Day)
Intraday D*	X	X	X	X	X
Day ahead D+1*	X	X	X	X	X
D+2 (Sunday) *					X
D+3 (Monday) *					X

The program is subject to change based on calendar days (*Business or Non-Business*) and on the availability of Virtual Liquefaction Volumes to offer and storage availability into Terminal tanks. For each type of auction, Sessions with Virtual Liquefaction Volumes, storage duration for the equivalent volumes into Terminal tank and the PDC, can be organized within the timetable indicated by the Operating Company.

\* *The Operating Company specifies whether in the auction session it will be possible for the User of the Virtual Liquefaction Service to request lower quantities than those offered and/or make changes to the storage days and the compensation period.*

### 3.6 Criteria for allocation and communication of Sessions results

At the end of each Session, the Operating Company, defines a single order of merit and allocates the Service starting from the Virtual Liquefaction Service User who made the Request with the highest overall economic value, understood as the product of the requested quantity, within the limits of the Volumes of Virtual Liquefaction made available by the Operating Company, and the unit price offered in accordance with the provisions of Annex (o) of the Regasification Code, to the extent that this unit price is not lower than the reserve price.

Given the same overall economic value of the requests, the temporal priority of reception at the Request Operating Company's certified e-mail applies. Based on the above order of merit, the allocated Virtual Liquefaction Volumes, converted into the equivalent volume in the Terminal tanks, will subsequently be distributed by the Operating Company in the Compensation Periods starting from the first day following the storage period predefined by the Operating Company.

The Operating Company will communicate via certified e-mail to each participant, within one hour of the auction, the results of the session in which he made a Request in compliance with the provisions of these DTF for the allocation of the Service and the Regasification Code.

The participant is aware and accepts that the Offer constitutes an irrevocable commitment to purchase the Virtual Liquefaction Service from the Operating Company according to the pay as bid criterion.

In case of receipt of one or more offers that exceed the quantity offered by the Operating Company, the requests will be selected on the basis of the criterion of maximization of the economic value and possibly re-proportioned in order not to exceed the quantity offered by the Operating Company. The communication of the Operating Company is deemed to be acceptance of the Request made without the need of any other communication or exchange of correspondence.

Following the allocation of the Virtual Liquefaction Service, the Awarded Virtual Liquefaction Service User agrees to:

- a) in the case of a **Regasification Service User**: Redelivery Program Variation, Modified Redelivery Program, Modified Redelivery Program following requests for Additional Services, Spot Redelivery Program, Modified Spot Redelivery Program, Modified Spot Redelivery Program following requests for Additional Services as applicable, for the allocated Flexibility Volumes or
- b) in the case of a **Transport System User**, the gas exchange transaction at the PSV of the allocated Virtual Liquefaction Volumes.

#### **4. Virtual Liquefaction Service availability in the event of an unplanned reduction of gas redelivery.**

In the event of an unplanned reduction of gas redelivery on Day D, in the case of differences between the total quantity of Gas planned for Redelivery by the Operating Company to all Terminal Users for that day (both Regasification Service Users and Flexibility Service Users ) and the quantity actually regasified on the same Day D, the Operating Company redelivers the overall quantities regasified giving priority to the Regasification Service Users as part of the provision of the Regasification Service.

In particular, if, following the redelivery of the quantities to the Regasification Service Users as part of the Regasification Service provision, additional volumes are available for the Virtual Liquefaction Service Users, these volumes will be redelivered, defining for each Virtual Liquefaction Service User, respectively (i) the Variation of the Redelivery Program of Virtual Liquefaction Volumes (for Virtual Liquefaction Service Users who are also Regasification Users) and/or (ii) the Gas exchange at the PSV (for Transport System Users) of the Virtual Liquefaction Volumes actually redelivered by the Operating Company, as *pro rata* on the respective Virtual Liquefaction Volumes allocated to the Virtual Liquefaction Service Users at the end of the reference Session.

#### **5. Various provisions**

- a) Without prejudices to the TIRG and with the provisions adopted by the Operating Company in its implementation, the Operating Company reserves the right to modify, cancel, revoke, suspend, interrupt the procedure for the allocation of the Virtual Liquefaction Service, at its sole discretion by communicating via certified e-mail to the Virtual Liquefaction Service Users, within the deadline set for the determination and communication of the allocation. The Virtual Liquefaction Service Users may not, individually or collectively, claim from the Operating Company, for the aspects of competence, expectations of any kind in relation to the



allocation of the Virtual Liquefaction Service subject to the allocation procedure, any right to compensation, reimbursement or indemnities of any kind.

- b) The Operating Company is not responsible and will not bear the charges and expenses incurred by the Virtual Liquefaction Service User for the purpose of participating in the auction.
- c) The Operating Company is not responsible, in any way, for the information provided via telephone.
- d) The information, provided in any way and on any means, received by the Virtual Liquefaction Service Users are to be considered strictly confidential and may not be used for any purpose other than participating in the auction pursuant to the Regasification Code and the DTF.
- e) If there is a conflict in interpretation between the DTF and the Regasification Code, the latter must be considered prevalent.
- f) For anything not expressly regulated by this DTF, please refer to the provisions contained in the Regasification Code.

**9. Annexes**

The following attachments made available by the Operating Company on the Electronic Communication System ([www.adriaticlng.it](http://www.adriaticlng.it)) represent an integral part of this DTF:

Annex 1 – Modulo di Sottoscrizione - Virtual Liquefaction Subscription Form

Annex 2 – Contratto per l'accesso al Servizio di Liquefazione Virtuale - Virtual Liquefaction Contract for Transport System User

Annex 3 – Modello Garanzia prima richiesta\_Ulteriori Servizi - First Demand Guarantee Form for Additional Service

Annex 4 – Modulo di Richiesta – Request Form

Annex 5 - Modulo di richiesta di accesso al Portale Asta - Portale Asta Access Form

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