

**Terminale GNL Adriatico S.r.l.**

**Auction Rules for the allocation of the Infra-Annual Capacity pursuant to the TIRG Version 1.0.**

**1. Preamble and definitions**

- a) On 28 September 2017 the Regulatory Authority for Energy Networks and Environment adopted Resolution no. 653/2017/R/Gas on "Criteria for LNG tariffs regulation for the transitional period 2018 and 2019" and Resolution no. 660/2017/R/Gas on "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 LNG regasification service (TIRG) ".
- b) In accordance 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 described in this Auction Rules.

c) Definitions

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 €/m3liq that the Participant undertakes to pay for the Product requested. The Unit Price does not include VAT;
- (iii) "Form of participation in the auction procedure" or "Form" has the meaning attributed to it in article 4.1;
- (iv) "Offer" means the binding and unconditional economic offer in €/m3liq per Product made in accordance with this Auction Rule;
- (v) "Participant" has the meaning attributed to it in article 4;
- (vi) "Product" means the amount of Infra-annual Capacity consisting of one or more 145,000 m3liq Unloading Slots auctioned by the Operating Company;
- (vii) "Term" has the meaning attributed to it in article 5.1 a).

**2. Object**

The allocation of the Infra-Annual Capacity is the object of this Auction Rules.

The allocation of the Infra-Annual Capacity through auction procedures is carried out on a monthly basis and in compliance with the criteria defined in article 2.4.2 of Chapter II of the Regasification Code, through the IT platform managed by GME, according to the procedures defined in the PAR rules.

In case of interruption of access to the PAR IT platform, the Operating Company will inform the Applicant as soon as reasonably possible about the alternative methods of sending and accepting the Offer.

**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.

#### 4. Participation requirements

4.1 The parties interested in participating in the allocation procedures shall (i) satisfy the conditions set forth in the Regasification Code and (ii) be accredited to GME in accordance with the provisions of the PAR rules.

4.2 Each interested party ("Participant") shall submit a declaration, using the Form available on the Adriatic LNG Electronic Communication System, by 17.00 on the 17th Day of the Month, the following:

- a) satisfaction of all the Access Requirements foreseen by article 2.4.4 of Chapter II of the Regasification Code;
- b) acceptance of the provisions of the Regasification Code and the herewith Auction Rules;
- 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) to have, pursuant to and for the effects of the D.P.R. n. 445/2000, the powers of representation by the signer.

#### 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 or, alternatively, a non-interest bearing security deposit for an amount equal to Euro 250,000.00 (two hundred and fifty thousand) (the "Bid Bond") for each Unloading Slot on which the Participant intends to make the Offer.
- b) The Bid Bond, the executed Capacity Contract and the bank guarantees referred to in article 10 of Chapter III of the Regasification Code shall be provided by the Participant awarded the Capacity through the auction, in accordance with the provisions referred to in article 2.4.2. of Chapter II of the Regasification Code. As soon as the guarantees referred to in article 10 of Chapter III of the Regasification Code are provided to the Operating Company and the Capacity Agreement is executed, the Bid Bond will be returned to the relevant Participant, unless otherwise indicated by the Participant.
- c) If the Participant to whom regasification capacity is allocated through the auction in accordance with the provisions of article 2.4.2. of Chapter II of the Regasification Code, 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 by the assignment to this Procedure and the Operating Company may, at its sole discretion, enforce the Bid Bond.
- d) If no Capacity is allocated to the Participant at the auction, the Bid Bond will be returned to the Participant upon request, unless otherwise indicated.
- e) The Bid Bond remains in force for at least eight (8) Business Days after the closure of the relevant auction.

4.4 The subjects who have not provided, 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 expired will not become Participants. The Operating Company will promptly inform

ARERA of this circumstance for the adoption of the appropriate measures.

## **5. Presentation of the Offer**

### 5.1. Rights and obligations common to all subscription modalities

- a) The Participant submitting the Offer on the PAR becomes Applicant pursuant to the Regasification Code.
- b) For the purposes of these Auction Rules, the period for the submission of Offers by the Participant, under penalty of exclusion, is from 2.00 pm of the 18th (18th) Day to 2.30 pm of the twentieth (20th) Day of the Month ("Term") or the first following Business Day if the twentieth (20th) Day of the Month is not a Business Day. The auction calendar for each Thermal Year is published and constantly updated by the Operating Company on its Electronic Communication System.
- c) Offers submitted in a way that is not consistent to the criteria indicated in the Regasification Code, in this Auction Rules and in the terms provided by GME's PAR rules are not admitted to the auction procedure and will be excluded, without any liability ascribed to the Operating Company and/or to the GME
- d) The accepted Offer resulting from the PAR, is considered binding, unconditional, irrevocable and valid until 6.00 pm of the 26th (26th) Day of the Month in which the auction took place or the first following Business Day if the twenty-sixth (26th) Day of the Month is not a Business Day. No justification or reason enable the Applicant to declare its Offer ineffective, invalid or in any case revoked. In case of acceptance of the Offer and the allocation of the Unloading Slot in accordance with the provisions of the Regasification Code and the PAR rules, the Applicant undertakes to execute the Contract for the Regulated Capacity or the Contract for the Spot Capacity according to the dispositions of the Regasification Code.
- e) The reserve price ("PR") referred to in point (vi) of article 2.4.2 of Chapter II of the Regasification Code is defined from time to time for each Product subject to the allocation in accordance with the rules defined by the Regulatory Authority for Energy Networks and the Environment. Offers made below the reserve price are not be accepted and do not compete for the auction. The PR is communicated from time to time before the opening of the auction to the GME, in accordance with the PAR rules, but will not be made public, unless otherwise provided by ARERA

### 5.2. Subscription and submission of the Offer through the PAR-

To participate to the auction through the PAR, the interested parties shall provide to the Operating Company at the latest by 17.00 on the 17th (17th) Day of the Month, the documentation proving the compliance with the requisites as per art. 4.

In the event that the aforementioned documentation meets the requirements of article 4, the Operating Company informs the GME of the authorization of such subject to be able to make one or more Offers on the PAR, as provided for in article 4.2.a) of this Auction Rules.

The Participant submits the Offer by the Term, according to the procedures set forth in the PAR rules.

### 5.3. Subscription of the Contract for the Infra-annual Capacity and submission of the guarantees referred in article 10 of Chapter III of the Regasification Code-

Following the allocation of the Unloading Slots, according to the criteria defined in the Regasification

Code, the awarded bidder sends to the Operating Company, no later than 2 (two) Business Days from the confirmation of acceptance of the Slot, (i) the Contract for the Regulated Capacity or for the Spot Capacity as appropriate, in original and duly executed and (ii) the guarantees referred to in article 10 of Chapter III of the Regasification Code. In case of non-compliance with conditions (i) and/or (ii) the provisions of article 4.3 above apply.

6. Others

- a) In accordance with the provisions of the TIRG and with the provisions adopted by the Operating Company implementing the TIRG, the Operating Company reserves the right to modify, cancel, revoke, suspend, interrupt the Procedure, at its sole discretion giving notice to the GME and 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 and/or to the GME, 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 Procedure, no right to compensation, reimbursement or indemnity of any kind.
- b) 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.
- c) The Participant is aware of and accepts that the Offer constitutes an irrevocable commitment to purchase from the Operating Company the quantities of Infra-annual Capacity which may be received at the proposed Unit Price (pay as bid) and to sign the relevant Capacity Contract.
- d) The Procedure is interpreted and regulated according to the Italian Laws. The Italian version of the Procedure is the only binding version.
- e) In addition to the provisions of the Regasification Code regarding liability, the Operating Company cannot in any way be held responsible for the information provided by telephone.
- f) The information, provided in any form, received by the Participants has to be considered strictly confidential and may not be used for a purpose other than participating to the auction pursuant to the Auction Rules
- g) In case of conflicts between the Procedure and the Regasification Code, the second shall be considered prevalent.
- h) For anything not expressly regulated by this Procedure and by the PAR rules, please refer to the provisions contained in the Regasification Code.

7. Annexes

The following annexes are made available on the Electronic Communication System by the Operating Company ([www.adriaticlng.it](http://www.adriaticlng.it)) and they constitute an integral part of these Auction Rules:

Annex 1 - Form

Annex 2 - Representative powers declaration

Annex 3 - Bid Bond - guarantee