

Courtesy translation

Public consultation on the Regasification Code's amendment no 15

Adriatic LNG proposes a consultation with the aim to enable the development of LNG market and regasification in Italy and Europe, including the related additional services both to regasification and Transport users.

Public consultation no 15

Adriatic LNG proposes the following revisions to the Regasification Code:

- an amendment in order to provide a new additional service, introducing Supplementary Slot service to Regasification Users;
- an amendment to the Regasification Code to manage the allocated capacity within the year, in order to optimize the regasification capacity and the unloading slots;
- an integration in the part relating to scheduled maintenance to distinguish from the calculation of the maximum number of days allowed, some kind of maintenance activities necessary to keep the safe conditions of the plant;
- an amendment to facilitate the exchange of allocated slots;
- an integration in the definition of the laytime that identifies the disconnection of all LNG discharge and return lines as the last operation for calculation purposes;
- an update of the slot rescheduling procedures in case of unpredictable events such as adverse weather and sea conditions;
- the clarification that, in phase of three month scheduling process, is considered a Release Declaration the missing of scheduling of an entire slot;
- an integration of the procedure proportioning of the national grid costs between Users which takes into account the volume indicated in the latest schedule or the volume discharged as an alternative to the subscribed capacity;
- a clarification on the calculation to be applied for deviation charges for continuous Users;
- an integration to the procedure for allocating the released capacity which specifies that in the event of no-riallocation, following the *First Come First Served* procedure, the capacity returns to the Operating Company;
- an adjustment of the acceptability range of the Wobbe index for the gas injected into the national grid;
- the formalization of administrative procedure for exchanging of invoices in compensation relating to the agreement for the management of gas quantities between interconnected companies.

Consultation no 15 introduces on the Regasification Code:

- the Supplementary Slot service that the Operating Company offers upon request of the User who has been awarded with a slot, allows to keep unchanged the regasification capacity subscribed using an additional slot. Each LNG carrier will have a specific and known unloading time which includes a reduced scheduled arrival range. Timings are defined based on the duration of the initial slot. This information is included in the contract between the Parties, whose standard format will be published on the Adriatic LNG website, including the service request form. The service is subject to operational authorization from Adriatic LNG and is carried out upon payment of a fixed charge (which will be published on the site and updated annually). The charge takes into account both additional maintenance costs and additional personnel expenses necessary to manage operations. The service will be offered in a transparent, non-discriminatory and reported manner as per the indications given in Annex A, article 16, of Resolution 196/2023.
- The revision of the article relating to scheduled maintenance to distinguish from the calculation of the maximum number of days, beyond which a reduction in the regasification charge may be applied, certain kind of maintenance activities, necessary to guarantee the safety of the

plant, taking into account both the rate of usage and its obsolescence. In relation to maintenance, is allowed to the Operating Company the right to carry out maintenance activities beyond the period from 31 March to 15 October of each year if operating conditions allow it, to limit as much as possible, the reduction of the regasification service due to maintenance.

- The revision of the procedure used in the management of exchange between allocated slots, to simplify the process with a new form to be signed by the Users involved and the Operating Company for approval.
- The revision of the slot rescheduling procedure following unforeseeable events such as adverse weather and sea conditions, restoring the chronological order of the vessels and redefining the new reference dates of the slots valid for the calculation of the laytime and any demurrage.
- The updating of the methods for identifying the national grid costs booked by Adriatic LNG, to be distributed among Regasification Users. The proposal considers the re-proportioning on the basis of the volume intended as the subscribed capacity or the latest volume scheduled or on the basis of the volume discharged if greater than the previous two. This allows us to apply a more consistent distribution to Users with regards to the capacity booking at the Cavarzere entry point.
- The updating of the Wobbe index for the gas injected into the national grid in line with what is reported in the Snam Rete Gas network code updated with MASE decree of 5 October 2023 provision.
- The formalization of the practice, in use for Regasification Users, of compensation invoicing relating to the agreement for the management of gas quantities between interconnected companies (Operating Balancing Agreement) stipulated between Adriatic LNG and the Transportation Company, for the management within the month of any deviations between the nominated and delivered volume, without impacts for the user.

Update of Wobbe Index for LNG in discharge

Adriatic LNG has conducted a feasibility study with a primary engineering company to value the possibility to extend the range of Wobbe Index for LNG in discharge as foreseen in the Ministry Decree published last 5 October 2023. The feasibility study has demonstrated how the continuous management of LNG with a Wobbe Index up to 53 MJ/Smc is critical for some specific plant components. In order to review the reference Wobbe Index for LNG in discharge some specific tests *in situ* are necessary and the schedule of these activities are not compatible with the current consultation. Adriatic LNG confirms the availability to value case by case the possibility to discharge LNG with a Wobbe Index higher than the limit reported in the Regasification Code. Operators are asked to express an opinion about the need and the timeline referring to the LNG import – on a continuous basis – through new routes, for instance, from Africa or Indonesia for which it is necessary to adapt new reference limits for Wobbe Index.

Regasification capacity with Right of Withdrawal or Option

Considering resolutions 85/2020, 576/2020 and in DCO 170/2020, Operators are asked to express an opinion regarding the possibility for Adriatic LNG to offer regasification capacity with Right of Withdrawal or with Option. This would be related to continuous available capacity offered by the Operating Company during the annual procedures with the possibility for the User to decide after the allocation, whether to use the capacity or not. During the annual procedures, the Operating Company defines the portion of capacity available with Right of Withdrawal or Option. More specifically:

1) Capacity with Right of Withdrawal

The Users awarded by this capacity, participating at the annual procedures are required to pay the Operating Company a charge for the Right of Withdrawal starting from the year following the year of allocation, up to the year preceding the year in which the regasification service is provided by the Operating Company and for which the User is required to pay contracted price (Cqs). The charge for the Right of Withdrawal is defined as a percentage of the capacity charge (Cqs) and cannot in any case be considered as payment of part of the Cqs applied to the allocated continuous capacity. In the

case of a multi-year assignment, the user can exercise his right of withdrawal even limited to a single year.

2) Capacity with Option

The Users awarded with this capacity during the annual procedures are required to pay:

- a) a premium that corresponds to the price of the offer in the auction taken with "Option", awarded according to the *pay as bid* criterion, considering the maximization of the overall of the offer intended as a price product for the requested volumes. It is understood that the User will be required to pay this value regardless of capacity usage. The User will contact the Operating Company from year to year before the annual allocation procedure start, to confirm or not his intention to maintain the Option on the allocated capacity, until the year preceding the year in which his contract comes into execution.
- b) If the User intends to use the discharge, an additional premium will be paid for which an adequate valorization mechanism will be identified which takes into account the prices of LNG and natural gas and *the need to limit the risk of structural changes in the markets, which make the formula used for calculating the option no longer representative of the value of the regasification capacity.*

We kindly request to express your opinion on the Capacity with Right of Withdrawal and on the Capacity with Option as described above, on the duration these kind of products should have and on the valorization mechanism to be implemented.

This consultation is opened to all interested operators; it begins on 15th March 2024 and ends on 29th April 2024. Please send your contributions to the following email address alng_mercato@adriaticlng.it

Please clarify if your response shall be treated confidential, the absence of any provision regarding the confidentiality of your response is deemed to be the consent to Adriatic LNG to make it public.

15th March 2024