

**PROCEDURE FOR THE ASSIGNMENT OF THE
REGASIFICATION AND STORAGE BUNDLED
SERVICE
UNDER ART. 1 OF THE MINISTERIAL DECREE
DATED 25 FEBRUARY 2016**

31 MARCH 2016

INTRODUCTION

This procedure has been implemented in compliance with the decree of the Minister of Economic Development (**MiSE**) dated 25 February 2016 (**Decree**) laying down the rules about the booking of storage capacity for the 2016-2017 storage gas year by which the MiSE has provided:

- that the rules for allocating the capacities provided for and already adopted for the natural gas storage sector according to market logic be also extended to the procedures for allocating the regasification and storage bundled service;
- the allocation of natural gas storage capacity up to 1 billion cubic metres “*for the offer of regasification and storage bundled services with the purpose of allowing industrial enterprises to procure LNG directly from abroad*”;
- that the
- **Italian Regulatory Authority for Electricity Gas and Water (AEEGSI)** sets out “*the procedure that the regasification companies must adopt for the allocation, by auction, of the capacities for the regasification and storage bundled service*”;

It also complies with the following provisions:

- Resolution 77/2016/R/Gas on “Provisions for storage services for the 2016/2017 gas year” issued by the AEEGSI on 29 February 2016 (**Resolution**);
- Article 14 of Law Decree no. 1 of 24 January 2012, converted with amendments into Act no. 27 of 24 March 2012;
- MISE decree of 29 March 2012, published in the Official Journal [Gazzetta Ufficiale] no. 77 of 31 March 2012.

This procedure is carried out by the company OLT Offshore LNG Toscana S.p.A. (**OLT**), in coordination with the major storage company Stogit S.p.A. (**STOGIT**), in order to allocate, by auction (**Procedure**), the regasification and storage bundled service described below. The capacity will be allocated to the successful bidders (**Service User**) on the basis of the criteria described below; the price bidden and indicated in the capacity request must in any case be greater than the reserve price as of paragraph 5 of Article 1 in the Decree, as calculated according to Article 7 of the Resolution.

The regasification and storage bundled service offered on the basis of this procedure is the one specified below.

- The LNG of the Service User will be delivered at the terminal and stored into the regasification terminal (**Terminal**) storage tanks in accordance with the procedure as of the general OLT contact conditions (**Access Code**) and the Service Contract conditions annexed to this Procedure (**Contract**);
- After the LNG has been unloaded and stored into the Terminal’s tanks, a quantity of regasified gas equivalent to the LNG delivered, net of the consumption and losses respectively for the regasification, transportation and storage services, will be made available to the Service User by STOGIT for the uniform storage service, within the term of the month after the unloading;
- OLT and STOGIT will coordinate, in accordance with Article 1, paragraph 4, to ensure the bundled service compatibly with the operational limits of STOGIT’S injection phase and the regasification activities of OLT.

1. PURPOSE OF THE PROCEDURE

- 1.1 The purpose of this Procedure is the booking of capacity for the regasification and storage bundled service as of Article 1 of the Decree and Article 4 of the Resolution, which provides for the unloading of quantities of LNG that will then be regasified and made available to the Service User, after the consumption and losses of the regasification and transportation services and any amounts as of point 1.2 have been deducted, for the uniform storage service net of the storage consumption in accordance with the STOGIT storage code (**Storage Code**), within the term of the month after the unloading (**Service**).
- 1.2 Whether in a certain day and due to operating constraints of OLT and/or STOGIT, the LNG volumes expected to be regasified and redelivered into the Italian national transport system cannot be fully/partially injected by STOGIT into the storages, such amounts will be redelivered to the Service Users at the Terminal entry point in accordance with the rules and within the limits set out in the Contract.
- 1.3 The total capacity available for the Service is **1,666,667** cubic metres of LNG (equivalent to approximately **11,400,000** MWh and **1** billion Smc) and will be offered as regasification capacity (associated with each delivery slot) to which a corresponding storage capacity for the uniform modulation service is allocated starting from the month after the one in which the delivery took place. The functional regasification capacity for the Service offered by OLT from 1st May 2016 to 31st August 2016 (**Service Period**) is the one shown in Annex 11 of the Procedure. In particular, the regasification capacity will be offered in delivery slots to which a regasification capacity of approximately 135,000 _{mcLiq} and a corresponding Scheduled Arrival Window as defined in the Access Code is associated.
- 1.4 To the successful bidder will be awarded a storage capacity for the uniform modulation service equal to the regasification capacity awarded, expressed in kWh and applying a conversion factor of 7300 kWh/mc_{Liq}, after the amounts to cover the consumption and losses have been deducted respectively for:
 - a) the regasification service calculated and allocated under the provisions of Clause 3.4.2 of the Access Code;
 - b) the transportation service, corresponding to the percentage to cover the self-consumption gas as approved by AEEGSI with Resolution 606/2015/R/GAS and equal to 0.055978%; and
 - c) the storage service (the latter ones only for the injection phase) equal to 1.35%.

2. REQUIREMENTS AND OBLIGATIONS FOR PARTICIPATION

Participation in the procedure for the allocation of capacity for the Service is allowed to the applicants which:

- a) have volumes of LNG available for unloading at the Terminal;
- b) have available, where already known, an LNG carrier that is already authorized to unload at the Terminal or declare that they undertake to carry out the unloading by means of an LNG carrier compatible with the Terminal's specifications which is to be authorized according to the procedures provided for and defined by the Terminal, with the risk that the authorizing procedures may not be successful lying with requesting entity;
- c) undertake to sign the Contract for the bundled service with OLT and STOGIT;
- d) undertake to sign a regasification a SLOT regasification capacity agreement within the terms indicated by OLT in this Procedure;
- e) have signed or undertake to sign a storage contract with STOGIT for the provision of a uniform modulation service and to submit the related guarantees of 33% of the

- transportation costs connected with the awarded storage capacity;
- f) are users of the Snam Rete Gas S.p.A. transportation service or undertake to obtain such qualification no later than the 1st day of the month in which the first unloading at the Terminal is scheduled;
 - g) are not subject to bankruptcy or liquidation proceedings or actions by OLT and/or STOGIT for the recovery of credit;
 - h) submit, together with the capacity request, a parent company guarantee issued by a company in the Customer's group with the required credit rating and/or a bank guarantee issued by an approved credit institution as defined in the Access Code, the total amount of which is 50,000 euros. It is the right of the requesting applicants to set up a non-interest-bearing security, in place of the parent company guarantee and/or bank guarantee, by means of a bank transfer to a bank current account held by OLT. This must be carried out by no later than 17:00 hours on 19th April 2016 and be for 50,000 euros.

3. SUBMISSION OF BIDS

Applicants that intend to participate in the capacity offer for the Service are obliged, within the term and procedure as of the sections below, to:

- deliver, in the time frame indicated below, a single envelope which must be closed, sealed and countersigned on the edges of the closure to confirm the original closure by a person (legal representative/authorized signing officer) holding the powers of attorney as of Annex 7 to the Procedure. This envelope must show this wording on its outside **“APPLICATION FOR ASSIGNMENT OF THE REGASIFICATION AND STORAGE BUNDLED SERVICE FOR STORAGE GAS YEAR 2016/2017”** and indication of the company name or title, its address, email address and PEC address of the applicant;
- mandatorily and on penalty of exclusion put two envelopes (**“Envelope no. 1”** and **“Envelope no. 2”**) inside the package, as detailed below, each of which must be closed, sealed and countersigned on the edges of the closure to confirm the original closure by a person holding the powers of attorney as of Annex 7 to the Procedure.

ENVELOPE no. 1

Envelope no. 1 must show the wording **“DOCUMENTAZIONE”** (*“Documentation”*) and the name or company title of the applicant on the outside and contain a photocopy of a valid ID document of the authorized signing officer signing the bid as well as the declarations and undertakings as indicated below.

Envelope no. 1 must contain, on penalty of exclusion, the forms annexed to this Procedure, duly filled in and signed by the legal representative/authorized signing officer signing the bid, with which the latter attests - also by means of a declaration in lieu of an attested affidavit, where required - the following:

- A. the undertaking to sign a regasification contract for the capacity functional to the Service through unloading to be carried out according to the rules set forth in the Access Code (Annex 3 to the Procedure);
- B. a declaration that it holds, or an undertaking to sign, a contract with STOGIT for the uniform storage service and has submitted or undertakes to submit to STOGIT the bank guarantee to cover the transportation costs (Annex 3 to the Procedure);¹
- C. the identification of a contact person (whose details and position held in the applicant's organization must be provided) as addressee for all communications envisaged for the execution of this Procedure, indicating the email and PEC addresses to which the communications transmitted by OLT will be validly sent, without prejudice to the fact that - except for cases where a specific method for the transmission of communications is provided for - OLT will choose whether to use only one, or both, communication channels (Annex 8 to the Procedure);
- D. a declaration that the applicant company is not subject to bankruptcy or liquidation proceedings at the time of submitting the application and is not subject to action by OLT and STOGIT for the recovery of credit (Annex 3 to the Procedure) and an undertaking to give notice of every change to the conditions as of above before signing the Contract;
- E. only if applicable, a declaration that it is an industrial entity/consortium in accordance with Article 1, paragraph 2, of the Decree (Annexes 5 and 6 to the Procedure);
- F. a declaration certifying that the person signing holds the power of attorney (Annex 7 to the Procedure);
- G. to be the holder of one or more import contracts or has volumes of LNG available (Annex 4 to the Procedure);
- H. to have, where already known, an LNG carrier authorized to unload at the Terminal or a declaration that it undertakes to have an LNG carrier that is compatible with the Terminal's specifications which is to be authorized according to the procedures provided for and defined by the Terminal, with the risk that the authorizing procedures may not be successful lying with requesting user (Annex 3 to the Procedure);
- I. a parent company guarantee, a original copy, issued by a company in the Customer's group with the required credit rating and/or a bank guarantee issued by an approved credit institution as defined in the Access Code, in accordance with the template Annex 10A or 10B to the Procedure, the total amount of which is 50,000 euros. It is the right of the requesting applicants to set up a non-interest-bearing security, in place of the parent company guarantee and/or bank guarantee, by means of a bank transfer to a bank current account held by OLT. This must be carried out by no later than 17:00 hours on 19th April 2016 and be for 50,000 euros.

¹ The text of the Storage Contract is available on the STOGIT website. The bank guarantee as of section 5.2.2 of the Storage Code must be submitted at the same time. This is to cover the transportation costs at the interconnection point with the storage hub and is for an amount equal to 33% of those costs. For the calculation of the transportation costs associated with the transportation capacity at the interconnection with the storage hub, see the published coefficients which can be retrieved at the following link which leads to the STOGIT site <http://www.stogit.it/repository/businessservizi/Strumenti/modulistica/AnnoTermico2016-17/CostiditrasportoAT2016-17.pdf>.

ENVELOPE no. 2

Envelope no. 2 must show the wording “OFFERTA ECONOMICA” (“*Financial Bid*” and the name or company title of the applicant on the outside and must contain the declarations and undertakings listed below.

The applicant must indicate with reference to the available slots (Annex 2 to the Procedure):

- a) the regasification capacity request²;
- b) the Unit Price “P” offered corresponding to each slot the user applied for the purposes of the Service;
- c) the country where the LNG was produced, if already known (in the case of LNG coming from reloading, an indication of the terminal of origin) or declaration that the LNG will be produced by countries from which imports are not in progress at the date the Decree comes into force;
- d) if already known, the LNG carrier that it intends to use or alternatively the declaration in Article 3 H will be applied; and
- e) the maximum number of slots that it intends to apply for;

The applicant must also declare:

- f) full unconditional acceptance of the Procedure, including the Annexes (Annex 2 to the Procedure);
- g) in the event of awarding, the irrevocable undertaking to sign the Contract (Annex 2 to the Procedure).

All the documents listed above must be prepared using the templates annexed to this Procedure. The submission of incomplete bids or the ones that do not conform to the rules set forth in Procedure will cause the exclusion from the tender.

The submitted bids are binding, both for excluded applicant and/or non-awardees, until notice of exclusion and/or failure of award, and, for the awardees, until the signing of the Contract.

The value of the Unit Price “P” must be expressed in €/mcl.iq (euro/liquid cubic metre), with indication to three decimal places. If more than three decimal places are indicated, the value will be automatically approximated to the third decimal place.

Unit Price “P” is understood as the unit price that the applicant undertakes to pay for the requested capacity. This Unit Price is understood to replace the “Cqs” compensation as of Article 1, paragraph 1.1, letter h), of the “Regulation of tariffs for the natural gas regasification service for regulation period 2014-2017” (RTRG) under the provisions of Article 4.3, letter b) of the Resolution. On the other hand, in addition to the payments in kind as of Article 1.4 of this Procedure, the following charges and costs remain unchanged:

- a) unit regasification tariffs “Crs” and “CM^R” as determined by the AEEGSI with Resolution 625/2015/R/GAS and equal to respectively 0.074538 €/mc_{Liq}/year and 0.017541 €/mc_{Liq}/year;
- b) transportation costs incurred by OLT with regard to the booked capacity at the entry point of the Italian national transport system as calculated in Article 5.3 of the SLOT Capacity Contract;

² The maximum admissible value is 155,000 mcl.sq. . There is however no constraint on the minimum value that can be requested.

- c) variable unit price for transportation of 0.003461 €/Smc as approved by the AEEGSI with resolution 606/2015/R/GAS and the tariff components for additional costs as valorized by the AEEGSI at the start of each quarter with special resolutions and published by Snam Rete Gas S.p.A.³; and
- d) transportation costs incurred by STOGIT with regard to the booked capacity at the interconnection with the storage hub calculated using the published coefficients which can be found on the STOGIT site⁴.

The package containing Envelope no. 1 and Envelope no. 2 mentioned above must be delivered, on penalty of exclusion, in the period between 31st March 2016 and 19th April 2016 (Monday to Friday from 9:00 to 12:30 and from 15:30 to 18:30), excluding non-working days (Saturday, Sunday and public holidays), to **Studio Notarile De Paola, with office in Piazza Cavour, 25 – 57126 Livorno.**

If the applicant intends to deliver the package by direct delivery through one of its employees, this person must have a currently valid identity document.

If the applicant proceeds with delivery through couriers, such as the Italian Post Office or other private couriers (e.g. SDA, UPS, DHL or others), that applicant will anticipate, by email to the above mentioned Notary Public's Office (email post box: depaola.atti@tiscali.it), the courier company dealing with the delivery within the terms provided for by this Procedure.

Delivery of the package to the Notary' Public's office beyond 18:30 of 19 April 2016 and/or outside the days or time range indicated above will not be accepted, without any responsibility being ascribed to OLT and/or STOGIT. An applicant that makes use of the Italian Post Office or other private couriers for the delivery cannot justify lateness in delivery by attributing it to said couriers.

On delivery of the package, the Notary Public's personnel will:

- a) in the case of delivery by the applicant's employee, photocopy the identity document of the physical person carrying out the delivery and issue an appropriate receipt, signed by the employee of the Notary Public who will take delivery of the package (Annex 9 to the Procedure);
- b) if the Post Office or private couriers are used, check that the data previously communicated to the email post box correspond, issuing an appropriate receipt signed by the Notary Public's employee who will take delivery of the package (Annex 9 to the Procedure).

It is understood that:

- the receipt is the only valid document for attesting the time and date of the package's delivery; therefore, packages, and hence the bids herein contained, for which said receipt has not been issued will not be considered as delivered;
- Packages, and hence the bids herein contained, which have arrived incomplete or by not in compliance with this Procedure (by way of example but not limited to, cases of opened and/or not sealed packages and/or ones not conforming with the provisions of this Procedure);
- Packages, and hence the bids herein contained containing, by way of example but not limited to, the following will be excluded:
 - opened and/or not sealed packages and/or ones not conforming to the provisions of

³ With reference to the first quarter of 2016, the valorization of the additional variable tariffs is the one as of the following link http://www.snamregas.it/export/sites/snamregas/repository/file/Anno_termico_2015x16/Tariffe_trasporto/Componenti_Tariffarie_Aggiuntive_20161trim.pdf.

⁴ The coefficients can be found at the following link. http://www.stogit.it/repository/business_servizi/Strumenti/modulistica/Anno_Termico_2016-17/CostiditrasportoAT2016-17.pdf.

this Procedure;

- unsigned documents and/or documents not accompanied by an attached photocopy of the identity document of the person signing them;
- non-irrevocable bids, i.e. subject to conditions, or ones that do not conform to the forms annexed to this Procedure.

Bids submitted by two or more companies or consortia or by a intermediaries of any kind are not admitted.

If an applicant submits several bids, only the first one submitted in order of time will be considered valid, applying its conditions, whilst the others will be considered null and void. If several bids are submitted simultaneously by the same applicant (e.g. because they were entrusted to the same employee or the same courier), they will all be excluded.

4. AWARD OF THE TENDER

- 4.1 Starting at **10:30** on 20th April 2016, the internal committee designated for the purpose, the secretary of which will be an employee of the Notary Public's office, will meet at those offices. The committee will proceed to open the sealed envelopes from the bidders, checking beforehand that the envelopes submitted are closed and show the correct wording on the outside. Only if this check is positive will the committee proceed to check the completeness and conformity of the documents contained therein (including any effective establishment of a non-interest bearing security in place of the parent company guarantee and/or bank guarantee) and proceed to make a table of the bids received selecting solely those whose bid unit price is above the Reserve Price.
- 4.2 The committee will then proceed to order the bids for each delivery slot in the Service Period and consequently form a bidders' ranking list.
- 4.3 If two or more bidder have formulated a bid for the same delivery slot, the committee, for the purposes of selecting the admissible bids, will proceed to identify them on the basis of the following order of priority in accordance with the provisions of Article 4, paragraph 5, of the Resolution:
 - a) bid submitted by an industrial enterprise or consortium of industrial enterprises as defined by Article 1, paragraph 2, of the Decree;
 - b) bid with highest price;
 - c) bid for the delivery of LNG produced in countries from which there are no imports in progress at the date of the Decree's entry into force;
 - d) bid with the greatest volume of LNG intended for delivery.

Applying the priorities as of above, the committee will then proceed to tabulate the received bids forming the ranking list for each slot of the admissible bids.

- 4.4 The classification of the admissible bids for each slot, in accordance with the provisions of Article 1, paragraph 6, of the Decree, will then be promptly transmitted to MiSE which determines the overall award order, taking into account what has been transmitted by the LNG terminal operators which will have carried out a similar procedure for the assignment of the Service. In particular, it will be the duty of MiSE to define the overall award order, aggregating the demand curves of each regasification terminal based on the criteria identified by the Decree and the Resolution as well as the monthly and daily injection profiles communicated by STOGIT.
- 4.5 Indicatively before 18:00 of 20th April 2016, the MiSE, basing on the overall award order, will transmit the list of selected bidders to each LNG terminal operator, as per what they concern, for the purpose of the Service, taking into account the maximum awardable quantities also in consideration of the monthly and daily injection profiles communicated by STOGIT.
- 4.6 Following communication from the MiSE, the committee secretary will proceed to close the proceedings, informing the Service User(s) that have been selected. OLT will only inform the successful bidders by certified email of the result of the allocation of the Service, by no later than 20:00 of 20th April 2016.
OLT will inform the excluded applicants - or the ones that have not however been selected – about the result of the tender by no later than the day after the tender has been completed.
- 4.7 With regard to any applications that may have been excluded at the time the packages were opened (by way of example but not limited to, because of incompleteness or non-conformity of the documents), OLT will keep the documents received for a maximum of 90 days from the date the packages were opened as per the minutes drawn up by the Secretary for them to be taken back by the excluded applicants.
- 4.8 The tender documents will remain available to any applicant for 90 calendar days after the date the packages were opened as per the minutes drawn up by the secretary.
- 4.9 Within 15 days of the tender has being completed, OLT will return, in separate packages, the bank guarantees issued by the unsuccessful applicants, delivering them, each one, to the address indicated in the bid.
- 4.10 It must be stated that the terms as of points 4.5 and 4.6 are non-mandatory time limits so that any communication after them will not have any effect on the validity of the Procedure.
- 5. STIPULATION OF CONTRACTS FOR THE REGASIFICATION AND STORAGE BUNDLED SERVICE**
- 5.1 The successful bidder must submit the following documents to OLT, for the attention of Alberto Ton, at the registered office of OLT, Palazzo Orlando, Via Gaetano d'Alesio 2 – 57126 Livorno, by no later than 27th April 2016:
- a) the Contract (Annex 1 to the Procedure), duly filled in and signed by the legal representative or the duly authorized signing officer and complete in every part, in triple original copy. In compliance with the award notice sent by OLT, the Contract will indicate the capacities and unit prices the Service has been awarded for;
 - b) The SLOT Capacity Contract for the regasification capacity awarded as a result of the Procedure and the related bank guarantees/parent company guarantee provided for therein.
- 5.2 The successful bidder, if it is not already holder of a contract for the uniform storage service, must send the storage contract for the quantities as of Article 1.4 and the related bank

guarantees/letters of guarantee provided for therein to the registered office of STOGIT, by no later than 27th April 2016, at the address Sede Operativa di Crema, via Libero Comune, 5 – 26013, Crema, for the attention of the Procurement Office.

- 5.3 OLT will send the successful bidder an original copy of the Contract countersigned by its legal representative/authorized signing officer and the legal representative/authorized signing officer of STOGIT by no later 7 working days after 27 April 2016. The same package will contain the bank guarantee, to be returned to the successful bidder.
- 5.4 Once the documents as of Articles 5.1 and 5.2 has been submitted by OLT, OLT will activate the return of the security as of Article 2, point h), to the requesting applicants. Failure to observe the above-mentioned term for the delivery of the documents as of above and the original of the bank guarantee/parent company guarantee to OLT and STOGIT will lead to the forfeiture of the award for the defaulting successful bidder and the full enforcement of the bank guarantee/parent company guarantee submitted together with the capacity request or the non-return of the security established by the successful bidder.
- 5.5 OLT and STOGIT, each for as they concern about, will return an original copy of the contracts signed by its own legal representative/authorized signing officer to the successful bidder.
- 5.6 it is understood that OLT and STOGIT will not be able to sign the Contract for the regasification and storage bundled service with successful bidders which have not paid the charges for existing regasification contracts and storage contracts, for invoiced amounts already past their due date, above the value of the bank guarantee issued to cover the obligations arising from these existing regasification contracts and storage contracts.

6. REGULATIONS IN THE EVENT OF USER DEFAULT

- 6.1 In the case of the quantity of LNG actually unloaded is less than the booked capacity or in the case of failure to carry out the unloading, the Service User remains the holder of the entire storage capacity associated to the regasification capacity for which the procedures as of the Storage Code apply.
- 6.2 In any case, the Service User is obliged to pay the unit price offered and the additional regasification fees, Crs, CM^R as well as the relevant tariffs for the transportation capacities signed respectively by OLT and STOGIT with Snam Rete Gas S.p.A. for the purpose of the Service. It is understood that the Service User must in any case pay what is provided for in Article 6.1 of the SLOT Capacity Contract.
- 6.3 Notwithstanding the provisions of Article 6.2 of the SLOT Capacity Contract, any penalty provided in the case of failed or rescheduled delivery in the Access Code do not apply to the regasification capacities awarded through this Procedure.

7. MISCELLANEOUS

OLT reserves the right to amend, cancel, revoke, suspend and interrupt the Procedure in its unquestionable opinion, giving notice of this on its website, within the term provided for the notice of award (20 April 2016) without a potential applicant being able to claim any expectations of any kind regarding the award and signing of the contract or any right to compensation, refund or damages of any kind.

The schedule as of the Procedure is understood to refer to Italian time.

The following annexes, made available on the OLT website are an integral part of this Procedure:

Annex 1: Service Contract;

Annex 2: Capacity request;

Annex 3: Declaration form;

Annex 4: Declaration in lieu of affidavit on LNG import contract;

Annex 5: Industrial declaration form;

Annex 6: Consortium declaration form;

Annex 7: Power of attorney;

Annex 8: Communication form;

Annex 9 A/B: Receipt form;

Annex 10 A/B: Bank Guarantee/Parent company guarantee;

Annex 11: Regasification capacity available for the Service