11/07/2019

Clarification with relation to annual and multi-year auctions

i. The quotation to be considered as reference for the calculation of the USGC index is *Argus Gulf Coast (AGC) fob LNG;*

ii. Considering that the *LNG Des North East Asia (ANEA)* index is currently available until the third quarter of 2020, the α parameter is equal to 0.9 for the gas year 2019/2020, while it is 0 for the following gas years;

iii. The reference exchange rates are those published by the Banca d'Italia on its exchange rates portal;

iv. For the calculation of the $DelT_p$, for the gas year 2019/2020:

   ▪ $DelT_p$ with p = October 19/January 20, calculated using part a) of the formula and having a weight of 4/12 on the $DelT_p$ of the gas year;

   ▪ $DelT_p$ with p = February 20/September 20, calculated using part b) of the formula and having a weight of 8/12 on the $DelT_p$ of the gas year ($ANEA_{Feb20}$ weights 1/12, $ANEA_{Mar20}$ weights 1/12; $ANEA_{2Q20}$ and $ANEA_{3Q20}$ weight 3/12 each).

Since the auction take place during the month of July, the quotation later in time of *Des Spot LNG Italy* will always be referred to September (k = September 2019) while p for part a) of the formula will always be (p = October 19/January 20).

Therefore, to apply part a) of the formula:

   ▪ k = September 2019;
   ▪ where available only $DelT_{1HSEPT}$, $DelT_k$ = $DelT_{1HSEPT}$, where available $DelT_{1HSEPT}$ and $DelT_{2HSEPT}$, $DEIT_k$ = average ($DelT_{1HSEPT}$; $DelT_{2HSEPT}$);
   ▪ AGC_p = average (AGC_{Oct19}; …; AGC_{Jan20});
   ▪ AGC_k = AGC_{Sept19};

while to apply part b) of the formula, $ANEA_{Mar20}$ is calculated as:
   ▪ $ANEA_{Mar20}$= (3* $ANEA_{1Q20}$ – $ANEA_{Jan20}$ – $ANEA_{Feb20}$).