

**TENDER PROCEDURE FOR THE IDENTIFICATION OF
THIRD PARTIES AVAILABLE TO PROVIDE LNG FOR
THE PEAK SHAVING SERVICE DURING THE WINTER
PERIOD OF THE GAS YEAR 2014/2015**

UPDATED 12 NOVEMBER 2014

1. INTRODUCTION

- i) Having regard to Article 8, Paragraph 1, of Legislative Decree 93/2011 and in accordance with the provisions of Article 10 of Regulation (EU) 994/2010, by the Decree of the Minister of Economic Development (**MSE**) of 19 April 2013, an emergency plan was adopted to deal with adverse events in the natural gas system (the **Plan**);
- ii) Having regard to the decree of the MSE of 13 September 2013 with which the MSE amended the Plan, introducing in Paragraph 4.2.3 the use of stored GNL for peak shaving in event of climatic emergency and as not market measure;
- iii) Having regard to the decree of 18 October 2013 *“Terms and condition for peak shaving service during the winter period of the gas year 2013/2014”*;
- iv) Having regards to the decree of 27 December 2013 with which the Plan has been amended providing, in point H of the annex A of the above mentioned decree, the storage of the LNG in the regasification terminals for peak shaving service;
- v) Having regards to the letter of the 6 August 2014 Prot. 2014/OUT/GENER/B/0461 with which OLT Offshore LNG Toscana S.p.A. (**OLT**) declared the availability of terminal FSRU Toscana (**Terminal**) to peak shaving service during the winter period of the gas year 2014/2015;
- vi) Having regards to the letter of 12 September 2014 (Prot. N. 0017079 – 12/09/2014) with which the MSE asked OLT *“to proceed with the preliminary phase, notwithstanding the subsequent decree of Italian Regulatory Authority for Electricity Gas and Water (AEEGSI) defining the rules for peak shaving service for the current gas year”*;
- vii) Having regards to resolution 466/2014/R/GAS of AEEGSI *“Provision for peak shaving service for the winter period of the gas year 2014/2015”* issued on the 25 September 2014;
- viii) Having regards to the letter of the 1 October 2014 with which OLT sent to MSE and AEEGSI its peak shaving procedure pursuant to the above mentioned resolution;
- ix) Having regards to letter of MSE of 1 October 2014 (Prot. n. 0018159 – 01/10/2014) with which the MSE gave its formal approval to the peak shaving procedure proposed by OLT;

And given that:

- x) OLT, which will coordinate with Snam Rete Gas S.p.A. (**SRG**), intends to give effect to this tender (**Procedure**) in order to identify the third parties providing LNG for peak shaving service;
- xi) The award in favour of one or more subjects will be directly on the basis of the lowest offer, provided that a) the bid is lower than a value determined by the MSE upon the proposal of the **AEEGSI** and b) after confirmation by the MSE within a day from the opening of the envelopes in the case where the offer is above this value but still lower than a second value also determined by the MSE.
- xii) LNG, owned by the successful tenderer (**Supplier**), will be delivered to the Terminal and therein stored according to the procedures set out in the Access Code of OLT, subject to the specific requirements due to ageing that LNG could suffer waiting to be regasified;

- xiii) In the period between 1 January 2015 and 31 March 2015, the LNG, delivered to the Terminal and therein stored for the purposes referred to in this Procedure, can be used for peak shaving at the request of SRG, as balance responsible entity, in accordance with the provisions of MSE and then be transferred by the Supplier to SRG;
- xiv) during the month of April 2015:
- OLT will redeliver to the Supplier the quantity of gas made available by the Supplier at the Entry Point Livorno – REMI 50102201 (**Redelivery Point**) net of: (i) any quantities of gas corresponding to the boil of gas produced during the discharge and already redelivered to the Supplier before 31 March 2015, (ii) the quantity of gas requested by SRG for the purposes set forth above, (iii) the quantity of gas equivalent to the fuel gas and losses attributable to the regasification services, as calculated in the Access Code, for the whole duration of the Service, as defined below, and to the consumption attributable to the transport service, and iv) of the quantity of gas purchased by OLT as defined in paragraph 6.4 of this Procedure;
 - SRG will redeliver to the Supplier at Virtual Trading Point (**PSV**) the quantities of gas corresponding to those used by the same SRG as balance responsible entity to cope with climatic emergency conditions on the basis of the decisions of the competent authorities.

2. PURPOSE OF THE PROCEDURE

2.1 The purpose of this Procedure is the identification of subjects available to provide one or more cargo for receiving and prolonged storage of LNG into the tanks of the Terminal during the period between 10 December 2014 and 31 March 2015, with subsequent redelivery (after regasification and according to terms better defined in the following paragraphs of this Procedure and except as provided in paragraph 6.4 of the Procedure itself) in April 2015 (the **Service**), in order to allow OLT to make available to the balancing responsible entity the quantities of natural gas that are object of the peak shaving service.

Initially, the Service will consist in delivering in the tanks of the Terminal of a quantity of LNG between a minimum of **1.45** MGJ (equivalent to approximately **60,000** cubic metres of LNG) and a maximum of approximately **2.40** MGJ (equivalent to approximately **100,000** cubic metres of LNG) through LNG cargo that will moor in the period between 10 December 2014 and 31 December 2014 (**DISCHARGE 1**).

2.2 As a result of the regasification of the volumes delivered with the DISCHARGE 1, additional optional discharges will be possible by 31 March 2015, by unloading additional quantities of LNG ranging between **1.45** M GJ (equivalent to **60,000** cubic metres of LNG) and **2.40** M GJ (equivalent to approximately **100,000** cubic metres of LNG) for each of the successive discharges.

It is the responsibility of OLT to communicate to the successful Supplier, following determinations of MSE, the necessity of such additional discharges that have to be delivered within the period specified by the competent authority noticing it not be less than 14 days (**DISCHARGE 2**) or 7 days (**DISCHARGE 3**).

The delivery of LNG and its use for the purpose of availability to the peak shaving service, is regulated according to the procedures defined in the respective Service agreement (the **Contract**).

The delivery/redelivery of LNG in/from the tanks of the Terminal will be governed by the Contract (Annex 1 of the Procedure), the Access Code of OLT and by the Network Code of SRG that, with their annexes are an integral and substantial part of the Contract itself.

3. CRITERIA FOR ADMISSION TO TENDERING PROCEDURES

The participation to the tender procedure is allowed only to subjects which:

- 3.1 Have or undertake to have an import contract, i.e. an LNG supply contract with delivery at the Terminal or at a delivery point located abroad and complemented by a transport contract from the delivery point to the Terminal:
 - i. valid on the date of signing of the relevant SLOT Capacity Agreement with OLT and throughout the period in which the discharge must be (DISCHARGE 1) and/or could be (DISCHARGE 2 and/or DISCHARGE 3) carried out;
 - ii. for quantities necessary and sufficient to ensure the effective discharge of the volumes indicated in the respective offer;
- 3.2 have or undertake to have availability of LNG carriers authorised by OLT for the discharge at the Terminal;
- 3.3 have signed or undertake to sign one or more SLOT Capacity Agreements in due time to deliver the discharge/s mentioned in the offer;
- 3.4 Have or undertake to have the authorization necessary to trade at PSV by 10 December 2014
- 3.5 Are or undertake to be a SRG transportation service user by 10 December 2014.

4. SUBMISSION OF BIDS

Within the terms and under the conditions set forth in the following paragraphs, the parties intending to participate to the tender shall be required to:

- 4.1 Present a single package, closed, sealed and countersigned across the seal to confirm the authenticity of the original closure, by a person with powers of representation according to Annex 6, showing outside the words in Italian “**GARA PER L’AGGIUDICAZIONE DEL SERVIZIO DI STOCCAGGIO TEMPORANEO DI GNL AI FINI DEL SERVIZIO DI PEAK SHAVING PREVISTO NEL PERIODO INVERNALE DELL’ANNO TERMICO 2014/2015**” (*Tender for the awarding of the temporary storage of LNG for the peak shaving service during the winter period of the gas year 2014/2015*) and an indication of the company name, address, fax number and e-mail address of the sender;
- 4.2 Place obligatorily inside the package at least the **ENVELOPE No. 1** and **ENVELOPE No. 2**, and possibly the **ENVELOPE No. 3** and/or the **ENVELOPE No. 4**, as described below, each of which must be closed, sealed and countersigned across the seal to confirm the authenticity of the original closure, by a person with powers of representation according to Annex 6.

- 4.3 The **ENVELOPE No. 1** must show outside the Italian words "**DOCUMENTAZIONE**" ("*Documents*") and the business name of the tenderer, and contain a photocopy of a valid identity document of the person signing the offer, as well as:
- statements and commitments in accordance with the provisions laid down in paragraphs 3.1, 3.2, 3.3, 3.4 and 3.5 using the form provided in Annex 3 of the Procedure.
 - identification of a contact person as the recipient of all communications required for this Procedure, specifying the fax number and e-mail address, to which the communications transmitted from the OLT will be validly sent (Annex 5);
 - statement that the tenderer at the time of submission of the tender is not subject to bankruptcy proceedings or liquidation, or actions to recover credit by SRG and/or OLT (Annex 3);
 - declaration in lieu of affidavit attesting to the ownership of the powers of representation of the signing subject (Annex 6).
- 4.4 The **ENVELOPE No 2** must show outside the Italian words "OFFERTA ECONOMICA DISCARICA 1" ("*Financial bid of Discharge 1*") and the business name of the tenderer, and contain a binding offer prepared according to the Bid Form A appropriately prepared by OLT and annexed to this Procedure (**Annex 2A**).
- 4.5 The **ENVELOPE No. 3**, optional, must show outside the Italian words OFFERTA ECONOMICA DISCARICA 2" ("*Financial bid of Discharge 2*"), the business name of the tenderer and contain a binding offer prepared according to the Bid Form B appropriately prepared by OLT and annexed to this Procedure (**Annex 2B**).
- 4.6 The **ENVELOPE No. 4**, optional, must show outside the Italian words OFFERTA ECONOMICA DISCARICA 3" ("*Financial bid of Discharge 3*"), the business name of the tenderer and contain a binding offer prepared according to the Bid Form C appropriately prepared by OLT and annexed to this Procedure (**Annex 2C**).

The financial bids relative to DISCHARGE 1 and/or DISCHARGE 2 and/or DISCHARGE 3 must be prepared exclusively using the forms attached to this Procedure. The submission of incomplete bids (including the possibility of failure to submit the photocopy of a valid identity card of the person signing the bid) or which do not comply with the rules referred to in this document shall constitute grounds for exclusion from the tender.

The submitted bids shall be binding until the completion of this Procedure or until the date of signing of the related Contract/s with the successful party/ies and constitute an irrevocable commitment for bidders to provide the Service.

The value of the Offered Price P for carrying out each of these discharges (DISCHARGE 1 (mandatory offer), DISCHARGE 2 (optional offer) and DISCHARGE 3 (optional offer) will be expressed in EUR/GJ with an indication of three decimal places. If more than three decimal places are given the value is automatically rounded down to three decimal places. It is understood that this Offered Price P refers exclusively to the amount for the provision of the Service itself.

The package must, under penalty of exclusion, be delivered in the period from **6 October 2014**, to the **18.30 hrs of 28 November 2014** (from Monday to Friday from 09.00 hrs to 12.30 hrs and from 15.30 hrs to 18.30 hrs), excluding non-working days, at:

Studio Notarile De Paola, Piazza Cavour, 25 - 57126 Livorno

Where the participating company intends to deliver the offer via direct delivery through its employee, the latter must present himself with a valid document of identity.

The delivery of the envelope beyond the deadline of **18.30 hrs of 28 November 2014** and outside of the above times will not be accepted, without any liability being ascribed to OLT in this regard. The participating company making use of couriers for delivery, cannot justify the delay in the delivery ascribing it to these subjects.

Upon delivery of the package, the staff of Studio De Paola in charge of receiving:

(A) in the case of delivery by an employee of a participating company, shall photocopy the identity document of the delivering natural person releasing an appropriate receipt, signed by the employee of Studio De Paola taking the delivery of the package (Attachment 7);

(B) in the case of using couriers, shall release the appropriate receipt, signed by the employee of Studio De Paola taking the delivery of the package (Attachment 7).

The receipt is the only valid document attesting to the date and time of delivery of the bid. Therefore bids for which the above receipt has not been issued will not be considered.

In addition to the bids received after the relevant deadline for the delivery of the packages as stated above, those received incomplete or not in accordance with the procedures referred to in this document (including, but not limited to, unsealed envelopes, documents not signed, or failure to attach a photocopy of the identification document of the subscribing person) will be excluded and not valid for this Procedure. Non irrevocable offers, or subject to conditions, or non-compliant with the forms made available by OLT will also be excluded.

Single bids submitted by two or more participating companies are also not allowed. In the event that a party presents more than one offer, if relevant, only the one being submitted first in order of time will be considered valid, while the others will be considered as void. In case multiple bids are submitted by the same party at once (for example, to be entrusted to the same employee or to the same courier), they will all be excluded.

The Reserve Price 1 and Reserve Price 2, referred to point xi) of the Introduction and the subsequent Article 5, shall be delivered at the same notary above, in two separate sealed envelopes and countersigned across the seal by MSE, within the same deadline set for the submission of bids, marked externally in the manner deemed appropriate by the MSE to highlight which is the envelope containing the Reserve Price 1 and which is the envelope containing the Reserve Price 2.

5. TENDER AWARD

On **1st December 2014** from 10.00 the internal committee, for the purpose designated and whose secretary will be a notary from Studio De Paola, in the presence of a specially designated representative of SRG, will meet at Studio De Paola, at Livorno, in Piazza Cavour 25. After having verified the successful delivery of the envelopes from the MSE, the notary will open the sealed

envelopes received by the tenderers in accordance with the provisions of Article 4, shall verify the presence of both **ENVELOPES No. 1** and **No. 2**, the presence of any **ENVELOPES No. 3** and/or **No. 4**, and that all the envelopes submitted are closed and bearing outside the correct words. Only in the case of successful completion of these checks, the committee will open the **ENVELOPE No. 1** of each bidder and shall proceed with the verification of the completeness and conformity of the documents contained therein.

Subsequently the committee will open **ENVELOPE No. 2** of each tenderer whose documentation contained in **ENVELOPE No. 1** has been verified and accepted, and shall arrange the order of the bids received from the lowest Offered Price P.

The committee will then eventually open **ENVELOPE No. 3** of the same tenderer and shall arrange the order of the bids received from the lowest Offered Price P.

The committee will then eventually open **ENVELOPE No. 4** of the same tenderer and shall arrange the order of the bids received from the lowest Offered Price P.

Bids will be gathered in three separate groups depending on whether the bids refers to the DISCHARGE 1 (ENVELOPE No. 2), DISCHARGE 2 (ENVELOPE No. 3) and DISCHARGE 3 (ENVELOPE No. 4). The three groups of bids will be arranged based on their respective Offered Price P.

Finally, the committee will open the envelopes sent by the MSE containing the Reserve Price 1 and Reserve Price 2, referred to in point xi) of the Introduction, and will acknowledge the values indicated therein.

OLT, for each of the three DISCHARGES, shall award the Service object of the present Procedure, according to the order of merit of the bids, to the subject indicating the lowest Offered Price P.

With reference to each of the three DISCHARGES, in the case where 2 or more parties have submitted bids with the same Offered Price P, the tender winner will result the party offering a greater volume of LNG or - even at an equal volume - executed from the committee by lot.

It is understood that the award of service of DISCHARGE 1 subject of the present Procedure is subject to the conditions laid down in point xi) of the Introduction.

OLT shall communicate, not later than **2 December 2014** only to the successful tenders the tendering procedure via registered mail with acknowledgment of receipt and anticipated via email or fax, stating the relevant Offered Price P (excluding VAT). The same will be communicated to the MSE and to the AEEGSI.

If during the opening of the **ENVELOPE No. 1** the therein documentation is found incomplete or not in accordance with the provisions of Article 4, resulting in the exclusion of the tenderer from Procedure, OLT shall notify the concerned tenderer within **15 December 2014** and shall preserve the envelopes received for a maximum of 90 days from the date of opening of the envelope for the eventual withdrawal from the excluded subjects.

The tender documents will be available to anyone who has submitted a bid for the following 90 calendar days.

6. CONCLUSION OF CONTRACT

6.1 The successful bidders must submit to OLT, no later than **9 December 2014**, at the headquarters of OLT at Palazzo Orlando, Via Gaetano D'Alesio 2-57126 Livorno, to the attention of Alberto Ton, the Contract (Attachment 1 to the Procedure), duly completed and signed by the legal representative or by duly authorised attorney, and complete in all its parts, in three original copies. The Contract, in accordance with the award notification issued by the OLT, will contain the LNG quantity expected to be discharged (regarding the DISCHARGE 1, and/or DISCHARGE 2 and/or DISCHARGE 3) with the corresponding Offered Price P of the award, as well as an indication of the VAT rate applicable.

Failure to comply with this deadline for the delivery of the Contract to OLT and of the original of the bank guarantee referred to in Article 7 below, will result in disqualification from the award of the successful tenderer in default with the option, but not the obligation, for OLT to award the tender to the tenderer who is the first among the unsuccessful tenderers and the application of a penalty of EUR 200,000 to be borne by the successful bidder in default. It is understood that this award is still subject to the conditions laid down in point xi) of the Introduction and to the acceptance of the new successful tenderer.

OLT will govern the procedures to return to the system any amounts paid by successful bidders on payment of such penalties in accordance with the provisions of AEEGSI.

OLT will return to the successful Supplier an original copy of the contract countersigned by its legal representative/attorney and by the legal representative/attorney of SRG.

6.2 The Contract will govern the provision of the Service and the terms and conditions for delivery, regasification and redelivery of quantities of gas corresponding to the discharge, net of fuel gas consumption and losses relating to the regasification service (meaning also that consumption occurring during prolonged storage in the tanks of the Terminal) and transport service.

6.3 In particular, in relation to the quantities of gas that will be actually delivered in the Terminal, the Contract provides that:

- throughout the period between 1 January 2015 and 31 March 2015, following a notice sent by OLT on the basis of the provisions of MSE, the Supplier is obliged to provide to SRG these LNG quantities that will be regasified and redelivered into the transportation grid by OLT, net of consumption and losses related to the regasification service and transportation service and in accordance with the operating procedures as detailed in the Contract;
- in April 2015, at the Supplier will be redelivery:
 - i) at the Redelivery Point ,by OLT, the quantity of energy equivalent to the remaining LNG owned by the Supplier present in the tanks of the Terminal on 31 March 2015, net of consumption and losses related to the regasification service and transportation service and the quantities referred to in paragraph 6.4;

- ii) at PSV, by SRG, any quantities made available by OLT to SRG after the determination of the competent authority.

6.4 It is however understood that:

- OLT, no later than 31 March 2015, for technical and functional need to ensure the Terminal operation, may exercise a purchase option for all or part of the remaining LNG owned by the Supplier and present in the tanks of the Terminal on 31 March 2015. In this case the Supplier will invoice OLT the purchase charge for this gas pricing it at the average of daily settlement price of the Italian balance market in respect of the month of April 2015 less the grid charges the Supplier would anyhow be in charge of if the purchased LNG would be regasified and redelivered at the Redelivery Point;
- The Supplier will have in charge the costs related to the SLOT Capacity Agreement/s and the grid charges, as well as expenses relating to the storage, in the tanks of the Terminal, of the quantities of peak shaving, possibly revised where OLT would have exercised the purchase option set in the previous point
- the amount paid to the successful Supplier under this Procedure will be paid to the Supplier itself within the terms and under the conditions defined in the resolution 466/2014/R/GAS published by AEEGSI on 25 September 2014;
- charges relating to the Service under this Procedure, shall be charged to the national gas system as defined by AEEGSI.

7. BANK GUARANTEE AND PENALTIES

For each awarded discharge, the effectiveness of the Contract is subjected to the presentation of an appropriate bank guarantee payable upon first request with validity until 30 June 2015. The guarantees will be issued by the Approved Financial Institution (such as defined in the Access Code), for an amount of EUR 1,000,000 for each discharge under this Contract, issued in favour of OLT to ensure compliance with the commitments under the Contract.

The original of each guarantee must be delivered to OLT at the address referred to in Article 6 together with the Contract and, in any event, no later than the same deadline provided in Article 6 above.

In the event of total or partial application of the guarantees, the amounts will be allocated to the system in the manner determined by AEEGSI.

In the event that the successful Supplier, in breach of the obligations undertaken by signing the Contract, does not proceed with the discharge of the quantities of LNG by 31 December 2014 for DISCHARGE 1, or with reference to DISCHARGE 2 and DISCHARGE 3 within the period indicated by MSE subject to a minimum notice of, respectively, 14 or 7 days, the Supplier will be required to pay to OLT a penalty of EUR 1,000,000 for each failed discharge and to reimburse the extra costs incurred to supply the quantity required to perform the service of peak shaving by another supplier. The above penalty will be applied also in the event of rescheduling

of the above discharges outside of the respective time frames defined above for any reason directly attributable to the Supplier.

Any amounts paid by successful bidders on payment of such penalties will be returned to the system as determined by AEEGSI.

8. BILLING AND PAYMENT

To the successful tenderer will be paid, as further specified in Article 7 of the Contract, the unit economic value as indicated in the respective offer as the price for the Service (**Offered Price P**), applied to the amount of energy actually discharged, as emerges from the discharge report.

9. MISCELLANEOUS

OLT reserves the right to modify, cancel, revoke, suspend, discontinue the Procedure, at its sole discretion by giving notice on its website, within the deadline for the notification of the tender award (**2 December 2014**), without a potential supplier being able to make any claims whatsoever concerning the award and signing of the contract, any rights to compensation, reimbursement or compensation whatsoever.

Any hour in the Procedure is meant at Italian hour.

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

[Annex 1: Service Contract](#)

[Annex 2/A: Bid Form A](#)

[Annex 2/B: Bid Form B](#)

[Annex 2/C: Bid Form C](#)

[Annex 3: Declaration Form](#)

[Annex 4: LNG Bank guarantee](#)

[Annex 5: Communications Form](#)

[Annex 6: Declaration in lieu of affidavit](#)

[Annex 7 A/B: Acknowledgment of Receipt](#)