

**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 2021/2022**

**DECEMBER 6<sup>TH</sup>, 2021**

## 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 Ministry of Economic Development (**MSE**) of 19<sup>th</sup> April 2013, an emergency plan was adopted to deal with adverse events in the natural gas system (**Plan**);
- ii) Having regard to the decree of the MSE of 13<sup>th</sup> 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<sup>th</sup> 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<sup>th</sup> 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 of the meeting of the Comitato tecnico di emergenza e monitoraggio del sistema del gas naturale held on October 18<sup>th</sup>, 2021;
- vi) Having regards to resolution 553/2021/R/Gas *“Provision for peak shaving service through regasification for the winter period of the gas year 2021/2022”* issued by the Italian Regulatory Authority for Energy, Networks and Environment (**ARERA**) on December 3<sup>rd</sup>, 2021;
- vii) Having regards to the letter of December 3<sup>rd</sup>, 2021 with which OLT Offshore LNG Toscana S.p.A. (**OLT**) sent to MSE and ARERA its peak shaving procedure updated pursuant to the above-mentioned resolution;
- viii) Having regards to letter of MITE of December 3<sup>rd</sup>, 2021 (Prot. n.0036421), with which the MITE gave its formal approval to the peak shaving procedure proposed by OLT;

And given that:

- ix) OLT, which will coordinate with Snam Rete Gas S.p.A. (**SRG**), intends to give effect to this totally public tendering procedure (**Procedure**) in order to identify the third parties providing LNG for peak shaving Service;
- x) The Service will be directly awarded on the basis of the lowest offer (Price Offered), provided that the bid is lower than a value determined by the MITE upon the proposal of the **ARERA** (Reserve Price 1). If the bid is between the Reserve Price 1 and a second value also determined by the MITE (Reserve Price 2), the award is subject to MSE confirmation within hr. 18.00 CET of December 16<sup>th</sup>, 2021. It is understood that the Service cannot be anyway awarded if the bid is higher than the Reserve Price 2;
- xi) LNG, owned by the successful tenderer (**Supplier**), will be delivered to the FSRU Toscana terminal (**Terminal**) and therein stored according to the general terms and condition of the contract with OLT (**Regasification Code**);

- xii) In the period between the provision of LNG and February 28<sup>th</sup> 2022, 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 MITE and then be transferred by the Supplier to SRG;
- xiii) In the period between 1<sup>st</sup> and 15<sup>th</sup> March 2022:
- OLT will redeliver to the Supplier the quantity of gas made available by the Supplier for the Service at the Entry Point Livorno – REMI 50102201 (**Redelivery Point**) or at Virtual Exchange Point (**PSV**) net of:
    - (i) the quantities of gases corresponding to the consumption of 2,000 liqcm required for the cooling of the plant;
    - (ii) the quantities referred to in Article 4.4 of the Service Contract (Annex 1A of the Procedure) and already redelivered to the Supplier before 28<sup>th</sup> February 2022,
    - (iii) the quantity of gas requested by SRG for the purposes set forth above,
    - (iv) the quantity of gas equivalent to the fuel gas and losses attributable to the regasification services, calculated according to the Capacity Contract (Annex 1B of the Procedure), and according to the Service Contract (Annex 1A of the Procedure) and

the quantity of gas possibly purchased by OLT as defined in paragraph 6.4 of this Procedure. SRG will redeliver to the Supplier at Virtual Trading Point the quantities of gas corresponding to those used by SRG itself 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

The purpose of this Procedure is the identification of subjects available to provide one cargo for receiving and prolonged storage of LNG into the tanks of the Terminal during the period between 28<sup>th</sup> December 2021 and 17<sup>th</sup> January 2022 (dates of available Delivery slots 28/12/2021, 05/01/2022 and 14/01/2022), with subsequent redelivery (after regasification and according to terms better defined in the following paragraphs of this Procedure and without prejudice to paragraph 6.4 of the Procedure itself) in the period between 1<sup>st</sup> and 15<sup>th</sup> March 2022 (**Service**), in order to allow OLT to make available to the Balancing Responsible entity in the period between the provision of LNG and 28<sup>th</sup> February 2022, 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 a quantity of LNG between a minimum of around **670,000 MWh** (equivalent to **approximately 100,000 cubic metres** of LNG) and a maximum of around **804,000 MWh** (equivalent to **approximately 120,000 cubic metres** of LNG) through LNG cargo that will moor in the period between 28<sup>th</sup> December 2021 and 17<sup>th</sup> January 2022 (**DISCHARGE**).

The LNG stored into the tanks of the Terminal by the Supplier shall have a Wobbe Index not higher than **14.55 kWh/Sm<sup>3</sup>** and can only be delivered by LNG cargo approved by OLT pursuant to the relevant procedures defined in the Regasification Code.

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 relevant Service agreement (**Service Contract**).

The delivery/redelivery of LNG in/from the tanks of the Terminal will be governed by the **Service Contract** (Annex 1A of the Procedure), by the Regasification Code of OLT and by the Network Code of SRG that, with their annexes, are an integral and substantial part of the Contracts 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 maritime transport contract from the delivery point to the Terminal:
  - i. valid on the date of signing of the relevant Capacity Contract with OLT and throughout the period in which the discharge must be 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 an LNG carrier authorised by OLT for the discharge at the Terminal;
- 3.3 have signed or undertake to sign one Capacity Agreements (Annex 1B of the Procedure) in due time to deliver the discharge mentioned in the offer;
- 3.4 Have or undertake to have the authorization necessary to trade at PSV by the time of the discharge
- 3.5 Are or undertake to be a SRG transportation service user by the time of the discharge or have adhered to the Network Code.

### 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 2021/2022”** (*Tender for the awarding of the temporary storage of LNG for the peak shaving service during the winter period of the gas year 2021/2022*) and an indication of the company name, address, fax number and e-mail address of the sender;

- 4.2 Place obligatorily inside the package the **ENVELOPE No. 1** and **ENVELOPE No. 2**, 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** (“*Documentation*”) 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:
- a) 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;
  - b) identification of a contact person as the recipient of all communications required for this Procedure, specifying the fax number and e-mail address (even alternatively used), to which the communications transmitted from the OLT will be validly sent (Annex 5);
  - c) statement that the tenderer at the time of submission of the bid is not subject to bankruptcy proceedings or liquidation, or actions to recover credit by SRG and/or OLT (Annex 3);
  - d) 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** (“*Financial bid*”) and the business name of the tenderer, and contain a binding offer prepared according to the Bid Form appropriately prepared by OLT and annexed to this Procedure (**Annex 2**) and a free-standing bank guarantee enforceable on first written demand for an amount of EUR 200,000 (two-hundred-thousand Euros) issued by Approved Financial Institution (as defined in the Regasification Code of OLT) for the purpose of the penalty set forth in Article 6.1 of the present Procedure (Annex 8). The free-standing bank guarantee may be replaced, at the tenderer discretion, by a cash deposit of the same amount of 200,000 (two hundred thousand) Euro at the IBAN current account: IT 23 P 01030 13900 000006005155 to be executed with bank transfer and with the following reason: “Service Peak Shaving 2022 Cash Deposit”. The transfer must be executed at least 3 (three) working days before the deadline for submission of bids and OLT reserves the right to exclude any tenderer for which the bank receiving the transfer is not able to confirm the deposit within the day before the deadline for submission of tenders.

The bid relating to DISCHARGE must be prepared exclusively using the form attached to this Procedure. The submission of incomplete bids (including the possibility of failure to submit the set forth above guarantee or 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 Service Contract with the successful party and constitute an irrevocable commitment for bidders to provide the Service.

The value of the Offered Price P for the service will be expressed in €/MWh 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 such Offered Price P refers exclusively to the amount for the provision of the Service itself since the quantity of LNG delivered by the Supplier

will be redelivered, net of the amounts defined at paragraph 6.3, to the Supplier itself at the Redelivery Point in the period between 1<sup>st</sup> and 15<sup>th</sup> March 2022.

The package must be delivered, under penalty of exclusion, in the period from 6<sup>th</sup> December 2021 to 16<sup>th</sup> December 2021 (from Monday to Friday from 9.00 a.m. to 12.00 a.m. and from 15.00 p.m. to 18.00 pm, **on the 16<sup>th</sup> of December within and not later than 10.00 a.m.**), excluding non-working days, at:

**Studio del Notaio Francesco Torroni – via Emanuele Gianturco 11, Roma (Studio Notarile)**

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 **10.00 hrs of 16<sup>th</sup> December 2021** 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 Notarile 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 Notarile taking the delivery of the package (Attachments 7A and 7B);

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

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 as received.

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 jointly submitted by two or more participating companies are also not allowed. In the event 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 the Reserve Price 2, referred to point x) of the Introduction and the subsequent Article 5, shall be delivered at the same Studio Notarile above, in two separate sealed envelopes and countersigned across the seal by MITE, within the same deadline set for the submission of bids, marked externally in the manner deemed appropriate by the MITE 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 16<sup>th</sup> December 2021 from hr. 10.30 CET the internal committee, for the purpose designated by OLT and whose secretary will be a notary from Studio Notarile, in the presence of a specially designated representative of SRG, will meet at Studio Notarile, in Rome, via Emanuele Gianturco 11. After having verified the successful delivery of the envelopes from the MITE, 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** 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 internal 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 starting from the lowest Offered Price P.

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

The internal committee 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, but in any case, subject to point (x) of the Introduction hence with the possible prior and express consent of MITE.

In the case where two or more parties have submitted bids with the same Offered Price P, the tender winner will result the party offering a greater quantity of LNG, expressed in energy MWh, or - even at an equal quantity - executed from the committee by lot.

Prior the final determination of the MITE in accordance with the condition set forth in point (x) of the Introduction, OLT shall communicate, not later than **hr 20.00 CET of 16<sup>th</sup> December 2021** only to the successful tenderer the result of 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 MITE and to the ARERA.

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 30 days from the opening of the envelope and shall preserve the envelopes received for a maximum of 90 days from the date of the 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. SERVICE CONTRACT

6.1 The successful bidder must submit to OLT, no later than **22<sup>nd</sup> December 2021**, at the headquarters of OLT at Palazzo Orlando, Via Gaetano D'Alesio 2 - 57126 Livorno, to the attention of the Commercial Responsible, the Service Contract (Annex 1A 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 Service Contract, in accordance with the award notification issued by OLT, will contain the LNG quantity expected to be discharged 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 Service 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 and the application of a penalty of EUR 200,000 (two-hundred-thousand Euros) to be borne by the successful bidder in default and without the need for any prior communication, notice, formal notice or demand to enforce the free standing bank guarantee set forth in Article 4.4 above) issued in favour of the successful tenderer. OLT can award the tender to the tenderer who is the first among the unsuccessful tenderers, being understood that the latter can refuse to supply the Service or it can accept such awarding giving notice in writing (also by email) to OLT within and not later than three days from the point in time OLT communicated such awarding and completing the activities defined in art. 6.1 of this Procedure within three days from the acceptance. It is understood that this award is still subject to the conditions laid down in point (x) of the Introduction.

OLT will return to the successful Supplier an original copy of the Service Contract countersigned by its legal representative/attorney and by the legal representative/attorney of SRG and the free-standing guarantee of EUR 200,000 (two-hundred-thousand Euros).

6.2 The Service Contract will govern the provision of the Service and the terms and conditions for the DISCHARGE 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 the consumption occurring during prolonged storage in the tanks of the Terminal and the additional consumption and losses during the cooling down) and transport service.

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

- throughout the period between the provision of LNG and 28<sup>th</sup> February 2022, following a notice sent by SRG to OLT on the basis of the provisions of MITE, 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 the above mentioned in point xiii) referred to in the Introduction;
- in the period between 1<sup>st</sup> and 15<sup>th</sup> March 2022, at the Supplier will be redelivered:
  - i) at the Redelivery Point or at PSV, by OLT, the quantity of energy equivalent to the remaining LNG owned by the Supplier present in the tanks of the Terminal on 28<sup>th</sup> February 2022, net of the above mentioned in point xiii) referred to in the Introduction;
  - ii) at PSV, by SRG, any quantities made available by OLT to SRG in behalf of the Supplier for the purpose of the Service.



6.4 It is also specified that:

- OLT, no later than 28<sup>th</sup> February 2022, 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 28<sup>th</sup> February 2022;
- the Supplier will have in charge the costs and expenses related to the Capacity Contract for the regasification service and the transportation grid charges, as well as the costs for the maritime services;
- the amount paid to the successful Supplier under this Procedure will be paid to the Supplier itself within the terms and under the conditions better defined in the Service Contract;
- charges relating to the Service under this Procedure, shall be charged to the national gas system as defined by ARERA.

## **7. BANK GUARANTEE AND PENALTIES**

The effectiveness of the Service Contract is subjected to the presentation of an appropriate bank guarantee payable upon first request with validity until 31<sup>st</sup> July 2022. The guarantee will be issued by the Approved Financial Institution (such as defined in the Regasification Code of OLT), for an amount of EUR 1,000,000 (one-million Euros) issued in favour of OLT to ensure compliance with the commitments under the Service Contract.

The original of the guarantee, issued in accordance with the form of Annex 4, must be delivered to OLT at the address referred to in Article 6.1 together with the Service Contract and, in any event, no later than the same deadline provided in Article 6.

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

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 the scheduled date as provided by Article 10 of the Service Contract, the latter will be required to pay to OLT a penalty of EUR 1,000,000 for the failed discharge and to reimburse the extra costs incurred to supply the quantity required to perform the Service by another supplier. The above penalty will be applied also in the event of rescheduling of the above discharges outside of the above defined time frame.

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

## **8. BILLING AND PAYMENT**

To the successful tenderer will be paid, as further specified in Article 7 of the Service Contract and without prejudice to Article 7.2 of the Service Contract itself, the unit economic value as indicated in the respective offer as **Offered Price P**, applied to the amount of energy actually discharged. OLT communicates to ARERA, *Cassa per i servizi energetici e ambientali* and SRG the amount due to the Supplier.

## 9. MISCELLANEOUS

OLT reserves its 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 (16<sup>th</sup> December 2021), 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 1A: Service Contract](#)

[Annex 1B: Capacity Contract](#)

[Annex 2: Bid Form](#)

[Annex 3: Declaration Form](#)

[Annex 4: Service Contract Bank Guarantee Form](#)

[Annex 5: Communication Form](#)

[Annex 6: Power of Attorney](#)

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

[Annex 8: Bid Bank Guarantee Form](#)