

## CHAPTER 3

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### 3.1 FOREWORD

The Storage Company assures that Shippers meeting the requirements indicated in paragraph 5.2 of the chapter “Assignment of Storage Capacity” shall have freedom to access the storage services, equal conditions and transparency of the service. It is pointed out that the service is offered in an integrated manner on the Storage System managed by the Storage Company.

If its System has available capacity and the service is technically feasible, the Storage Company has the obligation to offer the following services:

- Mandatory Services: i.e., the services described in paragraph 3.2 below, regulated by this Storage Code, requested by the Shipper and performed by the Storage Company upon payment of the prices determined by the Authority.
- Special Services: i.e., the services described in paragraph 3.3 below, regulated by this Storage Code, requested by the Shipper and performed by the Storage Company upon payment of negotiated economic conditions subject to approval by the Authority.
- Subsidiary activities: i.e. the activities described in paragraph 3.4 below, regulated by this Storage Code, not requested by the Shipper but performed by the Storage Company inasmuch as they are necessary for the correct performance of the Mandatory Services and of the Special Services.

All Storage Capacities relating to the services described in this chapter are assigned according to the times and procedures prescribed in chapter 5 “Assignment of Storage Capacity”.

All Storage Services include the reservation, by the storage company, of the transport capacity function for injection into the network, or for the withdrawal therefrom, at the point of entry corresponding to the interconnection with the Storage System, of the Gas quantities withdrawn or to be injected at the Storage System.

The storage company delivers these quantities to the major Transport company at the point of entry corresponding to the interconnection with the Storage System, which takes delivery of them for the purposes of

redelivery to its own shippers within the scope of the transport service per its own Network Code.

The Major Transport Company delivers to the Storage Company the Gas quantities owned by the users of the transport service for the purpose of the utilisation of the Storage Services by the same users.

### **3.2 MANDATORY SERVICES**

The Storage Company makes available to requesting Shippers the following mandatory services:

1. The hydrocarbon storage service;
2. The modulation storage service;
3. The operational balancing service for the transport companies of the system.

The Storage Company assigns the aforesaid capacities, both continuous and interruptible, according to the procedures defined in chapter 5 “Assignment of Storage Capacity”.

Within the modulation storage service, the Storage Company makes available to requesting Shippers the capacities for the Modulation Service with assignment on a monthly, weekly and daily basis, per paragraph 2.4.4.5, and assigns them as provided in paragraph 5.9.2 below.

Without prejudice to the continuous nature of the Performance, for all services offered and assigned the Storage Company nonetheless is entitled to interrupt the performance in cases of Force Majeure, Emergency and Interventions that cause the reduction/interruption of the Performance, as defined in chapter 13 “Scheduling and Managing Maintenance Operations”.

#### **3.2.1 Hydrocarbon Storage Service**

The hydrocarbon storage service is the service needed for technical and economic reasons to allow holders of exploitation concessions to carry out the optimal exploitation of natural gas reservoirs in Italy.

The Hydrocarbon service therefore serves the sole purpose of providing holders of exploitation rights with a level of flexibility comparable to the one normally provided in Gas import contracts, and to hedge any technical production stoppage risks.

Requestable capacities are defined by the MSE and allocated among the storage companies as established by the Authority.

The service consists of making available to the Shipper a Space ( $S_M$ ), an Injection Performance ( $PI_M$ ) and a Withdrawal Performance ( $PE_M$ ). The Shipper to which the hydrocarbon storage capacities are assigned acquires the right to:

- Daily inject a quantity of Gas equal to no more than the  $PI_{MK}$  during the Thermal Year;
- Daily withdraw a quantity of Gas equal to no more than the  $PE_{MK}$  during the Withdrawal Period and in the Periods.

Where  $PI_{MK}$  and  $PE_{MK}$  are respectively the daily Withdrawal Performance and Injection Performance guaranteed to the  $K^{\text{th}}$  Shipper by virtue of the assignment of a capacity  $CI_{MK}$  and  $CE_{MK}$ , as they are defined in paragraphs 2.4.4.3 and 2.4.5 of chapter 2 “Description of the System”.

The  $PE_{MK}$  is equal to zero if the Shipper has withdrawn all its gas held in storage for the purposes of the Hydrocarbon storage service; in addition, the Shipper forfeits the right to reserve a withdrawal performance if it has injected a quantity of gas equal to the space  $S_{MK}$  assigned to it.

In addition to the aforesaid performances, a User of the Hydrocarbon Storage Service is entitled to request the assignment of an Interruptible Incremental Peak.

### **3.2.2 Modulation Storage Service**

The modulation storage service is the service directed at enabling to modulate gas delivery according to daily, seasonal and peak consumption trends. This service is offered to all shippers meeting the requirements per chapter 5.

The service consists of making available to the Shipper a Space ( $S_{MOD}$ ), an Injection Performance ( $PI_{MOD}$ ) and a Withdrawal Performance ( $PE_{MOD}$ ).

The Shipper to which the modulation storage capacities are assigned acquires the right to:

- Daily inject a quantity of Gas equal to no more than the  $PI_{MODk}$  during the Thermal Year or for periods shorter than the Thermal Year in case of assignment during the Thermal Year, for the seasonal product;

- Daily inject a quantity of Gas equal to no more than the  $PI_{MODk}$  during a single month of the Injection Period of the Thermal Year, for the monthly product;
- Daily withdraw, both for the seasonal product and for the monthly product, a quantity of Gas equal to no more than the  $PE_{MODk}$  during the Withdrawal Period and in the Periods.

Where  $PI_{MODk}$  and  $PE_{MODk}$  as per paragraph 2.4 are respectively the daily Withdrawal Performance and Injection Performance guaranteed to the  $K^{th}$  Shipper by virtue of the assignment in accordance with chapter 5 of capacity  $CI_{MODk}$  and  $CE_{MODk}$ , as defined in paragraphs 2.4.4.4, 2.4.4.5, of chapter 2 “Description of the System”.

The Injection Performance assigned to each Shipper for the modulation Service is determined on the basis of the ratio  $R_{u,k}$  as per paragraph 2.4.5.2. If the residual Space of the Shipper is smaller than the available Injection Capacity, then the Injection Capacity shall be equal to the residual Space.

The  $PE_{MODk}$  is equal to zero if the Shipper has withdrawn all its gas held in storage for the purposes of the modulation Storage Service; in addition, the Shipper forfeits the right to reserve a withdrawal performance if it has injected a quantity of gas equal to the space  $S_{MODk}$  assigned to it.

### 3.2.2.1. Reverse Flow Service

The reverse flow service consists of making available to the Shipper:

- a) A withdrawal capacity in the Injection Period assigned by monthly, weekly and daily assignment procedures carried out during the Injection Period per paragraph 5.9.2, and/or;
- b) A withdrawal capacity in the Withdrawal Period assigned at the start of the Thermal Year and the additional capacities not assigned at the start of the thermal year, to be assigned within the procedures per paragraph 5.9.2.

The reverse flow service is offered by the Storage Company solely as a Virtual service, i.e. when the set of the Shippers' reverse flow reservations is smaller than the Daily Planned Flow Rate on the Hub.

If the Reverse Flow Service reserved by the set of the Shippers exceeds the Daily Planned Flow Rate on the Hub, the reverse flow is instead

defined as Physical, because it requires reversing the movement of storage gas with respect to the set-up existing at the time of the reservation.

The Storage Company makes available to Shippers, in accordance with the criteria per paragraph 6.6.6, the capacities for the reverse flow service consistently with the characteristics of its own storage system; therefore, the Shipper to whom a capacity for the aforesaid service is assigned acquires the right to use the reverse flow according to the procedures prescribed in paragraph 2.4.4.6 and the timelines indicated in sub-paragraph 6.2.1 of the chapter "Injection and withdrawal reservations and commitments".

The Injection Flow Rate (PI) during the Withdrawal Period, as defined in sub-paragraph 2.4.3.3 of chapter 2 "Description of the System", and the withdrawal capacity during the injection phase are assigned according to the procedures indicated respectively in paragraphs 5.8.2.4, 5.9.1 and 5.9.2 of the chapter "Assignment of the storage capacities".

#### 3.2.2.2. *Overnomination*

In the course of the cycles of daily renominations in day G, which are held with the procedures and timelines per paragraph 6.6.3, the Storage Company accepts the Shippers' renomination even beyond their contractual capacities, so long as these renominations are compatible with the renomination limit of the system.

The capacity requested by the shipper beyond its own contractual profile is assigned on an interruptible basis; therefore, the owner of the continuous capacity remains entitled to renominate it in the course of the gas day.

Shippers who exercise the right to overnominate accept paying the following price after the renomination is accepted:

$$I_o = (p_{IO} \cdot C_{Io} + p_{EO} \cdot C_{EO}) \times n_h / 24$$

where:

-  $p_{IO}$  e  $p_{EO}$  are the prices offered by the shipper respectively for the overnominated injection peak and the overnominated withdrawal peak, respectively  $\geq C_{Class}$  and  $\geq C_{Eass}$ , where  $C_{Class}$  and  $C_{Eass}$  are the assignment prices recorded in the previous interruptible session.

In case of non-assignment of interruptible capacity  $C_{Class\ e}$   $C_{Eass}$  shall be equal to the assignment price recorded in the previous session of the continuous capacity.

In case of non-assignment of continuous capacity  $C_{Class}$  and  $C_{Eass}$  shall be equal to  $1/365 * C_{CI}$  and  $1/365 * C_{CE}$ , where  $C_{CI}$  and  $C_{CE}$  are the lowest among the tariff prices of the storage companies.

-  $C_{Io}$  is the injection capacity assigned for day G with the overnomination mechanism;

-  $C_{Eo}$  is the withdrawal capacity assigned for day G with the overnomination mechanism.

$n_h$  is the number of hours for which the overnomination was accepted.

### 3.2.2.3. Redetermination of the Withdrawal Capacity

Edison Stoccaggio specifies that the constraints to the period volumes each Shipper may be withdraw, as well as the multiplying and reducing coefficients of the contractual performance may be redetermined in view of optimisations that can be carried out according to the capacities assigned and to their use when different from those assumed at the date of publication of the capacities offered and of the associated performances, as described below.

#### *Increase of the performance*

If, in the course of the Withdrawal Period, an availability of PE on a continuous basis exceeding the one made available at the start of the thermal year emerges, the Storage Company - by means of appropriate increases of the adjustment coefficients and taking into account the procedures indicated from time to time on the Website of the company - shall make these increases available to the Shippers.

#### *Decrease of the total performance*

Equally, if at the conclusion of the assignment procedures, at the end of the injection period or in the course of the Withdrawal Period by effect of a use of the withdrawal peak not in compliance with the contractual limits, an availability of PE on a continuous basis smaller than the one made available at the start of the thermal year emerges, the Storage Company, by means of appropriate reductions of the adjustment coefficients, as described below, and taking into account the procedures indicated from time to time on the Website of the company, shall notify such reductions

to the Shippers adequately in advance with respect to the gas day on which they become effective.

Every change shall be determined according to the following criteria:

- If the performance reduction is determined, by one or more shippers, by effect of the missed replenishment in the injection phase of the capacities assigned or by effect of the failure to comply with the contractual withdrawal limits, the Storage Company shall define a specific reduction coefficient of these Shippers on the basis of their stock compared to the minimum contractual stock, as prescribed by the regulations in force, in order not to modify the other shippers' contractual performance.
- If the performance reduction is due to the non-assignment of the available capacities and hence is not attributable to a specific shipper, Edison Stoccaggio shall proceed, in Hub terms and for each individual Shipper in equal amount, to revise the minimum contractual stock as well as the maximum daily volume of each period and the reduction coefficients with respect to the contractual reference, according to the actual performance of the Hub, in order to absorb and minimise any deviations from the performance between the initial replenishment and withdrawal assumptions and what can actually be withdrawn.

#### 3.2.2.4. *“In advance” withdrawal capacity*

The storage company can offer a temporary increase of the withdrawal capacity, called “in advance” capacity, which shall be made available each day for the following day, in view of a reduction to the withdrawal performance at a later time. This capacity shall be offered provided that, even if it is fully used, throughout the residual duration of the withdrawal phase, the level of the performances is kept no lower than the initial one, as updated taking into account the aforesaid reduction, and than the technical margins for security.

The procedures for the assignment of “in advance” capacity are described in paragraph 5.9.2.

### **3.2.3 Operational balancing service for transport companies (or balancing Service)**

The Storage Company makes available the Transport Companies for the physical balancing of their own network a storage service, defined on the basis of the balancing needs of the Transport Company.

The service offered makes available to the Transport Company a Space ( $S_{BIL}$ ) and an Injection Flow Rate ( $PI_{BIL}$ ) and a Withdrawal Flow Rate ( $PE_{BIL}$ ), by virtue of the assignment of a capacity  $CI_{BIL}$  and  $CE_{BIL}$ , as they are defined in paragraphs 2.4.4.2 and 2.4.5 of chapter "Description of the System".

If the total movements requested by the other Users of the storage service are not adequate to guarantee the balancing of the system, the Transport Company shall be entitled, in compliance with the aforesaid requests, to use an adequate injection and/or withdrawal daily performance to assure balancing even if it exceeds the capacity assigned at the start of the thermal year.

### **3.2.4 Modulation Service with capacity assignment on a monthly, weekly and daily basis**

The storage capacities of space, withdrawal and injection with assignment, also in disaggregated form, on a monthly, weekly and daily basis are allocated by the storage company to all Shippers who submitted a request in accordance with paragraph 5.7.1 in compliance with the provisions per AEEGSI Resolution 193/2016/R/Gas.

Access to these capacities, determined as provided in paragraph 2.4.4.5, is allowed by participation in the competitive procedures per paragraph 5.9.2; it enables the shipper to:

- Use the Space for periods of one month, week and day ( $S_{MOD,M}$ ,  $S_{MOD,W}$ ,  $S_{MOD,D}$ ) assigned in accordance with paragraph 5.9.2;
- Inject its own Gas into the System during the requested month/week/day ( $CI_{MOD,M}$ ,  $CI_{MOD,W}$ ,  $CI_{MOD,D}$ );
- Withdrawing its own Gas from the System during the requested month/week/day ( $CE_{MOD,M}$ ,  $CE_{MOD,W}$ ,  $CE_{MOD,D}$ ).

The competitive procedures per paragraph 5.9.2 are organised in two sessions.

For the assignment on a weekly basis, the first week is reduced starting from the first day of the month and the last week is extended to the last day of the month.

### 3.2.4.1 Continuous capacities

In the first session, the storage company offers, on a continuous basis:

- a) for the monthly and weekly assignment, the primary capacity and any secondary capacity made available by the shippers;
- a) for daily assignment, the primary capacity (with the exclusion of space), the secondary capacity (with the exclusion of space) which may have been made available by the shippers, the “in advance” capacity.

#### 3.2.4.1.1 Primary capacity

Primary capacity is the continuous space, withdrawal or injection capacity offered by the storage Company and available after previous assignment procedures or obtained, even if not structurally, through the optimisation of storage during the thermal year.

The withdrawal capacity assigned by the procedures per paragraph 5.9.2 in the injection phase shall be deemed to be primary capacity.

#### 3.2.4.1.2 Secondary capacity

Secondary capacity is the continuous space, withdrawal or injection capacity which Shippers, including the transport companies, make available to the storage company for assignment to third parties.

The Shipper may offer for sale, on a monthly, weekly and daily basis, the continuous injection or withdrawal capacity available to it, not scheduled for the period of the sale, and the space on a monthly and weekly basis.

It is specified that any capacity offered for sale by the Shipper and unassigned, even within the procedures per paragraph 5.9.2, is available to the Shipper who therefore is entitled to use it in compliance with the scheduling constraints.

#### 3.2.4.1.3 “Not otherwise usable” capacity

In consideration of the small size of these capacities and of the complexity of making them available, they are not offered by Edison Stoccaggio.

#### 3.2.4.1.4 “In advance” capacity

“In advance” capacity is the additional withdrawal Capacity with respect to the primary and secondary capacities, which can be made available each day for the next one.

It is determined and assigned on a daily basis by the storage Company according to the procedures indicated in paragraph 5.9.2.

### **3.2.4.2 Interruptible capacities**

In the second session of the competitive procedures per paragraph 5.9.2, the storage Company offers the available interruptible withdrawal and injection capacities, determined by the storage company according to the scheduled capacities and to those allocated in the first session.

In this session, the Storage Company makes available the following monthly, weekly and daily Capacities on an Interruptible basis:

- a) The Injection Capacity and the Withdrawal Capacity on an interruptible basis, determined, if in phase, in accordance with paragraph 2.4.4.5.
- b) The Injection Capacity and the Withdrawal Capacity on an interruptible basis, determined, if in reverse flow, in accordance with paragraphs 2.4.4.5 and 2.4.4.7 above and regulated as prescribed below and in any case always and exclusively of the virtual type:

- *Withdrawal Period*

If the difference between the total continuous Injection Capacity available for a given Day and the total scheduled Injection capacity is lower than the interruptible Reverse Flow Capacity assigned for the same Day, the Storage Company shall allocate the aforesaid difference pro-rata to the Shippers to which interruptible Reverse Flow Capacity was assigned, according to the criteria indicated in chapter 6.

If the aforesaid difference is negative, the interruptible Reverse Flow Capacity shall not be made available.

The interruption of a part or of the entire Interruptible Capacity is notified by the Storage Company to the Shippers, to which it was assigned, upon acceptance of the daily renomination.

- *Injection Period*

If the difference between the total continuous Reverse Flow Capacity available for a given Day and the total actual Withdrawal capacity is lower than the interruptible Reverse Flow Capacity assigned for the same Day, the Storage Company shall allocate the aforesaid difference pro-rata to the Shippers to which interruptible Reverse Flow Capacity was assigned, according to the criteria indicated in chapter 6.

If the aforesaid difference is negative, the interruptible Reverse Flow Capacity shall not be made available.

The interruption of a part or of the entire Interruptible Capacity is notified by the Storage Company to the Shippers, to which it was assigned, upon acceptance of the renomination.

### **3.3 SPECIAL SERVICES**

In addition to the mandatory services listed previously, the Storage Company is willing to consider requests by Shippers for services with different technical-economic characteristics from those defined by the other services described in the Storage Code.

If the requested service is technically feasible without compromising the storage capacities already assigned to other Shippers, the economic conditions shall be negotiated between the Storage Company and the Shipper and subsequently sent to the Authority for approval, in compliance with the provisions of the Resolution, as indicated in paragraph 4A.7 of the Annex "Table of Times and Methods of Information Coordination".

### **3.4 SUBSIDIARY ACTIVITIES**

#### ***3.4.1 Management of the capacity assignment***

Within the scope of the assignment activity, the Storage Company agrees with the Major Storage Company the procedures for the verification of the quantities assignable and assigned, publishes the available capacities and the necessary forms, manages the procedure for the assignment requests, verifies the capacities assignable with the

Major Storage Company, effects the assignment and prepares and stipulates the Contracts.

### ***3.4.2 Management of capacity transactions***

The Storage Company defines the procedures for requesting capacity transactions, makes available a suitable dedicated section on the Electronic System and publishes, also on the Website for the back-up cases, any standardised forms, carries out the administrative operations connected to the transactions.

### ***3.4.3 Dispatching***

With regard to this activity, the Storage Company carries out the actions defined in chapter 2.

### ***3.4.4 Gas Allocations***

Within the scope of these activities, the Storage Company manages the process for the allocation and for the adjustment of the measured injection and/or withdrawal gas quantities according to the procedures prescribed by chapter 8 “Balancing and replenishment of the Storage Sites”.

### ***3.4.5 Gas measurement and quality***

The Storage Company carries out the operations for measuring and validating the inflow and outflow data from each site of the System, and verifies, measures and validates the gas quality parameters for the purposes of determining the energy moved and compliance with quality specifications.

### ***3.4.6 Management of storage data***

The Storage Company manages and archives the data exchanged with the Shipper and publishes the information, with the aid of electronic instruments, including the Electronic System, and its own Website, which also includes a confidential section.

### ***3.4.7 Balancing prices***

The Storage Company calculates and invoices the balancing prices and those for the use and replenishment of the strategic reserve, as

indicated in chapter 8 “Balancing and replenishment of the Storage Sites.”

#### **3.4.8 Maintenance Operations**

The Storage Company carries out all inspections, upgrades and maintenance operations on the facilities to guarantee the security and continuity of the service. It schedules the operations, with the exception of unforeseeable ones, publishing the schedule and maintaining it constantly updated according to the procedures prescribed in chapter 13 “Scheduling and Managing Maintenance Operations”.

#### **3.4.9 Managing emergencies**

The Storage Company has in place internal procedures and personnel which enable it to manage, in an efficient manner and minimising the impact on available capacities, the unforeseen and transitory situations that prevent or limit the normal operation of the System.

#### **3.4.10 Management of general emergencies**

Within the scope of the general emergencies, the Storage Company carries out all operations prescribed by the procedures defined by the MSE.

#### **3.4.11 Invoicing**

The Storage Company manages the entire process for issuing and adjusting invoices as prescribed in chapter 16 “Invoicing and Payments”.

### **3.5 ACCESS TO THE TRANSPORTATION SYSTEM**

#### **3.5.1 Assignment and reservation of the transport capacity**

Under resolution 297/2012/R/gas, the Storage Company requests transport capacity for the purposes of providing its services to the Shipper and becomes, in accordance with the indications received from its own Shippers, responsible for obligations descending from the related transport contract, instrumental for the injection and the withdrawal of the gas owned by its Shippers respectively at the inlet

point and of the outlet point of the national network of the pipelines interconnected with the Storage Sites.

The aforesaid obligations include planning the quantities injected and withdrawn, owned by each Shipper, at the aforesaid points, and meeting quality and pressure parameters.