

CHAPTER 5

ASSIGNMENT OF STORAGE CAPACITY

5.1 SHIPPER QUALIFICATION AND REGISTRATION	110
5.2 ACCESS REQUIREMENTS	110
<i>5.2.1 General requirements</i>	<i>110</i>
<i>5.2.2 Requirements for accessing the Modulation Storage Service and the Constant Peaks of Modulation Service</i>	<i>122</i>
<i>5.2.3 Requirements for accessing the competitive procedures for assigning capacity on a monthly, weekly, daily and “period” basis</i>	<i>123</i>
5.3 THE STORAGE CONTRACT	123
5.4 LOSS OF REQUIREMENTS	124
5.5 REQUEST FOR ACCESS TO THE MODULATION STORAGE SERVICE WITH ANNUAL AND INTERIM ASSIGNMENT AND TO THE CONSTANT PEAKS OF MODULATION SERVICE	125
5.6 INVALID REQUESTS FOR THE MODULATION SERVICE WITH ANNUAL AND INTERIM ASSIGNMENT AND FOR THE CONSTANT PEAKS OF MODULATION SERVICE	125
5.7 REQUEST FOR ASSIGNMENT OF CAPACITY ON A MONTHLY, WEEKLY, DAILY AND “PERIOD” BASIS THROUGH COMPETITIVE PROCEDURES	126
5.8 ASSIGNMENT OF STORAGE CAPACITIES AT THE START OF THE THERMAL YEAR	128
<i>5.8.1 Subject of the Assignment</i>	<i>128</i>
<i>5.8.2 Assignment Criteria</i>	<i>129</i>
<i>5.8.3 . Assignment of unconfirmed capacity</i>	<i>133</i>
5.9 ASSIGNMENT OF STORAGE CAPACITIES AFTER THE START OF THE THERMAL YEAR	133
<i>5.9.1 Modulation Storage Service with assignment of capacities on an interim basis</i>	<i>133</i>
<i>5.9.2 Short-term Modulation Storage Service</i>	<i>135</i>
<i>5.9.3 Assignment of the Reverse Flow Service</i>	<i>145</i>
<i>5.9.4 Assignment of the Deposit Service</i>	<i>146</i>
<i>5.9.5 Enforcement Procedures for Gas Provided as Guarantee to Third Parties</i>	<i>152</i>
5.10 AGREEMENT FOR IRREGULAR PLEDGE ON GAS IN STORAGE IN FAVOUR OF EDISON STOCCAGGIO	155

5.1 SHIPPER QUALIFICATION AND REGISTRATION

Access to the storage services offered by the Storage Company is allowed in an impartial and neutral manner and at equal conditions for all parties that fulfil the requirements described in this chapter.

5.2 ACCESS REQUIREMENTS

Since the storage capacities are assigned according to the priority criteria defined by the Authority, the access requirements and the methods for determining the maximum assignable capacities are differentiated by type of service.

The assignment priorities for services are as follows:

- the Modulation Storage Service, including the Constant Peaks of Modulation Service.

These services are assigned through annual and interim competitive procedures pursuant to the measures of the Ministry of Economic Development and the Authority.

- Assignment of storage capacity on a monthly, weekly, daily and “period” basis.

The assignment process calendar is published by Edison Stoccaggio on its website pursuant to the measures of the Ministry of Economic Development and the Authority.

Parties requesting access (hereafter, “Requesting Shippers”) to one or more of the storage services shall attest that they fulfil the requirements discussed below, by submitting a declaration in lieu of affidavit.

5.2.1 General requirements

The Requesting Shippers must attest, within the terms and with the procedures established below, that they fulfil the requirements prescribed herein.

The Storage Company will not stipulate contracts for the performance of the storage services with the Requesting Shippers that, at the date of submission of the Assignment Request, have not completed the payments due under the Storage Contracts relating to the current Thermal Year or relating to previous Thermal Years, for invoiced amounts already due and

exceeding the value of the guarantee issued to cover the obligations deriving from the aforesaid contracts.

The Storage Company shall promptly notify the Authority and the Ministry of Economic Development of this circumstances for the adoption of the pertinent measures.

The Storage Company shall not stipulate Storage Contracts for the performance of storage services with Requesting Shippers that have not also accepted the Network Code of the major transport company as at the date the service commences. Furthermore, access to the assignment of capacity on a weekly and daily basis is only for Shippers that already have storage capacity for the period for which access is requested.

Failure to meet even one of the requirements for access to the storage system constitutes grounds for early termination of the Storage Contract as provided in Chapter 17.

All Requesting Shippers are also required to submit the declarations and statements pursuant to Italian Legislative Decree 231 of 21 November 2007, using the forms published on the website of Edison Stoccaggio.

Every form of certification of the requirements (requests, commitments, declarations or acceptances), and all requests/communications or in any case expression of will the Shipper makes pursuant to this chapter, also using the specific functionality (ESCOMAS in particular) made available by Edison Stoccaggio, constitute a formal obligation and commitment for the Shipper, which assumes - including toward third parties - all liability arising from any defaults/errors or omissions.

Edison Stoccaggio does not assume any liability toward the Shipper and third parties regarding the truthfulness, correctness and completeness of the statements and declarations made by the Shippers for this purpose.

5.2.1.1. Guarantees

5.2.1.1.1 Guarantees covering the obligations arising from the Assignment Procedure (except for the Modulation Storage Service with assignments of capacity on a monthly, weekly, daily and “period” basis).

Upon submitting a Request for Access, the Requesting Shipper shall provide evidence of having a credit standing of proven reliability, or, alternatively, it must be able to provide adequate financial guarantees, in order to safeguard the other Shippers and the Storage Company in case of failure to deliver the

guarantees envisaged following the entry into force of the Storage Contract.

The assessment of the Requesting Shipper's financial soundness is carried out by the Storage Company according to the following criteria:

- a) Without need for the additional guarantees per the following points, it is deemed sufficient to have a minimum credit rating, assigned by leading international bodies, with reference to medium-long term debt, of at least:
 - Baa3 if assigned by Moody's Investor Services; or,
 - BBB if assigned by Standard & Poor's Corporation;
 - BBB if assigned by Fitch Ratings;
 - BBB low if assigned by DBRS.

The Requesting Shipper shall provide appropriate certification, issued by one of the aforementioned bodies, proving the assigned level of Rating.

The Shipper that proves it has obtained the minimum rating is required to notify Edison Stoccaggio of any changes in the minimum rating by and no later than the deadline of ten days after the aforesaid change. If this change leads to a rating level lower than the minimum rating, the Shipper is required to provide the guarantee described in letter b) below or, as an alternative, the one described in letter c) below, by and no later than the deadline of thirty days after the aforesaid change. If the same Shipper does not meet its payment obligations within the terms established by chapter 16 below, it is required to provide the guarantee described in letter b) below or, as an alternative, the one described in letter c) below, by and no later than the deadline of ten days after Edison Stoccaggio's notification that the above-mentioned payment obligations were not met.

- b) If the criterion per point a) is met by the company that controls the Requesting Shipper, or if the controlling party is a public agency, the Requesting Shipper may submit to the Storage Company a letter of guarantee (a Parent Company Guarantee) issued by the parent company in favour of the Storage Company that expresses the commitment - which can be activated "at first demand" by the Storage Company - to fulfil exactly and punctually the obligations deriving from the Assignment Procedure assumed by the Shipper to the Storage Company for an amount at least equal to what is specified in the

assignment procedure published on the website of the Storage Company. The parent company is required to notify Edison Stoccaggio of any changes that take place (in the minimum rating) by and no later than the deadline of ten days after the aforesaid change. If the rating held by the parent company of the Shipper is decreased below the minimum rating, the Shipper will be required to present the guarantee to Edison Stoccaggio described in letter c) below by and no later than the deadline of thirty days after the aforesaid change;

- c) If the criteria per points a) and b) above are not met, the Requesting Shipper is required, to cover the obligations deriving from the Assignment, to have one or more leading banks issue, in favour of the Storage Company, a bank guarantee and/or insurance policy, issued by parties having the same credit standing as those mentioned in paragraph 5.2.1.1.1, both abstract, autonomous and enforceable “at first demand” for an amount equal to at least what is specified in the assignment procedure published on the website of the Storage Company.
- d) In order allow the broadest participation in every assignment, Edison Stoccaggio agrees that, in place of what is described above, it is sufficient to provide appropriate documentation demonstrating that a bank transfer has been made for an amount equal at least to what is specified in the assignment procedure published on the website of the Storage Company.
- e) Without prejudice to the right of retention pursuant to paragraph 17.4.1 and any undertaking of the Deposit Service described in paragraph 3.3.1, the Shipper has the right to set up collateral on the gas it owns located in storage in the form of an irregular pledge by way of guarantee of the correct fulfilment of the obligations undertaken by the Shipper. Said right is allowed subject to the signing of a specific agreement, provided below in paragraph 5.10, which must be signed at the time the contract for the supply of one of the storage services is executed for setting up an irregular pledge in favour of Edison Stoccaggio. The agreement provides for the setting up of an irregular pledge on the gas (hereafter “Gas Provided as Guarantee”) and the assignment of a mandate to Edison Stoccaggio for the sale on behalf of the Shipper of all or part of the Gas Provided as Guarantee in case of the Shipper’s non-compliance, in accordance with chapters 16 and 17, and of insufficiency of the financial

guarantees already provided, in order to satisfy its credit with the revenues from the sale.

For the purposes of establishing the irregular pledge, the value of the Gas Provided as Guarantee under this paragraph shall be equal to a reference price amounting to 100% of the last value of the raw material element of the component per Article 6 of the TIVG approved with resolution ARG/GAS 64/09 as amended.

The portion of gas not enforced as collateral in accordance with the above paragraph may be returned to the full availability of the Shipper, along with the revenue of the sale exceeding the receivable not covered by the financial guarantees.

5.2.1.1.2 Guarantees covering the obligations arising from the entry into force of the Contract and from the supply of the Storage Services (except for the supply of the assignments of capacity on a monthly, weekly, daily and “period” basis).

To cover the obligations arising from the entry into force of the Contract for one or more Storage Services, the Shipper shall submit adequate guarantees in relation to compliance with all obligations assumed by the Shipper by virtue of the Storage Contract within the terms specified in the assignment procedure published on the Storage Company website.

The Shipper is required to present:

- a) Declaration in lieu of affidavit containing the confirmation that the rating per paragraph 5.2.1.1 a) has been obtained or certification, issued by one of the bodies per paragraph 5.2.1.1 a), proving the new rating per the same paragraph if any changes have occurred with respect to the date of transmission of the Request for Access;
- b) Declaration in lieu of affidavit containing confirmation that the rating per paragraph 5.2.1.1 b) has been obtained by the parent company and a new letter of guarantee issued by the parent company to cover the payment obligations assumed by the Shipper with respect to the Storage Company for an amount at least equal to what is described under letter c);

- c) If the criteria per points a) and b) above are not met, the Requesting Shipper is required, to cover the obligations deriving from the Assignment, to have one or more leading banks issue, in favour of the Storage Company, a bank guarantee and/or insurance policy, issued by parties having the same credit standing as those mentioned in paragraph 5.2.1.1, both abstract, autonomous and enforceable “at first demand” for an amount equal to:

$$Amount = \left(c_{a,i} \times S_{k,i} + EE \times \frac{S_{k,i}}{S_{Tot,i}} \right) \times (100 + VAT)\% \times 33\%$$

in which:

$c_{a,i}$ = Assignment price [c€/kWh/a] pursuant to paragraph 8.8 as result of the auction procedure for the i-th storage service;
 EE = total cost of the electricity incurred by the Storage Company in the previous calendar year and published on the Website

$S_{k,i}$: Space assigned to the k-th Shipper for the i-th service as a result of the auction procedure [kWh/a].

$S_{Tot,i}$: Total space assigned for the i-th service as a result of the auction procedure [kWh/a].

VAT = VAT rate when applicable.

- d) Without prejudice to the right of retention pursuant to paragraph 17.4.1 and any undertaking of the Deposit Service described in paragraph 3.3.1, the Shipper has the right to set up collateral on the gas it owns located in Storage in the form of an irregular pledge by way of guarantee of the correct fulfilment of the obligations undertaken by the Shipper. Said right is allowed subject to the signing of a specific agreement, provided below in paragraph 5.10, which must be signed at the time the contract for the supply of one of the storage services is executed for setting up an irregular pledge in favour of Edison Stoccaggio. The agreement provides for the setting up of an irregular pledge on the gas (hereafter “Gas Provided as Guarantee”) and the assignment of a mandate to Edison Stoccaggio for the sale on behalf of the Shipper of all or part of the Gas Provided as Guarantee in case of the Shipper’s non-compliance, in accordance with chapters 16 and 17, and of insufficiency of the financial guarantees already provided, in order to satisfy its credit with the revenues from the sale.

For the purposes of establishing the irregular pledge, the value of the Gas Provided as Guarantee under this paragraph shall be equal to a reference price amounting to 100% of the last value of the raw material element of the component per Article 6 of the TIVG approved with resolution ARG/GAS 64/09 as amended.

The portion of gas not enforced as collateral in accordance with the above paragraph may be returned to the full availability of the Shipper, along with the revenue of the sale exceeding the receivable not covered by the financial guarantees.

As a result of partial or total enforcement of the surety, the Shipper shall immediately restore it to the initially provided amount.

5.2.1.1.3 Guarantees covering the obligations arising from the assignment of capacity on a monthly, weekly, daily and “period” basis.

When presenting the documentation necessary to execute the Storage Contract necessary to access the competitive procedures for assigning capacity on a monthly, weekly, daily and “period” basis pursuant to paragraphs 5.9.2.1 and 5.9.2.2, the Requesting Shipper shall provide evidence that it has a credit standing of proven reliability, or, alternatively, it shall be able to provide adequate financial guarantees, in order to safeguard the other Shippers and the Storage Company in case of any contractual breaches.

The assessment of the Requesting Shipper’s financial soundness is carried out by the Storage Company according to the following criteria:

- a) Without need for the additional guarantees per the following points, it is deemed sufficient to have a credit rating, assigned by leading international bodies, with reference to medium-long term debt, of at least:
 - Baa3 if assigned by Moody’s Investor Services; or,
 - BBB if assigned by Standard & Poor’s Corporation;
 - BBB if assigned by Fitch Ratings;
 - BBB low if assigned by DBRS.

The Requesting Shipper shall provide appropriate certification, issued by one of the aforementioned bodies, proving the assigned rating level. The Shipper that proves it has obtained the minimum rating is required to notify Edison Stoccaggio of any changes in the minimum rating by and no later than the deadline of ten days after the aforesaid change. If this change leads to a rating level lower than the minimum rating, the Shipper is required to provide the guarantee described in letter b) below or, as an alternative, the one described in letter c) below, by and no later than the deadline of thirty days after the aforesaid change. If the same Shipper does not meet its payment obligations within the terms established by chapter 16 below, it is required to provide the guarantee described in letter b) below or, as an alternative, the one described in letter c) below, by and no later than the deadline of ten days after Edison Stoccaggio's notification that the above-mentioned payment obligations were not met.

If the Requesting Shipper has already submitted the aforesaid certification to the Storage Company for access to the annual assignment of the Modulation Service, and this level has not decreased compared to the minimum level required, then the Requesting Shipper shall not be obligated to submit the aforesaid certification in the Request for Access to the competitive procedures for assignment of capacity on a monthly, weekly, daily and "period" basis.

- b) If the criterion per point a) is met by the parent company of the Requesting Shipper, or if the controlling party is a public agency, the Requesting Shipper may submit to the Storage Company a letter of guarantee (a "Parent Company Guarantee") issued by the parent company in favour of the Storage Company - which can be activated "at first demand" by the Storage Company - to fulfil exactly and punctually the obligations deriving from the Assignment assumed by the Shipper to the Storage Company. The parent company is required to notify Edison Stoccaggio of any changes in the minimum rating by and no later than the deadline of ten days after the aforesaid change. If the rating held by the parent company of the Shipper is decreased below the minimum rating, the Shipper will be required to present the guarantee to Edison Stoccaggio described in letter c) below by and no later than the deadline of thirty days after the aforesaid change - for an amount at least equal to what is described by formula 1):

- c) Lastly, if the criteria per points a) and b) above are not met, the Requesting Shipper is required, to cover the obligations deriving from the execution of the Storage Contract, to have one or more leading banks issue, in favour of the Storage Company, a bank guarantee and/or insurance policy, issued by parties having the same credit standing as those mentioned in paragraph 5.2.1.1.1, both abstract, autonomous and enforceable “at first demand” for an amount equal to at least what is described by formula 1):

$$(1) \text{ Amount} = 0.5 \times ((P_{S,M,W,k} \text{ RS}_{M,W,k} + \max (P_{I,M,W,D,k} \times \text{RCI}_{M,W,D,k,1^{\circ}\text{session}}; P_{I,M,W,D,k} \times \text{RCI}_{M,W,D,k,2^{\circ}\text{session}}) + \max (P_{E,M,W,D,k} \times \text{RCE}_{M,W,D,k,1^{\circ}\text{session}}; P_{E,M,W,D,k} \times \text{RCE}_{M,W,D,k,2^{\circ}\text{session}})))$$

Where:

$P_{S,M,W,k}$ is the unit purchase price offered for the k-th request for Space in the competitive procedures for assignment on a monthly or weekly basis;

$\text{RS}_{M,W,k}$ is the k-th request for Space in the competitive procedures for assignment on a monthly or weekly basis;

$P_{I,M,W,D,k}$ is the purchase price offered by the Requesting Shipper for the k-th request for Injection Capacity in the competitive procedures for assignment on a monthly, weekly, daily or “period” basis;

$\text{RCI}_{M,W,D,k}$ is the k-th request for Injection Capacity in the competitive procedures for assignment on a monthly, weekly, daily or “period” basis;

$P_{E,M,W,D,k}$ is the purchase price offered by the Requesting Shipper for the k-th request for Withdrawal Capacity in the competitive procedures for assignment on a monthly, weekly, daily or “period” basis;

$\text{RCE}_{M,W,D,k}$ is the k-th request for Injection Capacity in the competitive procedures for assignment on a monthly, weekly, daily or “period” basis;

- d) Without prejudice to the right of retention pursuant to paragraph 17.4.1 and any undertaking of the Deposit Service described in paragraph 3.3.1, the Shipper has the right to set up collateral on the gas it owns located in Storage in the form of an irregular pledge by way of guarantee of the correct fulfilment of the obligations undertaken by the Shipper. Said right is allowed subject to the signing of a specific agreement, provided below in paragraph 5.10, which must be signed at the time the contract for the supply of one of the storage services is executed for setting up an irregular pledge in favour of Edison Stoccaggio. The agreement provides for the setting up of an irregular pledge on the gas (hereafter “Gas

Provided as Guarantee”) and the assignment of a mandate to Edison Stoccaggio for the sale on behalf of the Shipper of all or part of the Gas Provided as Guarantee in case of the Shipper’s non-compliance, in accordance with chapters 16 and 17, and of insufficiency of the financial guarantees already provided, in order to satisfy its credit with the revenues from the sale.

For the purposes of establishing the irregular pledge, the value of the Gas Provided as Guarantee under this paragraph shall be equal to a reference price amounting to 100% of the last value of the raw material element of the component per Article 6 of the TIVG approved with resolution ARG/GAS 64/09 as amended.

The portion of gas not enforced as collateral in accordance with the above paragraph may be returned to the full availability of the Shipper, along with the revenue of the sale exceeding the receivable not covered by the financial guarantees.

The guarantees described in this paragraph shall become valid starting from the date the Request for Access to the competitive procedures for assigning capacity on a monthly, weekly, daily and “period” basis by the Storage Company is submitted. If the amount of the guarantee to be given to take part in the procedures for assignment on any time basis is already covered by the guarantee given previously after assignment on any time basis, the Shipper is not required to give additional guarantees.

On the other hand, the Shipper is required to present an adjustment of the guarantee already previously presented at the same time as the Request for Access to the competitive procedures if the new request is not covered by the guarantee previously given. Said revision may pertain both to the amount and the duration of the guarantee.

The guarantees per the present paragraph shall, in any case, be delivered in original form to the Storage Company within the terms indicated above and according to the procedures indicated in the Assignment Procedure published on the Storage company's website.

5.2.1.1.4 Guarantees covering the obligations arising from the overnomination procedures

In order to take part in the overnomination procedures pursuant to paragraph 3.2.1.2, the Requesting Shipper that has not already provided evidence of having obtained a credit standing of proven reliability when the Storage Contract for one or more services took effect should be able to provide adequate financial guarantees, in order to safeguard the other Shippers and the Storage Company in case of any contractual breaches.

The assessment of the Requesting Shipper's financial soundness is carried out by the Storage Company according to the following criteria:

- a) If the criterion per paragraph 5.2.1.1 is met by the parent company of the Requesting Shipper, or if the controlling party is a public agency, the Requesting Shipper may submit to the Storage Company a letter of guarantee (a "Parent Company Guarantee") issued by the parent company in favour of the Storage Company - which can be activated "at first demand" by the Storage Company - to fulfil exactly and punctually the obligations deriving from the Assignment assumed by the Shipper to the Storage Company for an amount at least equal to l_0 as defined hereunder. The parent company is required to notify Edison Stoccaggio of any changes in the minimum rating by and no later than the deadline of ten days after the aforesaid change. If the rating held by the parent company of the Shipper is decreased below the minimum rating, the Shipper will be required to present the guarantee to Edison Stoccaggio described in letter b) below by and no later than the deadline of thirty days after the aforesaid change.
- b) If the criteria per the point above are not met, the Requesting Shipper is required, to cover the obligations deriving from the Assignment, to have one or more leading banks issue, in favour of the Storage Company, a bank guarantee and/or insurance policy, issued by parties having the same credit standing as those mentioned in paragraph 5.2.1.1.1, both abstract, autonomous and enforceable "at first demand" for an amount no less than l_0 :

$$l_0 = (p_{IO} \cdot C_{IO} + p_{EO} \cdot C_{EO}) \times 0.5$$

where:

- p_{IO} and p_{EO} are the prices offered by the shipper respectively for the overnominated injection peak and the overnominated withdrawal peak, $\geq 1/365 \cdot c_I$ and $\geq 1/365 \cdot c_E$, respectively, where c_I and c_E are the lesser of 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.
- c) Without prejudice to the right of retention pursuant to paragraph 17.4.1 and any undertaking of the Deposit Service described in paragraph 3.3.1, the Shipper has the right to set up collateral in favour of Edison Stoccaggio on the gas it owns located in storage in the form of an irregular pledge by way of guarantee of the correct fulfilment of the obligations undertaken by the Shipper. Said right is allowed subject to the signing of a specific agreement, provided below in paragraph 5.10, which must be signed at the time the contract for the supply of one of the storage services is executed for setting up an irregular pledge in favour of Edison Stoccaggio. The agreement provides for the setting up of an irregular pledge on the gas (hereafter “Gas Provided as Guarantee”) and the assignment of a mandate to Edison Stoccaggio for the sale on behalf of the Shipper of all or part of the Gas Provided as Guarantee in case of the Shipper’s non-compliance, in accordance with chapters 16 and 17, and of insufficiency of the financial guarantees already provided, in order to satisfy its credit with the revenues from the sale.

For the purposes of establishing the irregular pledge, the value of the Gas Provided as Guarantee under this paragraph shall be equal to a reference price amounting to 100% of the last value of the raw material element of the component per Article 6 of the TIVG approved with resolution ARG/GAS 64/09 as amended.

The portion of gas not enforced as collateral in accordance with the above paragraph may be returned to the full availability of the Shipper, along with the revenue of the sale exceeding the receivable not covered by the financial guarantees.

The guarantees specified in this paragraph shall be valid from the date of their submission and shall be used for the overnomination procedures until their return to the Requesting Shipper by the

Storage Company and at least until 30 September after the end of the Thermal Year to which the Request refers.

If the amount of the guarantee to be given to take part in the overnomination procedures is already covered by the guarantee given previously after participation in the same procedures, the Shipper is not required to give additional guarantees.

On the other hand, the Shipper is required to present an adjustment of the guarantee already previously presented at the same time as the Request for Access to the competitive procedures if the new request is not covered by the guarantee previously given. Said revision may pertain both to the amount and the duration of the guarantee.

The guarantees per the present paragraph shall, in any case, be delivered in original form to the Storage Company within the terms indicated above and according to the procedures indicated in the Assignment Procedure published on the Storage company's website.

It is understood that if the guarantees submitted to cover the obligations arising from the entry into force of the Storage Contract are of any amount higher than what is required by formula 1), said guarantee may be used to take part in the overnomination procedures until it is used up in terms of total committed amount.

5.2.2 Requirements for accessing the Modulation Storage Service and the Constant Peaks of Modulation Service

In order to access the Modulation Storage Service and the Constant Peaks of Modulation Service, the Requesting Shipper must fulfil the following additional requisites:

- completed delivery of the Storage Contract according to the methods notified prior to start-up of the competitive assignment procedures.

The Requesting Shipper should send the Storage Company the signed Storage Contract and the requested guarantees within the deadline and according to the methods specified in the Assignment Procedure published on its website.

5.2.3 Requirements for accessing the competitive procedures for assigning capacity on a monthly, weekly, daily and “period” basis

In order to use the storage services with assignment of capacity on a monthly, weekly, daily and “period” basis, it is necessary that the Shipper certify that it fulfils the requirements listed in paragraph 5.2.1.

Access to assignment of capacity on a monthly, weekly, daily and “period” basis is reserved for assignment of capacity on a monthly basis to the Shippers that have approved the Network Code of the Major Transport Company and, for assignment of capacity on a weekly and/or daily and/or “period” basis, to Shippers that already have storage capacity for the period for which access is requested.

The Requesting Shippers requesting access to the procedures in question should have signed a Storage Contract specific for the short-term assignments, fill in the relevant forms available on Escomas and at the Storage Company’s website in case of malfunction of the IT System and send it to the Storage Company in accordance with paragraph 5.9.2.1, attaching the required documentation, per annex 4A.3.

5.3 THE STORAGE CONTRACT

The Storage Contract is the document through which the contracting parties, i.e. the Storage Company and the Shippers, define the specific elements of the storage service requested including its specific elements and expressly and fully accept the Storage Code in force at the date of execution of the contract and every amendment and addition and the prices applied to the service.

The Storage Company shall not sign any Contracts if the request is not valid in accordance with paragraph 5.6.

The Storage Contract has a period of validity of no more than one Thermal Year.

The Storage Contract is made available to the Requesting Shipper through Escomas and should be signed and delivered before the start-up of each competitive procedure according to the methods and time table specified by the Storage Company.

In accordance with paragraph 17.4.1, if the Shipper does not provide the Storage Company with the financial guarantees according to the procedures prescribed in paragraph 5.2.1.1.2, the Storage Company shall be entitled to terminate the Storage Contract in advance.

Excepting the transfers/sales of storage capacity regulated by this Storage Code under chapter 7 “Capacity Transactions” and taking effect starting from 1 April of each Thermal Year, the Requesting Shipper who does not comply with the provisions of paragraph 5.2.1.1.2 shall be charged a penalty of 25% of the value of the allocated capacity commitments.

Following the competitive procedures for the assignment of capacity for the Modulation Service on a monthly, weekly, daily and “period” basis, the Storage Company provides Shippers with an Annex to the Storage Contract on Escomas, which is integral to said contract, containing the obligations deriving from the assignment of short-term capacity pursuant to paragraph 5.9.2. This Annex is sent to each Shipper both with reference to the capacities purchased by them, indicating the quantities assigned, assignment price and total cost, and with reference to the capacities sold, indicating the quantities sold, sale price and total revenue.

Shippers remain responsible for fulfilling the obligations set forth in chapter 17 of this Storage Code, as well as the constraints specified in paragraph 3.2.2.1.3.

5.4 LOSS OF REQUIREMENTS

The loss of one or more of the requirements for access to the system per paragraph 5.2 above constitutes grounds for early termination of the Storage Contract, in accordance with the terms and conditions specified in paragraph 17.4.1 of the chapter “Responsibilities of the Parties”.

5.5 REQUEST FOR ACCESS TO THE MODULATION STORAGE SERVICE WITH ANNUAL AND INTERIM ASSIGNMENT AND TO THE CONSTANT PEAKS OF MODULATION SERVICE

Each Requesting Shipper, after registering on the IT System as provided by paragraph 4.3.1.1 if not already a registered Shipper, shall make available on the system and send in original form to the Storage Company, according to the procedures and times published by the Storage Company on its website before the start of the competitive assignment procedures:

- Storage Contract
- Requested guarantees
- Any other documentation requested
- the Purchase Request for the Modulation Storage and/or Constant Peaks of Modulation Storage Service will be uploaded only into Escomas in compliance with what is specified in the above methods.

The Requesting Shipper must make available to Escomas the documentation relating to fulfilment of all requirements for access per paragraph 5.2 of this chapter.

The Storage Company publishes on its website and makes available on Escomas by the date specified by ARERA, together with the available capacities, the documentation the Requesting Shipper must submit for the Assignment Procedure, broken down by type of service, as well as the forms and a reminder of the deadlines of the assignment cycle.

The information contained in the submitted documentation and the results of the assignment cycle shall be sent by the Storage Company to the Authority.

5.6 INVALID REQUESTS FOR THE MODULATION SERVICE WITH ANNUAL AND INTERIM ASSIGNMENT AND FOR THE CONSTANT PEAKS OF MODULATION SERVICE

The requests shall not be deemed valid by the Storage Company if:

- a) The Requesting Shippers at the date of subscription, have not completed the payments due in relation to the existing Storage Contracts, for invoiced amounts already due, exceeding the value of the guarantee issued to cover the obligations deriving from the aforesaid existing Storage Contracts;
- b) They do not contain the documentation required per paragraph 5.2 of this chapter;
- c) They are submitted by a party who does not fulfil one of the requirements for access per paragraph 5.2 of this chapter at the date of submission of the request for access;
- d) They are not formulated in accordance with the provisions of the Assignment Procedure, described below;
- e) The Requesting Shipper does not provide the declaration certifying approval of the Network Code of the Major Transport Company.

5.7 ASSIGNMENT REQUEST OF CAPACITY ON A MONTHLY, WEEKLY, DAILY AND “PERIOD” BASIS THROUGH COMPETITIVE PROCEDURES

After accessing the Escomas system, each Requesting Shipper must stipulate and deliver in original form a Storage Contract specific for the short-term assignments and provide the original copy, with the procedures and timeframe indicated in the Short-Term Auction Calendar listed on the Storage company's website, of the necessary guarantees.

In addition to the procedures for assigning capacity on a continuous basis, the Shipper can request to participate in the assignment of interruptible Capacities in the second assignment session - per paragraph 5.9.2.1 below.

The Requesting Shipper shall provide the documentation pertaining to fulfilment of all requirements for access per paragraph 5.2.1 (general requirements) and 5.2.1.1.3 (adequate financial soundness and guarantees) of this chapter, and documentation proving payment of all amounts invoiced and past due at the date of the Request for Access to participate in the competitive procedures for assignment on a monthly, weekly, daily and “period” basis, greater than the value of the letter of guarantee or bank guarantee issued to cover the obligations deriving from contracts previously stipulated with the Storage Company.

If the Requesting Shipper requests access to the Storage Services for the first time, it shall also communicate to the Storage Company the names of its own users for their authorisation to access the portal, in accordance with paragraph 4.3 of this Code.

Once the Assignment Procedure is completed, the Storage Company makes available through Escomas to the relevant Shippers the communication attesting the assignment of capacities per paragraph 5.9.2.1 below, and the new availabilities for the period of the assignment.

In the Purchase Request for the storage services on a monthly, weekly and daily basis, the Requesting Shipper shall indicate the individual capacities on a continuous basis it intends to purchase in the first assignment session - per paragraph 5.9.2.1 below of this chapter - and the corresponding maximum purchase price. In addition, the Requesting Shipper can indicate whether it intends to participate in the assignment of the interruptible capacities in the second assignment session - per paragraph 5.9.2.1 below - for the portion of capacity not satisfied in the first session. For this purpose, it shall in any case indicate a corresponding maximum price for participation in the second session.

Participation in the second session is possible only in case of unmet demand in the first assignment session.

In the Purchase Request for the “period” storage services, the Requesting Shipper shall indicate the individual capacities on a continuous basis it intends to purchase in the assignment procedure - per paragraph 5.9.2.2 below of this chapter - and the corresponding maximum purchase price.

The Storage Contract with assignment on a monthly, weekly, daily and “period” basis shall be deemed effective with the aforesaid communication by the Storage Company.

5.8 ASSIGNMENT OF STORAGE CAPACITIES AT THE START OF THE THERMAL YEAR

5.8.1 Subject of the Assignment

The subject of the assignment at the start of the Thermal Year are the Storage Capacities for the Modulation Storage Service and for the Constant Peaks of Modulation Service, expressed in energy (kWh), in terms of Space (S), Injection Flow Rate (CI) and Withdrawal Flow Rate (CE), as defined in paragraph 2.4.4 of the chapter “Description of the Storage Facilities and of their Operation”.

Pursuant to the provisions of ARERA, the subjects of the assignment are:

- a product relating to the Modulation Storage Service with injection of quantities of gas equivalent to the capacity assigned from 1 April until the end of the injection phase (seasonal product of peak modulation);
- a product relating to the Modulation Storage Service with injection of quantities of gas equivalent to the capacity assigned for only the month of April (monthly product of peak modulation) relating to the undelivered quantities of storage capacity of the seasonal product;
- a product relating to the Constant Peaks of Modulation Service with injection and withdrawal of quantities of gas equivalent to the capacity assigned from 1 April until the end of the Thermal Year.

The Storage Company assigns the aforesaid Storage Capacities no later than the dates indicated in the procedures published on its website before the start of the competitive assignment procedures with effect from 1 April of the same year.

No later than 1 February of each year or no later than another date if otherwise prescribed by ARERA, the Storage Company publishes on its website the capacities available for assignment at the start of the Thermal Year, together with the forms per paragraph 5.5.

Shippers requesting any assignment of Storage Capacity must first register on the IT System of the Storage Company as prescribed by paragraph 4.3.1.1.

The assignment of the storage capacity also includes Shipper's rights to access the transport network at the interconnection point connected with the Storage System. For this purpose, the Storage Company requests from the Major Transport Company the transport capacity instrumental for the performance of the Storage Services.

5.8.2 Assignment Criteria

Taking into account the order of priorities described in paragraph 5.2, the Storage Company determines the assignable capacities and assigns the Storage Capacities to Requesting Shippers according to the criteria described in the following paragraphs of this chapter.

5.8.2.1. Modulation Storage Service

The assignment of capacities for the Modulation Storage Service, to Requesting Shippers meeting the requirements per paragraph 5.2, is carried out according to competitive assignment procedures pursuant to the ARERA measures for the relevant Thermal Year and with the procedure for the submission of requests to purchase capacity, published on the Storage Company's website before the aforesaid competitive assignment procedures are started.

Subject of the assignment are products relating to the Peak Modulation Service:

- a product with injection of quantities of gas equivalent to the capacity assigned from the month after that of assignment until the end of the injection phase (seasonal product);
- a product relating to the Modulation Service with injection of quantities of gas equivalent to the capacity

assigned for only the month after that of the assignment (monthly product).

The monthly product is available only if there are quantities of undelivered storage capacity of the seasonal product

The forms to be used for the purchase requests are published within the scope of the aforesaid procedure.

The capacity offered for the Modulation Service is fully included in the total reserved space, in accordance with the Ministerial Decree in force for the Thermal Year of the assignment, for the customer supply needs per Article 12, paragraph 7, letter a) of Italian Legislative Decree no. 164 of 2000, as replaced by Article 27, paragraph 2 of Italian Legislative Decree no. 93 of 2011.

Each purchase request may contain up to a maximum number of bids as indicated by the ARERA measures in force for the Thermal Year.

For purposes of assigning the storage capacity, in any case no later than the drawing up of the Storage Contract, the involved parties present the financial guarantees in the forms and in the amount prescribed by this code or, when otherwise specified, by the related assignment procedure. The price, which is used as the basis for calculating the amount of guarantees to be provided for participation in the competitive procedures, is equal to the price indicated in the bid. It is possible to present single guarantees for the assignment of capacity in the different procedures for the assignment of capacity for the Storage Service.

Auctions are carried out, in compliance with the conditions set by the Ministerial Decree in force for the Thermal Year of the assignment, by accepting the purchase bids whose bid price is not lower than the reserve price per the ARERA resolution valid for the Thermal Year in question, according to the operating procedures indicated by ARERA.

The last accepted purchase bid may be partially accepted if the as yet unassigned capacity is not sufficient to satisfy it entirely. If two or more bids characterised by the same price are in this situation, they will be partially accepted, allocating the as yet unassigned capacity *pro-rata* on the basis of the capacity involved in the same bids.

The offered price may be no lower than zero (0) unless otherwise prescribed by ARERA.

The Storage Company communicates to the Requesting Shippers the outcome of each competitive procedure, indicating the Space assigned to each individual shipper $S_{MOD,k}$, as the sum of the capacities acquired on the basis of the bids accepted in time for the submission of the requests for participation in the subsequent procedure.

The Storage Company communicates to the Authority the detailed results and publishes on its website the capacities assigned in each auction.

If the Storage Capacities assigned are lower than the offered Storage Capacities, the Storage Company will publish on its website, simultaneously with the assigned capacities, the residual capacities available for the subsequent competitive procedures to be carried out after the start of the Thermal Year.

The Storage Company assigns the Injection Flow Rate CI_{MOD} and the Withdrawal Flow Rate CE_{MOD} proportionately to the assigned space.

5.8.2.2. *Constant Peaks of Modulation Service*

The assignment of the capacities for the Constant Peaks of Modulation Service, to Requesting Shippers meeting the requirements per paragraph 5.2, is carried out according to competitive assignment procedures provided for by the Ministerial Decree in force for the Thermal Year and/or by the reference ARERA regulation and stated in the procedure for the submission of the requests to purchase capacity, published on the Storage Company's website before the aforesaid competitive assignment procedures are started.

The subject of the assignment is a product with injection and withdrawal of constant quantities of gas equivalent to the capacity assigned from 1 April until the end of the Thermal Year.

The forms to be used for the purchase requests are published within the scope of the aforesaid procedure.

The capacity offered for the Constant Peaks of Modulation Service is in addition to that of the Modulation Service and is defined in the Ministerial Decree in force for the Thermal Year the assignment concerns.

Every purchase request may contain a maximum number of offers specified in the procedure published on the website of the Storage Company.

Barring different methods set out in the reference ARERA regulation, the assignment price of each offer accepted in the competitive procedure is equal to the relevant price offered.

For purposes of assigning the storage capacity, in any case no later than the drawing up of the Storage Contract, the involved parties present the financial guarantees in the forms and in the amount prescribed by this code or, when otherwise specified, by the related assignment procedure. The price, which is used as the basis for calculating the amount of guarantees to be provided for participation in the competitive procedures, is equal to the price indicated in the bid. It is possible to present single guarantees for the assignment of capacity in the different procedures for the assignment of capacity for the Storage Service.

In observance of the conditions established in the procedure published on the Storage Company's website, the auctions are held accepting the purchase offers having an offered price not lower than the reserve price established by the Storage Company in the procedures published on its website, unless otherwise determined based on the criteria defined by the ARERA.

The last accepted purchase bid may be partially accepted if the as yet unassigned capacity is not sufficient to satisfy it entirely. If two or more bids characterised by the same price are in this situation, they will be partially accepted, allocating the as yet unassigned capacity *pro-rata* on the basis of the capacity involved in the same bids.

The offered price may be no lower than zero (0) unless otherwise prescribed by ARERA.

The Storage Company communicates to the Requesting Shippers the outcome of each competitive procedure, indicating the Space assigned to each individual shipper $S_{PC,k}$, as the sum of the capacities acquired on the basis of the bids accepted in time for the submission of the requests for participation in the subsequent procedure.

The Storage Company communicates to the Authority the detailed results and publishes on its website the capacities assigned in each auction.

If the Storage Capacities assigned are lower than the offered Storage Capacities, the Storage Company will publish on its website, simultaneously with the assigned capacities, the residual capacities available for the subsequent competitive procedures to be carried out after the start of the Thermal Year.

The Storage Company assigns the Injection Flow Rate $CI_{MOD,PC}$ and the Withdrawal Flow Rate $CE_{MOD,PC}$ according to what is specified in paragraph 3.2.3.

5.8.3 . Assignment of unconfirmed capacity

Each Requesting Shipper is required to submit in original form, according to the procedures and by the deadline specified in the Assignment Procedure, the guarantees required under paragraph 5.2.1.

A Shipper that does not submit the guarantees, or presents guarantees for amounts lower than requested, shall be assessed the penalty indicated in paragraph 5.3, without prejudice to claims for greater damages deriving from the failure to comply with the commitments made with the execution of the Storage Contract. The no longer contracted capacity will be assigned in the following competitive procedures, if possible.

5.9 ASSIGNMENT OF STORAGE CAPACITIES AFTER THE START OF THE THERMAL YEAR

In the course of the Thermal Year, the Storage Company shall make new capacity assignments if there is available capacity after the procedures carried out previously, publishing said capacities according to the procedures defined in the subsequent sub-paragraphs and the times indicated in the schedule of auctions published on its website.

5.9.1 Modulation Storage Service with assignment of capacities on an interim basis

The assignment of the capacities for the Modulation Service, to Requesting Shippers meeting the requirements per paragraph 5.2, is carried out according to competitive auction assignment procedures performed on a monthly basis in accordance with the ARERA resolution in force for the relevant Thermal Year and with the procedure for the submission of requests to purchase capacity, published on the Storage Company's website before the aforesaid competitive auctions are started.

In each month of the April-September period, a product relating to the Modulation Service with injection of quantities of gas equivalent to the capacity assigned from the month following the month of assignment is made available until the end of the

injection phase (seasonal product) and a product relating to the Modulation Service with injection of quantities of gas equivalent to the capacity assigned is made available only for the month following the month of assignment (monthly product).

The auctions are carried out according to the timelines indicated in the schedule published on the Storage Company's website before their start.

The procedures for carrying out the competitive auction procedures described in paragraphs 5.8.2.1 and 5.8.2.2 still apply with the exception of the mechanism for forming the assignment price of the assigned capacities.

In accordance with the provisions of the ARERA resolution in force for the Thermal Year in question, the assignment price of each accepted bid within the auctions subsequent to the first one for the seasonal product (carried out in March) is equal to the related bid price.

The last accepted purchase bid may be partially accepted if the as yet unassigned capacity is not sufficient to satisfy it entirely. If two or more bids characterised by the same price are in this situation, they will be partially accepted, allocating the as yet unassigned capacity *pro-rata* on the basis of the capacity involved in the same bids.

The offered price may be no lower than zero (0) unless otherwise prescribed by ARERA.

For the purposes of assigning the storage capacity, in any case no later than the submission of the related request, the involved parties present the financial guarantees in the forms and in the amount prescribed by this code. The price on the basis of which the amount of the guarantees to be provided for participation in the auctions is calculated is equal to the price indicated in the bid. It is possible to present single guarantees for the assignment of capacity in the different procedures for the assignment of capacity for the Storage Service.

The Storage Company communicates to Requesting Shippers the outcome of each auction, indicating the Space assigned to each individual Shipper $S_{MOD,k}$, as the sum of the capacities acquired on the basis of the bids accepted for the capacity, reserved and not reserved, in time for the submission of the requests for participation in the subsequent auction.

The Storage Company communicates to the Authority the detailed results and publishes on its website the capacities assigned in each auction.

5.9.2 Short-term Modulation Storage Service

5.9.2.1 Peak Modulation Storage Service and Constant Peaks of Modulation Service on a monthly, weekly, and daily basis

Through competitive procedures carried out in the Escomas portal, the Storage Company assigns space (on a monthly and weekly basis), withdrawal and injection capacities (on a monthly, weekly and daily basis) according to the methods described below and the time frame indicated in paragraphs 4A.3.2, 4A.3.3 and 4A.3.4.

Withdrawal or injection capacities can be primary, secondary and “Day Ahead Flex” (hereinafter “DA Flex”).

The procedures for selling and assigning the storage capacities above, and without prejudice to what is stated in paragraph 5.7, are carried out according to two distinct sessions (continuous capacities and interruptible capacities):

a) Continuous capacities on a monthly and weekly basis

In the competitive procedure - first session - for assigning continuous capacities on a monthly and weekly basis, the Storage Company enters any bid to sell primary capacity and the corresponding sale price according to the provisions of the ARERA regulation.

When the second session opens according to the time frame established in paragraphs 4A.3.2 and 4A.3.3, the Shippers enter, for each type of product (space, injection capacity, withdrawal capacity) and separately for each service, up to three bids to purchase capacity on a continuous basis, with the corresponding purchase price and an offer of secondary capacity on a continuous basis that they plan to sell (space, injection capacity, withdrawal capacity), separately for each service, with the corresponding sale price. The Storage Company puts the bids in order according to economic merit.

Capacity purchase bids in both flow directions may be entered.

In order to determine the result of the assignment procedures, the bids are combined by putting the bids of sale in order by non-decreasing price, starting from those with the lowest price, and the purchase bids by non-increasing price, starting from the one with the highest price, in order to maximise the net

value of the transactions concluded at the end of the procedure.

The assignment price of the session is equal to the price of the last accepted purchase bid.

If, at the assignment price, there are two or more purchase requests at the same amount whose sum, in terms of quantity, is greater than the last assigned sale offer, the assignment shall be carried out according to a *pro-rata* mechanism.

b) Continuous capacities on a daily basis

In the competitive procedure for the assignment of continuous capacity on a daily basis, which is carried out according to the time frames indicated in paragraph 4A.3.4, the Storage Company enters, in addition to the primary capacity bid, the bids to sell submitted by Shippers relating to the secondary capacity, any bids accepted that are “lower” relating to the “in advance” capacity submitted by the Shippers, and the “DA Flex” capacity bids for sale as described in paragraph 3.2.2.1.3.

The bid price for the sale of primary capacity is equal to what is established in the ARERA regulation.

When the second session opens, the Shippers enter, with reference to Gas-Day G+1 for each product type (injection capacity, withdrawal capacity), and separately for each service (Peak Modulation, Constant Peak of Modulation),

- For purchases:
 - up to three bids on a continuous basis, with the corresponding purchase price;
 - Capacity purchase bids in both flow directions are not allowed to be entered;
- For sales:
 - a secondary capacity bid on a continuous basis, with the corresponding sales price;
 - capacity bids to reduce the withdrawal/injection capacity during the replenishment period following that of use of the “in advance” capacity, indicating the sale price and day or days of the aforesaid period to which the reduction refers. The capacity of the Shippers involved in the bids for the “in advance” capacity take into account

- inter-temporal conversion coefficients shown in the table published on the Storage Company's website as described below;
- a bid to sell "DA Flex" capacity (the value of the expected compensation to restrict a capacity to a specific value that the system will make available as Flex capacity in the opposite direction);
 - a bid to sell Withdrawal or Injection "Flex" capacity previously purchased as part of the Week End and Working Days "period" assignment procedures referred to in paragraph 5.9.2.2. This sale bid will result in the buyer accepting the constraints specified in paragraph 3.2.2.1.3.

The Storage Company verifies the adequacy of the quantities involved in the bids at the time they are submitted, based on the most recently updated information in the system.

Shippers remain responsible for fulfilling the obligations set forth in paragraph 17.1.1 and application of that which is specified in paragraph 17.3.2 of this Storage Code.

With reference to the "in advance" withdrawal capacity, the Storage Company:

- a) specifies the maximum withdrawal/injection performance that it can make available "in advance" for the next day and, if any, for the following days;
- b) specifies the period, restrictions and reduction percentages on the days of the withdrawal/injection performance reduction period necessary to bring forward the performance referred to in a) relating to:
 - inter-temporal conversion of the gas volumes withdrawn/injected in advance, whose matrix is published on the Storage Company's website, reduction days and breakdown percentage of the reduction on the reduction days;
- c) collects the bids to sell withdrawal/injection capacity from the Shippers in order to reduce performances;
- d) identifies the bids referred to in c) compatible with the performance restrictions stated in b), taking into account inter-temporal conversion coefficients provided in the matrix published on the Storage Company's website, and selects them based on the order of economic merit up to a quantity corresponding to the maximum value of the performance according to a), to which the published conversion coefficient is applied;

- e) each selected bid is re-proportioned according to the reduction percentages on the days of the reduction period specified by the Storage Company;
- f) for each bid selected pursuant to letter d) above, it formulates a corresponding bid for “in advance” capacity for the next day having a capacity equal to the sum of the capacities indicated in e) above divided by the inter-temporal conversion coefficient found in the matrix published on the Storage Company’s website¹ and price equal to the price indicated in the bids specified in c) multiplied by the inter-temporal conversion coefficient found in the matrix published on the Storage Company’s website;
- g) after the assignment session, it identifies and remunerates the bids described in c) accepted according to what is set out in this paragraph.

The Storage Company can introduce a cost function in addition to the prices of the lower bids of the Shippers pursuant to letter c) above such as to ensure coverage of the additional costs incurred by the Storage Company to carry out the competitive procedures, and such as to ensure that the value of the “in advance” capacity reflects the risk, also prospective, connected with its use, and therefore connected with the reduction of the performance afterwards. This cost function is constant or rising depending on the distance in time between when the in advance capacity is made available and the day to which the lower performance bid refers.

The cost function will be made available adequately in advance on the website, depending on the period of its application and subject to ARERA’s approval:

The selected bids to sell “in advance” capacity are remunerated at the assignment price, net of any cost function.

In the cases of selecting “in advance” capacity that have led to a performance higher than the maximum based on which the transport capacity from and to the storage system is assigned, the Storage Company regulates use of additional transport capacity with the Major Transport Company in the following month.

¹ Reduction periods that have different inter-temporal conversion coefficient values will temporarily not be indicated

In order to determine the result of the assignment procedures, the bids are combined by putting the bids of sale in order by non-decreasing price, starting from those with the lowest price, and the purchase bids by non-increasing price, starting from the one with the highest price, in order to maximise the net value of the transactions concluded at the end of the procedure.

The assignment price of the session is equal to the price of the last accepted purchase bid.

If, at the assignment price, there are two or more purchase requests at the same amount whose sum, in terms of quantity, is greater than the last assigned sale offer, the assignment shall be carried out according to a *pro-rata* mechanism.

The assignment of “DA Flex” capacity follows the indications specified in paragraph 3.2.2.1.3.

In the event of acceptance of bids to sell both secondary capacity and "Flex" capacity, the Shippers who have had at least one purchase bid accepted are assigned quantities of secondary capacity and “Flex” capacity, determined on a *pro-rata* basis.

Bids submitted by Shippers that do not meet the access requirements described in paragraph 5.2.1.1.3 shall not be deemed valid for the purposes of the assignment procedure per this paragraph.

The net value of the transactions referred to in this paragraph is equal to the difference between the total value of the purchase bids and the total value of the sale bids, determined as product between the respective prices and the respective quantities.

After the session, the available capacities of the Shippers for the next Gas-Day are changed by the Storage Company on behalf of the assignee Shippers according to the time tables indicated in paragraph 4A.3.4, based on the capacities purchased and sold in the session, and are effective starting from the next Gas-Day.

Furthermore, after the session, the Prevalent Flow for the following day is established as specified in paragraph 6.6.6.

In any case, it is understood that both the selling Shippers and the purchasing Shippers remain responsible for compliance with the physical delivery of the services sold and/or purchased, as reported in paragraph 17.1.1, and compliance with that which is specified in paragraph 17.3.2 of this Storage Code.

c) Interruptible capacity on a monthly, weekly and daily basis

In the competitive procedure for assignment of interruptible capacity on a monthly, weekly and daily basis – second session – for the portion of capacity not met in the first session, indicated by the Storage Company, and within the limits of the total contractual capacity of the storage system, the Shippers enter the purchase bids relating to the interruptible withdrawal or injection capacity that they plan to purchase and the corresponding purchase price.

Participation in the second session is possible only in case of unmet continuous capacity in the first assignment session.

The price of bid to sell interruptible capacities by the Storage Company is 0.

The Storage Company shall receive the purchase bids of the Shippers whose capacity request remained unmet in the first session and who specified that they wish to participate in the second session.

The capacity requests for the second session shall be considered equal to the portion of capacity that was not met in the first session, indicated by the Storage Company.

The Storage Company shall assign the Interruptible Capacities on a monthly, weekly or daily basis, per paragraph 3.2.5.2, according to the following procedures: for each type of capacity, the Storage Company combines its bid with the purchase requests sorted in descending order according to the bid price.

The assignment price of the session ($Ca_{I,int}$ or $Ca_{E,int}$) is equal to the price of the last accepted purchase bid.

If, at the assignment price, there are two or more purchase requests at the same amount whose sum, in terms of quantity, is greater than the sale offer, the assignment shall be carried out according to a *pro-rata* mechanism.

The Storage Company applies the assignment prices that emerge from the second session of the competitive procedures to the Shippers to which interruptible capacity was assigned, according to this formula:

$$P_{II} = n_{GCI} * (C_{aI,int}) * P_{II} + n_{GCE} * (C_{aE,int}) * P_{II}$$

Where:

- P_{II} is the interruptible injection peak performance assigned on days G;
- P_{IIE} is the interruptible withdrawal peak performance assigned on days G;
- $C_{aI,int}$ and $C_{aE,int}$ are the assignment prices that emerge from the competitive procedures of the interruptible capacities (second session);
- n_{GCI} is the number of days of assignment of the interruptible injection peak;
- n_{GCE} is the number of days of assignment of the interruptible withdrawal peak.

d) Notification of the results of the competitive procedures

The Storage Company makes available to each Shipper through Escomas the outcome of the auction procedure, its results in terms of Storage Capacities offered and assigned and the relevant assignment prices within 30 minutes after each auction procedure closes.

The Storage Company communicates to the Authority the detailed results and publishes on its website the aggregate results of the competitive procedure by the day after its conclusion.

5.9.2.2 Peak Modulation Storage Service and Constant Peaks of Modulation Service with period assignment procedures “for Week End and Working Days” (period assignment broken down on a daily basis for secondary capacity and “WE Flex and WD Flex” capacity)

Through competitive procedures carried out on the Escomas portal, the Storage Company assigns on a daily basis secondary continuous and WE Flex and WD Flex injection and withdrawal capacities for each service according to the methods described below and the time frame indicated in paragraph 4A.3.5.

The procedures for assigning the storage capacities above, and without prejudice to what is stated in paragraph 5.7.1, are carried out in two distinct sessions: the first session is dedicated to secondary capacities and the second session to Flex capacities.

In order to determine the result of the assignment procedures, the bids are combined by putting the sale bids in order by non-decreasing price, starting from those with the lowest price, and the purchase bids by non-increasing price, starting from the one with the highest price, in order to maximise the net value of the transactions concluded at the end of the procedure.

The assignment price of the session is equal to the price of the last accepted purchase bid.

If, at the assignment price, there are two or more purchase requests at the same amount whose sum, in terms of quantity, is greater than the last assigned sale offer, the assignment shall be carried out according to a *pro-rata* mechanism.

Bids submitted by Shippers that do not meet the access requirements described in paragraph 5.2.1.1.3 shall not be deemed valid for the purposes of the assignment procedure per this paragraph.

The Storage Company announces the outcome of the sessions of this competitive procedure according to the schedules indicated in paragraph 4A.3.5.

The available capacities of the Shippers for days involving the competitive procedures are changed by the Storage Company on behalf of the assignee Shippers according to the timetables indicated in paragraph 4A.3.5, depending on the outcome of the sessions of this competitive procedure.

5.9.2.2.1 Assignment of secondary capacity, “WE Flex” capacity and “WD Flex” capacity

The competitive procedure for the Week End assignment considers the period consisting of the day preceding the holiday and the immediately subsequent public holiday(s) (as published on the Storage Company's website).

The Week End procedure is broken down into two sessions.

The first session involves the assignment of secondary capacity.

The results of the assignment from the first session are made available by the Storage Company before the start of the second session.

The second session involves the assignment of "WE Flex" capacity.

Shippers who have requested to participate in these sessions submit bids for the sale and purchase of secondary continuous and Flex capacity relating to each service, for each session and each day of the period.

The competitive procedure for assignment of Working Days is broken down into two sessions.

The Working Days procedure considers the period between the first working day following the period covered by the Week End procedure and the last working day of the week in question.

The first session involves the assignment of secondary capacity.

The results of the assignment from the first session are made available by the Storage Company before the start of the second session.

The second session involves the assignment of "WD Flex" capacity.

Shippers who have requested to participate in these sessions submit bids for the sale and purchase of secondary continuous and Flex capacity relating to each service, for each session and each day of the period.

For each Gas-Day of the WE or WD period subject to the procedures for the bids for secondary capacity and “Flex” capacity referred to in paragraph 3.2.2.1.3, the Shipper defines its bid for sale or purchase observing the following provisions:

First session: Secondary capacity

- Purchases:

it is possible to indicate up to three bids for the purchase of both Injection and Withdrawal capacity with detail for each day;

- Sales:

it is possible to enter a bid for the sale of secondary continuous Injection and/or Withdrawal capacity equal to, at most, the difference between the available value, based on the most recently updated information in the system, and that nominated for the day relevant for the sale;

Second session: Flex capacity:

Bids to buy or sell Flex capacity are subject to the following restrictions:

- Purchases:

If the Shipper is constrained to inject, it can enter a bid to purchase Injection capacity but cannot enter a bid to purchase Withdrawal capacity. Similarly, if the Shipper is constrained to withdraw, it can enter a bid to purchase Withdrawal capacity but cannot enter a bid to purchase Injection capacity.

- Sales:

The Shipper may enter the value of the expected compensation to restrict a capacity to a specific value that the system will make available as Flex capacity in the opposite direction. On the same day, a Shipper cannot limit itself in either injection or withdrawal.

When completing the Escomas screens, the Shipper must ensure consistency between the capacities to be purchased and the capacities blocked for sale (e.g., if it is constrained to inject, it can only buy injection capacity and vice versa).

In any case, it is understood that both the selling Shippers and the purchasing Shippers remain responsible for compliance with the physical delivery of the services sold and/or purchased, as reported in paragraph 17.1.1, and compliance with that which is specified in paragraph 17.3.2 of this Storage Code.

Except as provided in this chapter, any differences between the quantities assigned and the quantities purchased or sold attributable to the failure to comply with the obligations deriving from the assignment of the short-term capacities referred to in paragraph 17.1.1 or the constraints referred to in paragraph 3.2.2.1.3 are communicated by the Storage Company to the relevant Shippers at the beginning of the Gas-Day involved in the assignment.

At the end of the competitive procedures described in this paragraph, the available capacities of the Shippers for each service, for the days relevant to the competitive procedure, are changed by the Storage Company on behalf of the assignee Shippers according to the timetables indicated in paragraph 4A.3.5, depending on the capacities sold and purchased during the session.

The assignment of secondary “Flex” capacity follows the indications specified in paragraph 3.2.2.1.3.

The Shipper who has purchased secondary or Flex capacity must indicate to the Storage Company via Escomas the service to which the capacities should be assigned.

The Shipper can program injection or withdrawal values in its availability up to the sum of the capacity already available and the capacity purchased.

5.9.3 Assignment of the Reverse Flow Service

The Storage Company makes available a Withdrawal capacity during the Injection period as described in paragraph 5.9.2.1.

A Shipper who intends to make use of the Reverse Flow Service during the Withdrawal Period for a given month is not obligated to make an express assignment request, since injection capacity is assigned on an annual basis. If the Shipper needs an increase in the aforesaid performance, it must request the assignment of interruptible withdrawal peak according to the procedures as described in paragraph 5.9.2.1.

5.9.4 Assignment of the Deposit Service

The Storage Company is willing to offer Shippers the Deposit Service as part of the Special Services and during each Thermal Year according to the terms and conditions specified below.

Shippers have the right to set up in favour of a third party, without derogation, considered (i) a bank as defined in Article 1, paragraph 1, letter b) of Italian Legislative Decree 385/1993, (ii) another Storage or Transport Shipper, or (iii) the Responsible for Balancing, collateral on the gas owned by said Shippers that is in storage (hereinafter “Gas Provided as Guarantee to Third Parties”), in the form of irregular pledge subject to sending a formal request to Edison Stoccaggio with copy to the third party. After the request is assessed in the terms pursuant to these rules, a specific contract will be signed in three copies, which will be made available by Edison Stoccaggio, with a maximum term set at 31 March of the Thermal Year in which it is drawn up and duly signed by it together with the Shipper and the third-party creditor, in any case without prejudice to (i) exercising the right of retention pursuant to paragraph 17.4.1 and (ii) establishment by said Shipper of an irregular pledge in favour of Edison Stoccaggio S.p.A. by way of guarantee of the correct fulfilment of its obligations, in the form and manner pursuant to paragraph 5.10.

With activation of the Deposit Service, Edison Stoccaggio, in its role of depositary, shall keep the Shipper’s gas in storage in the form of irregular deposit pursuant to Article 1782 of the Italian Civil Code, on behalf of the third-party creditor of the Shipper, for the entire duration of the agreement the latter has signed with the Storage Company and, therefore, at the most for the duration of the Thermal Year in progress, it being understood that in any case the quantities of gas that the irregular pledge covers cannot be otherwise restricted by the Shipper.

The Deposit Service pursuant to forgoing chapter 3 is offered according to the methods and shall be subject to the conditions described hereunder.

For each Deposit Service request made by the Shipper, Edison Stoccaggio (i) will assess any situations of objective criticality jeopardising the proper operation of the Storage System arising from the restriction of the entirety of the quantity of gas that is the subject of the Deposit Service, (ii) on the basis of objective criteria (including, for example, any delay in payment beyond the expiration of the invoiced credit, start-up of actions and/or procedures against the Shipper for the recovery and payment of

receivables claimed by third parties), there may be a change in the content of the request in terms of quantity of gas requested to establish the irregular pledge.

In any case, Edison Stoccaggio reserves the possibility of notifying the Authority and the Ministry of Economic Development of critical situations for the purpose of managing the quantity of Gas Provided as Guarantee to Third Parties as defined in this paragraph. The Ministry of Economic Development or the Authority may give Edison Stoccaggio instructions regarding the movement of the gas under irregular pledge in favour of third parties. Edison Stoccaggio shall in no way be responsible to the pledgees and Shippers for the effects resulting from the instructions given by the Ministry of Economic Development or the Authority that might entail moving the gas under irregular pledge.

Edison Stoccaggio will report said circumstance to the Authority and to the Ministry of Economic Development and, based on the instructions received, may not accept requests relating to the Deposit Service and/or change the content, to be endorsed, during execution of the contract subject to notification to the Shipper.

In order to ensure the efficiency of the natural gas system, the collateral in favour of third parties on the gas stored at Edison Stoccaggio cannot regard quantities of gas higher than the maximum percentage of the Space granted to the Shipper itself, equal to the ratio between the quantity of Strategic Storage Space (S_{STR}), as defined by the Ministry of Economic Development, and the total Storage Space available at the beginning of the Thermal Year ($S_{TOT}+S_{STR}$). Edison Stoccaggio publishes this maximum percentage on its website before the beginning of each Thermal Year. The Shipper cannot request use of the Strategic Gas for the entire duration of the Deposit Service.

The Shippers that plan to request and use the Deposit Service described in chapter 3 should fulfil and maintain the requirements described below on the date of the request and for the entire duration of the deposit contract as signed:

- Own a contract for one or more of the Storage Services defined in the Storage Code valid and enforceable for a duration at least equal to that of the Deposit Service and for a quantity of Space at least equal to the quantity of gas on which the Shipper plans to establish an irregular pledge in favour of third parties;

- have available a quantity of Gas they own located in the Edison Stoccaggio Storage System at least equal to quantity of gas on which the Shipper plans to establish an irregular pledge in favour of third parties;
- have made the payment(s) due under the Storage contract(s) regarding the Thermal Year in progress or relating to the previous Thermal Years for the invoiced amount(s) by the set due date.

Failure to comply with even one of the above listed requisites, including non-payment of the amount due to Edison Stoccaggio by the Shipper on the due date, shall result in the immediate termination of the Deposit Service with the consequent immediate interruption of the Deposit Contract.

In this case, Edison Stoccaggio shall notify the Shipper and the third-party creditor of said circumstance and will allow the latter to notify Edison Stoccaggio of the quantities of gas necessary to satisfy any credit it may have and the method of enforcement chosen from those specified below in paragraph 5.9.5 within the following 15 working days.

The Shipper that plans to request the Deposit Service by availing itself of the right established in this paragraph, or that plans to change the quantities under the same service, is required to send Edison Stoccaggio a request through certified email (preferred method), registered mail or courier to the addresses published by Edison Stoccaggio on its website. The form made available by Edison Stoccaggio should be duly filled in and signed, together with Edison Stoccaggio, by the third-party creditor and by the Shipper (hereinafter “Contract for the Deposit Service”).

The request to activate the Deposit Service, to be sent to Edison Stoccaggio, should specify, without derogation, the duration for which the Deposit Service of the Contract for the Deposit Service is requested, which in any case cannot be later than 31 March of the Thermal Year in which the stipulated service is activated, and the quantity (kWh) subject of the Contract for the Deposit Service or the change in such quantity.

Upon receipt of the request, Edison Stoccaggio will check if it is consistent with the general requirements under forgoing paragraph 5.2.1 and, therefore, if the Shipper meets the previously specified parameters including actual stock of gas in storage ascribable to it.

Within 10 working days, Edison Stoccaggio will notify the Shipper and the third-party creditor (by sending through certified email) of the acceptance or the failure to accept the request, attaching a copy of the Contract for the Deposit Service regarding the establishment of irregular pledge on the Gas Provided as Guarantee to Third Parties that should be returned to Edison Stoccaggio duly signed in three copies by and no later than 10 working days from the sending.

On the effective date of the Contract for the Deposit Service, or of its possible change during execution, the custody obligation that Edison Stoccaggio has undertaken with the third-party creditor becomes effective, until the condition of non-fulfilment of the guaranteed credit takes place, in which case the contract is considered terminated and the ownership of the quantities of gas is assigned to the creditor dating from the establishment of the pledge, without prejudice to the obligation of the third-party creditor to return any surplus over and above the value of the guaranteed credits to the Shipper after enforcement of the guarantee. If the third-party creditor reports fulfilment of the guaranteed credits, the Shipper again has full availability of the quantities of gas given as guarantee.

Starting from the effective date of the Contract for the Deposit Service, or of its possible increasing change, the quantity of the pledged gas covered by the Contract will become the property of Edison Stoccaggio as depositary pursuant to Article 1782 of the Italian Civil Code in the interest of the third-party creditor; starting from the day after the acceptance of a request for possible reduction in the quantity covered by the Contract for the Deposit Service, the released quantity will return to the ownership of the Shipper. In the case the quantity covered by the Contract for the Deposit Service decreases, said quantity is considered deducted from the quantity of gas most recently pledged by the Shipper and by the same third-party creditor.

The quantity of gas subject of the Deposit Service is not available to the Shipper for movement until the 15th working day after the date the Contract for the Deposit Service is terminated. Once that term has passed, the Gas Provided as Guarantee to Third Parties not subject to the request by the third-party creditor shall return to the availability of the Shipper and Edison Stoccaggio will make the possibility to move said quantity of gas once again available.

The Contract for the Deposit Service has a maximum duration set at 31 March of the Thermal Year in which it is drawn up, and it is expressly understood and agreed by all contractual parties that, also considering the operational obligations of the storage activities, the Storage Company will be free to remove the gas under irregular pledge from its hub possibly by a sale to the virtual trading point, including when there are any disputes or debates between the parties.

If the Shipper, by 31 March, is assignee of a storage capacity with respect to the trial of competitive auctions arranged in the next Thermal Year for a Space capacity at least equal to the amount of gas covered by the existing Contract for the Deposit Service and about to expire, it will have the possibility to request extension until 31 March of the next Thermal Year, subject to formal request and existence of all the conditions necessary for signing a new Contract for the Deposit Service.

During the effectiveness of the Contract for the Deposit Service the Shipper and the third-party creditor have the right to terminate it by sending a formal notification in this sense by registered letter with advice of receipt or by certified email with at least 10 (ten) days of advance notice. Termination of the Deposit Service in the forms indicated above leads to the consequent conclusion of the irregular pledge contract. Likewise, any conclusion of the irregular pledge contract leads to termination of the Deposit Service.

For the entire duration of the Deposit Service:

- the quantity of gas subject of the Deposit Service is not available to the Shipper for movement;
- the Shipper cannot request use of the Strategic Gas.

The Contract for the Deposit Service is considered terminated in the case the Shipper fails to comply with one of the general requirements pursuant to forgoing paragraph 5.2 and pursuant to these rules; in this case, Edison Stoccaggio will inform the Shipper and the third-party creditor by certified email of said circumstance and will apply what has been established in the cases of termination of the Contract. The gas subject of the Deposit Service will be kept by Edison Stoccaggio on behalf of the third-party creditor until the tenth working day after the date of communication. Any enforcement will be levied according to what is set out below in paragraph 5.9.5.

If, by 30 April of the Thermal Year after the one in which the Deposit Service was requested, the Shipper has not freed the Space occupied by the aforesaid quantity of gas, including by sale in storage, and it still exceeds the Space assigned to the Shipper, Edison Stoccaggio will publish the quantity of gas owned by the Shipper that will be sold, not including the quantities pursuant to Article 16.4.4, and the methods for managing the competitive procedure for the sale on its website.

The sale price is set to 50 percent of the component “C_{MEM}” as indicated in Article 6 of the TIVG defined by the Authority for the same period.

Edison Stoccaggio transfers the proceeds from the sale to the Shipper, net of the fixed price of Euro 50,000.00 plus VAT due to Edison Stoccaggio by way of compensation for the administrative and other types of expenses incurred for the sale.

Edison Stoccaggio shall in no way be responsible: (i) for execution of the instructions given by the pledgee third-party creditor; (ii) for consequences arising from the change in price of the Gas Provided as Guarantee to Third Parties subject to the irregular pledge; and (iii) for the effects consequent to any instructions given by the Ministry of Economic Development and/or by the Authority that might entail moving the Gas Provided as Guarantee to Third Parties subject to the Deposit Service.

5.9.5 Enforcement Procedures for Gas Provided as Guarantee to Third Parties

The third-party creditor has the right to notify Edison Stoccaggio of the need to satisfy its credit at any time during the Deposit Service and, in any case, within the 15th working day after the date the Contract for the Deposit Service is terminated, by sending (by certified email) a written notification duly filled in by the third party and countersigned by the Shipper with explicit indication of the enforcement method it plans to request.

Following the request made by the third-party creditor, Edison Stoccaggio makes available the quantity of Gas Provided as Guarantee to Third Parties that the request concerns to the third-party creditor.

The following are envisaged, as an alternative and in binding form, as additional methods for enforcing the guarantee on the Gas Provided as Guarantee to Third Parties held in the Deposit Service:

- a) Following the request made by the third-party creditor, Edison Stoccaggio makes the relevant gas available to the third-party creditor. For this purpose, the third-party creditor, if already a Shipper, must have available Storage Capacity at least equal to the quantities of gas its request concerns. For the quantities of gas made available over and above its Space capacity, the third-party creditor acquires the necessary Space and the relevant Injection and Withdrawal Capacities, as well as the corresponding portion of transport capacity, through the debtor Shipper's sale on the basis of the provisions of the Storage Code, including the profile associated with the quantities for sale. The foregoing is without prejudice to return of any surplus of the value of the guaranteed credit to the Shipper.
- b) Once it has gained ownership of the gas, the third-party creditor has the right to sell the Gas Provided as Guarantee to Third Parties that the request to pay concerns to a Shipper of the storage service, or to sell the gas with delivery in the storage system.

Following the aforesaid transfer or sale, the third party is required to inform Edison Stoccaggio of the parties to whom the gas was sold, which must be in possession of a storage contract for a quantity of Space at least equal to the quantity of Gas Provided as Guarantee to Third Parties sold. The foregoing is without prejudice to return of any surplus of the value of the guaranteed credit to the Shipper.

- c) The Shipper gives the third-party creditor an irrevocable mandate to move the quantities of gas pledged for the subsequent sale, in the name of the Shipper and on behalf of the third-party creditor, using the storage and transport capacities held by the same Shipper. The surplus of the value of enforced gas compared to the value of the guaranteed credits must be returned to the Shipper.
- d) The third-party creditor, on its own, provides the mandate to sell said quantities of gas through competitive procedure to a party to be designated subject to the acceptance of Edison Stoccaggio. The designated party finalises the sale of the gas through transfers of stored gas. The surplus of the value of enforced gas compared to the value of the guaranteed credits must be returned to the Shipper.

If a quantity of gas subject to the request to pay the credit remains in the Storage System on the first day of the second month after said request or, if before, on 1 April of the Thermal Year after that in which the Deposit Service was requested, the third-party creditor is required to draw up a Contract for one of the Basic Storage Services, for a quantity of Space at least equal to the quantity of gas in the Storage System at 31 March and to pay the price for space increased by 30%, applied to the quantity of gas it owns and that is in storage.

If, by the end of the second month following the request to pay the credit and in any case no later than 30 April of the Thermal Year after the one in which the Deposit Service was requested, the third-party creditor has not freed the occupied Space, Edison Stoccaggio will publish the quantity of gas owned by the Shipper that will be sold, not including the quantities pursuant to Article 16.4.4, and the methods for managing the competitive procedure for the sale on its website. The sale price is set at 50 percent of

the “C_{MEM}” component pursuant to Article 6 of the TIVG defined by the Authority for the same period.

The Storage Company shall pay the Shipper the revenue for the sale, net of the fixed amount of Euro 50,000 by way of compensation for the administrative and other relative expenses incurred for the sale.

If there are invoices relating to the above amount that are past due and unpaid by the third-party creditor, Edison Stoccaggio can sell the Gas Provided as Guarantee to Third Parties subject of the request to pay by the third-party creditor through an auction procedure after 15 days have elapsed from notification of the default condition without payment having been made. The quantity of gas that will be auctioned will be calculated based on the past-due amounts and also considering default interest accrued as at the date of notification of default, applying a price and an auction sale base equal to 90 percent of the component “C_{MEM}” as indicated in Article 6 of the TIVG defined by the Authority for the same period. Edison Stoccaggio will invoice the third-party creditor the fixed price of EURO 50,000.00 plus VAT for managing the sale by way of compensation for the administrative and other types of expenses incurred for the sale; said price cannot offset the past due amounts.

Price for the Deposit Service

For those activities connected with supply of the Deposit Service, Edison Stoccaggio will be entitled to a price defined as a percentage of the value of the Gas Provided as Guarantee to Third Parties, determined pursuant to this chapter and equal to one thousandth (i.e. 0.1%) and in any case no lower than Euro 5,000, even if the Deposit Service of the gas provided as guarantee is not finalised.

This charge is also due in the case of renewal in the next Thermal Year, and is not due in the cases the quantity of gas held in the Deposit Service is changed.

5.10 AGREEMENT FOR IRREGULAR PLEDGE ON GAS IN STORAGE IN FAVOUR OF EDISON STOCCAGGIO

(on the Shipper's letterhead)

AGREEMENT FOR IRREGULAR PLEDGE ON GAS IN STORAGE

Edison Stoccaggio S.p.A.
Foro Buonaparte, 31
20121 Milan, Italy

SUBJECT: AGREEMENT FOR IRREGULAR PLEDGE

[COMPANY NAME], with its registered office in _____, share capital _____ fully paid in, Taxpayer ID Number and VAT Number _____, R.E.A. _____ represented by _____ in its capacity as _____ (hereafter, "Shipper");

WHEREAS:

- a) Edison Stoccaggio S.p.A. ("EDISON STOCCAGGIO") operates in the sector of natural gas storage and it has provided in its Storage Code the possibility of pledging as collateral the gas owned by the Shipper in storage, to guarantee the exact fulfilment of the obligations undertaken by the Shippers of the storage services;
- b) Edison Stoccaggio, following an assignment request and as a result of an appropriate process, has assigned natural gas storage capacity for the thermal year (1 April 20__/31 March 20__) to the Shipper and, on _____, the Shipper stipulated a specific storage contract ("CONTRACT");

Now, therefore, the Shipper, in accordance with the Storage Code and for the cases provided for therein

AGREES

to pledge, in favour of Edison Stoccaggio, the gas owned by the Shipper that is physically present in storage as collateral to guarantee the obligations undertaken with the CONTRACT ("Gas Provided as Guarantee") which, as a result, may be made unavailable for the period necessary for the Storage Company to safeguard its credit right.

Edison Stoccaggio will communicate to the Shipper the pledging of the Gas Provided as Guarantee according to the procedures and within the terms indicated in Chapter 16.4.4 of the Storage Code. For this purpose, the Shipper, aware that the gas of the Shipper, even when pledged as a guarantee in favour of third parties, may nonetheless be purchased as a priority from Edison Stoccaggio until the total payment of the credit deriving from the CONTRACT.

CONFERS

IRREVOCABLE POWER TO Edison Stoccaggio, so that the latter, if the reasons for the enforcement of the Gas Provided as Guarantee manifest themselves, as established by the Storage Code, may:

- (i) sell, on its own behalf, the enforced Gas Provided as Guarantee;
- (ii) draw directly from the revenues of the sale to satisfy its credit.

In case of partial enforcement, the residual Gas Provided as Guarantee will revert to be the property of the Shipper.

Date and location

SEAL AND SIGNATURE