

CHAPTER 12

SERVICE QUALITY

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12.1 INTRODUCTION

The Storage Company seeks to provide a high quality standard in performing the Storage Service, guaranteeing Shippers an appropriate level of safety and respect for the environment, technical reliability and service continuity, as well as commercial quality, by using the best available techniques.

12.2 KEY PRINCIPLES

The Storage Company, in performing its core business activities, is guided by the following key principles:

12.2.1 Flexibility

The Storage Company seeks to guide its activities in relation to Shippers based on the principle of the utmost available flexibility, in compliance with the provisions of the law, the principles expressed in this Code, and, in particular, for the fair and non-discriminatory treatment of all Shippers.

A concrete example of flexibility is the possibility for the Advisory Committee to submit proposals for updating the Code in any period of the Thermal Year, as described in paragraph 20.4 of the chapter “Updating the Storage Code”.

12.2.2 Impartiality in treatment

The Storage Company ensures equal treatment without discrimination in its actions with Shippers. This Code is one of the main tools to ensure these objectives.

12.2.3 Service efficiency

The Storage Company identifies the technological, organisational and functional solutions that ensure that the service provided is appropriate for the needs of the market to the extent possible.

12.2.4 Continuity

The Storage Company's commitment in relation to the Shipper is to provide a continuous and regular service and thus it seeks to minimise service interruptions, promptly notifying the relevant Shippers and striving for the quickest possible recovery of normal operating conditions.

12.2.5 Health, safety and the environment

The Storage Company is constantly committed to improving both the safety of its facilities and with respect to individuals, as well as respect protection of the environment.

Ever since 2001 Edison Stoccaggio has adopted an integrated environment and safety management for its plants in accordance with UNI EN ISO 14001:15 and UNI ES ISO 54001:18 standards.

In 2010 following the expansion of the field of application of the Seveso directive (currently Italian Legislative Decree no. 105 of 2015) to storage fields, this system was further integrated based on the provisions of the aforementioned Legislative Decree for plants subject to relevant accident risk.

12.2.6 Participation

Shippers, Transport Companies, and the primary trade unions were invited to participate in the Advisory Committee to contribute in drafting the Code and propose the most appropriate updates, as established in chapter 20 "Updating of the Storage Code".

12.2.7 Information

The Storage Company is constantly committed to providing the Shipper with the best possible support in understanding the activities governed by the Storage Contract and therefore by the Code; as such, it prepares communications to the Shipper in order to most suitably clarify assumptions, objectives, and results.

Furthermore, the Shipper, as counterparty, has the right to request information relating to its Storage Contract (e.g., its administrative-accounting situation, methods of calculating the Allocations, exchange of pertinent information with the Major Transport Company and the other operators, etc.).

12.3 SERVICE QUALITY STANDARDS

The Storage Company has defined indicators of the commercial and technical quality for the service and associated them with specific and general quality standards, in order to ensure a safe and reliable service for the Shippers, guided by the principles described.

12.3.1 SERVICE SAFETY STANDARDS

In defining guaranteed service safety standards, reference is made to the following indicators, whose calculation criteria are shown under par. 12A.1:

- Half-yearly percentage of the connecting flow line subject to monitoring;
- annual percentage of the connecting flow line subject to non-invasive inspection;
- annual percentage of the connecting flow line subject to invasive inspection using pig and percentage of connecting flow line subject to invasive inspection using pig for the last eight years.

The Storage Company complies with the service obligations in relation to safety pursuant to A the RQSG.

12.3.1.1 Technical safety standards

The Storage Company applies the technical standards, technical specifications, technical reports and UNI and CEI guidelines, particularly in regard to compiling the reports required for each maintenance operation performed.

In the event that technical standards, technical specifications or applicable technical reports are missing, guidelines defined by CIG and APCE, the competent technical bodies, are adopted.

The Storage Company compiles, for each reservoir, an “Annual report of the electrical status of the cathode protection systems for the connecting flow lines of the natural gas reservoirs/storage sites” based with governing regulations, where applicable, in compliance with the methodology defined by APCE.

12.3.1.2 Registration and communication obligations for safety information and data

The Storage Company records safety information and data indicated in the RQSG and transmits them by 31 May each year to the Regulatory Authority.

The Authority can use the above information and data for their publications, even for comparison purposes.

The Regulatory Authority may request the aforesaid information, including comparison data, from the Storage Company in order to publish it.

12.3.2 SERVICE CONTINUITY STANDARDS

12.3.2.1. Service continuity definitions

The storage company adopts all technical and organisational precautions to avoid interruptions of service.

By interruptions of storage service, we here refer to an interruption and/or reduction of the actual availability of storage performance (such as: space capacity, injection performance and withdrawal performance) provided to users, as a result of unscheduled maintenance operations.

The following are classified as unscheduled maintenance operations:

- a) maintenance operations that the Storage Company does not communicate to the relevant Shippers, within the terms of para. 13.3.3;
- b) maintenance other than that referred to in the previous letter that the Storage Company communicates to the relevant Shippers with notice of less than 3 (three) working days and that have an impact on the overall capacity assigned.

The duration of the interruption is the time, measured in minutes and rounded up to the higher minute, considered from the start of the interruption to the end of the interruption, wherefore:

The start of the interruption coincides with the instant in which the event that caused the interruption or the reduction of storage performance occurred, or with the instant of the first call made by a Shipper affected by the interruption or the reduction of service.

The end of the interruption coincides with the instant in which the storage service is reactivated for the Shippers involved.

The Storage Company records the causes of the interruptions with reference to:

- a) *force majeure*, intended as acts by public authorities, exceptional natural events for which a state of disaster has been declared by the competent authority, strikes, and failure to obtain authorisations;
- b) external causes, intended as damages caused by third parties for events that are outside the control of the Storage Company;

c) causes attributable to the Storage Company, intended as all other causes not indicated in letters a) and b) above, including unverified causes.

For interruptions whose causes are included in the categories referred to in the previous letters a) and b), the Storage Company documents the cause of the interruption.

12.3.2.2 Service interruption indicator

The Storage Company applies the following indicator with reference to the calendar year and its own storage system, taking into account only reservoirs that are not in the start-up phase:

- number of annual days of interruption/reduction of the performances associated with each storage service made available to shippers (days equivalent to full capacity) following unscheduled maintenance operations, excluding days indicated in contractual conditions for interruptions and those resulting from service emergencies that are not the responsibility of the Storage Company, without distinction between the injection phase and the withdrawal phase.

The time periods for the interruption/reduction of the assigned capacity that contribute to the calculation of the days equivalent to full capacity are multiplied by the following coefficients:

- a) 1.25 if the time period is between 1 October and 31 March;
- b) 0.75 if the time period is between 1 April and 30 September.

12.3.2.3 Service obligations in relation to continuity

Each week, the Storage Company publishes on its website the effective trend in the stock of the storage system, together with the trend forecast for both draw-off period as well as the adjustment factors (paras. 2.3.3, 2.4.5.2, 4.2.2).

12.3.2.4 Automatic compensation and penalties for failure to comply with contractual obligations regarding continuity of service

12.3.2.4.1 Automatic compensation

The Storage Company, in the event that the specific continuity level is not respected as described in para. 12A.2, will pay the Shipper compensation of I_c , equivalent to:

$$I_c = 0.1 * P_{\text{non_disp}} * \Delta GS$$

where:

a) C_{non_disp} is the performance that was not made available, expressed in MWh/day, referring to the equivalent days at full capacity of actual interruption, excluding the days relative to the specific level and equal, at most, to three times the specific level detailed in para. 12A.2 calculated with reference to the adjustment factors in effect at the time of the interruption/reduction of the assigned capacity; for the purpose of calculating the storage performance that was not made available one also subtracts the days envisaged by contractual conditions of interruptibility and those resulting from service emergencies that are not the responsibility of the Storage Company.

b) ΔG_S is, with reference to the months of the reference calendar year affected by interruptions/reductions in storage performance made available to the user, the mean expressed in €/MWh of the absolute value of the difference between SAP and the market price of stored gas (MGS) as reported by GME on the MGAS gas market organised and managed by.

The Storage Company is required to pay the automatic compensation referred to in this paragraph to the entitled Shipper within 30 days of the storage performance interruption and/or reduction exceeding the specific level detailed under par. 12A.2.

12.3.2.4.2 Penalties for the failure to comply with the contractual obligations regarding continuity of service

If, during the withdrawal or injection phases the daily injection and withdrawal performances provided to shippers overall are below those associated to the assigned capacities, the storage company shall pay out into the "Storage fee Account" set up at the Cassa per i Servizi Energetici e Ambientali (Fund for Energy and Environmental Services – CSEA), for each Gas-Day when this condition takes place, a penalty P_{CP} amounting to:

$$P_{CP} = C_S * S + C_I * \Delta I + C_E * \Delta E$$

where:

- a) S is the space capacity, expressed in MWh, that it has not been able to fill owing to the reduction of injection performance or emptied as a result
- b) of the reduction of the withdrawal performance;
- c) ΔI is the maximum difference, expressed in MWh/day, between the injection performance associated with the assigned capacities and that made available to shippers;
- d) ΔE is the maximum difference, expressed in MWh/day, between the withdrawal performance associated with the assigned capacities and that made available to shippers;
- e) C_S , C_I and C_E are the capacity amounts, as detailed in the RAST, defined for each thermal storage year and increased by 20%.

The storage company is required to pay the P_{CP} penalty within 30 days of the Gas-Day when the capacity is no longer available.

In order to calculate the P_{CP} penalty, one takes into account and drops in performance resulting from interruptions foreseen in the contractual conditions, as well as service emergencies for which the storage company cannot be considered responsible, as well as reasons of *force majeure*.

12.3.2.5 Registration and communication obligations for continuity data

The Storage company records the continuity data and information for the service pursuant to the RQSG and transmits them, by the 31st of May of each year, to the Regulatory Authority.

The Authority can use the above information and data for their publications, even for comparison purposes.

12.3.3 COMMERCIAL QUALITY STANDARDS

12.3.3.1 Commercial quality indicators

In order to define the service obligations and the specific standards relating to the commercial quality of the storage service, reference is made to the following indicators:

- minimum communication time to the Shipper of acceptance of capacity transfer requests;
- notification period to Shippers for the execution of previously unscheduled maintenance operations (does not apply if no impacts are foreseen on the overall assigned capacity with reference to the storage system);
- reasoned response time to written requests relating to actual stock in storage or invoicing documents;
- reasoned response time to written complaints or written requests for information;
- reactivation time for an IT application following a malfunction.

For these service obligations, the RQSG established the specific quality levels presented in the table in para. 12A.3.

The Storage Company has the right to define its own specific commercial quality standards, which must result in quality levels that are not inferior to those defined by the RQSG, or involve performance not envisaged by the RQSG.

In the event of non-compliance of these standards, automatic compensation will be paid that is not less than the amount defined by the RQSG.

The Storage Company publishes any commercial quality standards on its website, after timely notice is given to the Regulatory Authority.

The Storage Company is required to comply with the obligations pursuant to the RQSG concerning the verifiability of commercial quality information and data recorded.

The communications of note for the purpose of applying the dispositions concerning the commercial quality of the storage service must be transmitted by certified e-mail, unless the exchange of information does not already take place by means of IT applications.

12.3.3.1.1 Minimum communication time to the Shipper of acceptance of capacity transfer requests

The minimum communication time to the Shipper of the acceptance of requests for capacity transfer is the time, measured in working days, between the date of notification to the Shipper of acceptance of the request to transfer capacity (in relation to Space, Injection Capacity, and additional Withdrawal Capacity) and the date the requested transfer begins.

These communications detail the new quantities of Space, minimum Withdrawal Capacity, Injection Capacity and additional Withdrawal Capacity resulting from the acceptance of the request.

In the event that conditions do not permit the capacity transfer request to be fulfilled, the Storage Company is required to promptly notify the Shipper and, in any case, no later than the above time period, providing reasons for the denial of the request.

To this indicator is applied the specific level presented in para. 12A.3.

12.3.3.1.2 Notification period to Shippers for the execution of previously unscheduled maintenance operations

The notification period to Shippers for the execution of previously unscheduled maintenance operations is the time, measured in working days, between the date of communication to Shippers of the plan for unscheduled maintenance operations and the date the maintenance begins.

The notification period to Shippers for the execution of previously unscheduled maintenance is not measured if there are no impacts on the overall assigned capacity for the storage system.

The Storage Company communicates to the Shipper the start date of any previously unscheduled maintenance operations by certified e-mail, also sending all information useful for their assessments.

To this indicator is applied the specific level presented in para. 12A.3.

12.3.3.1.3 Reasoned response time to written requests relating to actual stock in storage or to invoicing documents

The reasoned response time to written requests relating to actual stock in storage and the invoicing documents is the time, measured in working days, between the date the Storage Company received the Shipper's request and the date the reasoned response is communicated to the Shipper.

The Storage Company formulates a reasoned response in writing to any written request for actual stock in storage or invoicing documents that contains at least the following minimum data:

- a) reference to invoicing documents for which information is requested or which the requester intends to challenge;
- b) the grounds for requesting the verification;
- c) in the event of a request to adjust certain payments, reference to said payments.

The written reasoned response formulated by the Storage Company in relation to written requests for invoicing documents, as described above, must contain at least the following data:

- a) the date the request was received;
- b) the company name of the Requesting User;
- c) the name and contact information of the person delegated by the Storage Company to provide, where necessary, any clarifications;
- d) for written requests relative to invoicing documents:
 - (i) the description of the verifications carried out by the Storage Company in order to assess the claims advanced by the Shipper
 - (ii) if the request is accepted, the date by which the invoice adjustment will be issued;
 - (iii) if the request is not accepted, the grounds for this decisions, supported by appropriate documentation;
- e) for written requests regarding actual stock in storage, the response to what has been requested by the Shipper using the service.

To this indicator is applied the specific level detailed in para. 12A.3.

12.3.3.1.4 Reasoned response time to written complaints or written requests for information

The time for a reasoned response to written complaints or written requests for information, other than those indicated above in para. 12.3.3.1.3, is the time, measured in working days, between the receipt date of the written complaint or written information request relative to the storage service and the date the reasoned response is communicated to the Shipper.

The written reasoned response formulated by the Storage Company in relation to written complaints or written information requests, as described above, must contain at least the following data:

- a) the date the request was received;
- b) the company name of the Requesting User;
- c) the name and contact information of the person delegated by the Storage Company to provide, where necessary, any clarifications;
- d) the subject matter to which the Shipper's request refers;
- e) in the event of a written complaint:
 - (i) the documented assessment of the Storage Company regarding whether the submitted complaint is valid, supplemented by regulatory or contractual references applied;
 - (ii) description and timing of corrective measures put in place by the Storage Company;
- f) in the event of a written request for information, the response to that which was requested by the Shipper.

To this indicator is applied the specific level presented in para. 12A.3.

12.3.3.1.5 Reactivation time for an IT application following a malfunction

The reactivation time for an IT application to become available to the Shipper, following a malfunction, is the time, measured in hours, between the start time of the IT application malfunction, due to which its functionalities are not available, and the end time of the malfunction.

The Storage Company guarantees the Shipper alternative methods of carrying out the scheduled activities as well as promptly communicates that the service has been reactivated.

If the moment in which the malfunction occurred cannot be determined with certainty, the time of the first report received is considered the start time of the malfunction.

Based on the time taken to reactivate an IT application, the malfunctions are broken down into:

- a) brief malfunctions, if the reactivation time is less than or equal to 6 hours;
- a) long malfunctions, if the reactivation time is greater than 6 hours but less than or equal to 24 hours;
- c) extra-long malfunctions, if the duration is greater than 24 hours.

In order to measure the reactivation time for an IT application, the hours between 10 pm of any calendar day and 6 am of the following day are excluded.

The Storage Company provides Shippers, at a minimum through its website, with IT applications having useful functionality for managing the following activities:

- a) reservations;
- b) allocations;
- c) stocks;
- d) capacity transactions;
- e) capacity transfers;
- f) capacity assignments;
- g) gas and capacity transfers.

In the event of stock in storage during a start-up period, the Storage Company, if it intends to make IT applications available to Shippers to carry out the daily operating activities, must publish on its website the type of solution made available and instructions for its use, at least 30 (thirty) calendar days prior to the system start date.

These IT applications are made available in an impartial, non-discriminatory manner and provide, as a priority, the functionalities listed above.

To this indicator is applied the specific level presented in para. 12A.3.

12.3.3.2 Causes of non-compliance with specific levels and automatic compensation

The Storage Company records the causes of non-compliance with specific levels described in para. 12A.3 with reference to:

- a) *force majeure*, intended as acts by public authorities, exceptional natural events for which a state of disaster has been declared by the competent authority, strikes, and failure to obtain authorisations;
- b) external causes, intended as damages or hindrances caused by third parties for events that are outside of the control of the Storage Company;

c) causes attributable to the Storage Company, intended as all other causes not indicated in letters a) and b) above, including unverified causes.

For performance that is affected by the causes of non-compliance with specific levels described in para. 12A.3 fall under the categories in letters a) and b) above, the Storage Company documents the cause for the non-compliance.

In the event of non-compliance with specific levels described in para. 12A.3 related to the causes indicated in letter c) above, the Storage Company pays a base automatic compensation of Euro 2,500 to the Shipper of the storage service via the first possible invoice.

The base automatic compensation increases in relation to the delay in executing the performance as indicated below:

- a) if the execution of the performance exceeds the standard, but is not more than double the standard time for the performance, the base automatic compensation is paid;
- b) if the execution of the performance is more than double the standard time, but is not more than triple, the compensation paid is double that of the base automatic compensation;
- c) if the execution of the performance is more than triple the standard time, the compensation paid is triple that of the base automatic compensation.

The Storage Company pays the automatic compensation to the entitled Shipper of the storage service within 7 months from the date on which the requested performance was carried out.

12.3.3.3 Commercial quality service obligations

12.3.3.3.1 Communication obligations to Shippers regarding the maintenance plan

With the exception of that indicated in chapter 13, the Storage Company provides Shippers with the maintenance plan at least annually, half-yearly and monthly; this plan must contain at least the following information:

- a) the reservoir on which the maintenance will be performed;
- b) the summary description of scheduled activities;
- c) the month of the relevant thermal year in which the maintenance will be performed;
- d) the start date and end date;
- e) the number of unavailable days;

- f) the capacity (expressed as a percentage of available capacity at the beginning of the thermal year and the assigned capacity) that will not be available due to maintenance.

The Storage Company communicates the final monthly plan of scheduled maintenance operations to Shippers no later than the tenth day (or first subsequent working day if the tenth day is a Saturday, Sunday, holiday, or non-working day) of the month preceding the one referenced in the monthly plan.

12.3.3.3.2 Information obligations to Shippers regarding IT applications

Before the implementation of new functionality in the IT applications made available to the Shipper, the Storage Company provides the Shipper, through its website, a detailed description of the change it intends to make, including the expected effects on the Shipper's operations and the implementation timing.

The Shipper has the right to express its opinion within 10 (ten) working days following the date of the aforementioned communication; this opinion is not binding for the Storage Company.

The Storage Company publishes on its website all information relating to the unavailability of IT applications provided to the Shipper, with reference to the provisions of para. 12.3.3.1.5, for the entire calendar year to which the malfunctions refer and for the following year, as well as the list of names of Shippers affected by any malfunction.

12.3.3.3.3 Other communication and publication obligations relating to commercial quality

The Storage Company includes on its website a certified e-mail address to which the Shipper can send communications.

Without prejudice to the possibility of sending or making the communication available to the Shipper in another format, the Storage Company sends an advance copy of the reasoned response to written requests by certified e-mail, unless the information is exchanged through IT applications.

The Storage Company also publishes on its website, with reference to Gas-Day:

- a) injection and withdrawal volumes for the storage system;
- b) the sum of the nominations communicated by Shippers of the storage service.

With reference to the Gas-Day, including in compliance with the timings indicated in paras. 2.4.5.2 and 4.2.2 and governing rules, the Storage Company makes available to the Shipper:

- a) daily quantities of natural gas, subject to reservation, which are confirmed;
- b) updated stock compared to the previous Gas-Day.

12.3.3.4 Registration and communication obligations for commercial quality data

With reference to the maintenance plan, the Storage Company records, for each month of the reference year:

- a) the date of communication to Shippers of the final monthly plan of maintenance operations;
- b) the cause for any non-compliance with the scheduled timing, distinguishing between the causes indicated in para. 12.3.3.2.

For all requests to transfer capacity as described in para. 12.3.3.1.1, the Storage Company records:

- a) the date the request was received;
- b) the company name of the buying Shipper;
- c) the company name of the selling Shipper;
- d) the start date of the sale;
- e) the date on which the Shipper was informed whether the request was accepted;
- f) the cause, among those indicated above in para. 12.3.3.2, for any non-compliance with the minimum planned timing.

With reference to the indicator for the notification period to Shippers for the execution of previously unscheduled maintenance operations, as described in para. 12.3.3.1.2, the Storage Company records:

- a) the date of communication to Shippers of the maintenance plan;
- b) the start date for the maintenance;
- c) the cause, among those indicated above in para. 12.3.3.2, for any non-compliance with the specific level of quality envisaged.

For each written request relating to actual stock in storage or invoicing documents as described in para. 12.3.3.1.3, and for any written complaint or written request for information as described in para. 12.3.3.1.4, the Storage Company records:

- a) the date the request was received;
- b) the company name of the Shipper;
- c) the date the written reasoned response was sent;
- d) the cause, among those indicated above in para. 12.3.3.2, for any non-compliance with the specific levels of quality envisaged.

For all malfunctions as described in para. 12.3.3.1.5, the Storage Company records:

- a) the date and time the malfunction began;

- b) the time at which the malfunction was first reported, broken down in terms of reports from third parties and reports from Storage Company employees or businesses that work on its behalf;
- c) the date and time normal functionality was restored;
- d) the name(s) of relevant Shipper(s);
- e) the classification of the malfunction (short, long, extra-long);
- f) the cause, among those indicated above in para. 12.3.3.2, for any non-compliance with the specific levels of quality envisaged;
- g) alternative procedures activated, specifying the time period, expressed in hours, in which they were made available to the Shipper.

For each performance subject to a specific level of quality, for which this specific level has not been respected due to one of the cause listed in para. 12.3.3.2, letter c), the Storage Company records the name of the Shipper of the compensated service, the date on which the automatic compensation is paid, and its amount.

By the 31st of May of each year, the Storage Company is required to send the Regulatory Authority a detailed report containing the information and the data described under this paragraph 12.3.3.4, relative to the year prior to the one when the communication takes place.

The Regulatory Authority may use the above information and data, including comparison data, for its publication.