

CHAPTER 19

PROCEDURE FOR PASSING FROM NORMAL OPERATING CONDITIONS TO GENERAL EMERGENCY CONDITIONS

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19.1 INTRODUCTION

The chapter describes the procedures for passing from normal operating conditions to general emergency conditions set forth by the Ministry of Economic Development pursuant to Article 8, paragraph 7, of Legislative Decree no. 164/00.

19.2 GAS EMERGENCY PROCEDURES

As established by the Article 8, paragraphs 1 and 2 of the Decree of 26 September 2001, a technical committee for emergencies and monitoring of the gas system was established within the Ministry of Economic Development, with advisory functions to the Ministry and having the following tasks:

- a) Formulate proposals for defining possible emergency situations;
- b) Identify intervention tools in the event of an emergency;
- c) Formulate proposals for defining procedures and timing for activating said tools;
- d) Periodically monitor the functioning of the gas system, in relation to emergency situations.

The Ministry of Economic Development approved, on 25 June 2004, on the proposal of the emergency technical committee, the “Emergency procedure to address shortfalls in the natural gas supply in case of unfavourable weather events”.

The Procedure defines the interventions and their sequence, and identifies the natural gas companies and the operators within the gas and electricity sector responsible for their activation, to handle an emergency situation, in the overall balancing of the national system for natural gas, which may occur due to unfavourable weather conditions.

If the emergency conditions defined in Article 8.7 of the Legislative Decree should occur, the Storage Company, within its scope of responsibility, follows the gas emergency procedure described above.

19.3 OBLIGATIONS OF THE PARTIES

Storage companies, if they have operated in compliance with the rules described in the Weather Emergency Procedure, are not required to pay Shippers that use the storage services any penalty or compensation for either contractual breaches directly or

indirectly connected to the emergency situation, or for damages that the Shippers may incur as a result of said breach.

19.3.1 Authorised withdrawal of strategic gas and its restocking

Shippers may be authorised by the Ministry of Economic Development to use strategic stock directly connected to their network, in the event of:

- a) Interruption or reduction of importation from non-EU countries;
- b) Interruption or reduction of importation from EU Countries and emergencies in the National Gas Pipeline Network;
- c) An unusually cold winter season on the whole.

To ensure the safe operation of the gas system in the event that strategic gas supplies are withdrawn, the company that used said gas is required to purchase from the owner of the gas intended for strategic supplies, under conditions such as to guarantee the selling Shipper the availability of financial resources to then repurchase and restock an equivalent volume of gas by the next injection phase.