

CHAPTER 5

ASSIGNMENT OF STORAGE CAPACITY

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5.1 USER 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 and by type of end customer served by the Requesting User.

The assignment priorities for mandatory services are as follows:

- Operational balancing service for transport companies
- Hydrocarbon storage service;
- Modulation storage service whose assignment takes place by competitive procedures in accordance with the instructions of the MSE and of the Authority.

The schedule of the assignment process is published by Edison Stoccaggio on its own Website in accordance with the instructions of the MSE and of the Authority.

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

5.2.1 General requirements

Users requesting access to one or more storage services 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 Users that, at the date of submission of the Assignment Request, have not completed the payments due by virtue of 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 MSE of this circumstance for the adoption of the pertinent measures.

The Storage Company shall not stipulate Contracts for the performance of storage services with Requesting Users, with the exception of the transport companies, that have not also adopted the Network Code major transport company as at the initial date of validity of the Storage Contract. Moreover, access to the capacity assignment on a weekly and daily basis is reserved to Shippers who already own storage capacity for the period for which access is requested.

The loss of even a single one of the requirements for access to the storage system constitutes grounds for early termination of the Contract as provided in Chapter 17.

All Requesting Users are obligated to submit the declarations and certifications in accordance with Legislative Decree no. 231 of 21 November 2007, using the forms published on the Edison Storage Website.

Each requirement certification form (requests, commitments, declarations or acceptances) as well as each request/communication or otherwise manifestation of intention effected in accordance with the present Chapter by the Shipper, also through the dedicated functionalities (in particular ESCOMAS) made available by Edison Stoccaggio, constitute a formal obligation and commitment for the Shipper itself which assumes - also with respect to third parties - any and all liability deriving from any non-compliance/errors or omissions.

Edison Stoccaggio shall not be liable in any way with respect to the Shipper and to third parties about the truthfulness, correctness and completeness of the certifications and declarations rendered for this purpose by the Shippers.

5.2.1.1. Guarantees

5.2.1.1.1. Guarantees covering the obligations deriving from the Assignment (except the Modulation service with capacity assignment on a monthly, weekly and daily basis)

Upon submitting the Access Request, both for the mandatory services and for special services, the Requesting User shall provide evidence of possession of 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 if the Contract is not executed, or it is executed for lower capacities than those assigned.

The assessment of the Requesting User'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 possess a "minimum credit rating", assigned

by leading international bodies, with reference to medium-long term debt, of at least:

- Baa2 if assigned by Moody's Investor Services; or,
- BBB if assigned by Standard & Poor's Corporation;
- BBB if assigned by Fitch Ratings.

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

The Shipper that demonstrates possession of the "minimum rating" is obligated to notify Edison Stoccaggio of any changes that occurred in the meantime (of the "minimum rating" itself) no later than ten days after the aforesaid change. If this change causes the rating level to be lower than the "minimum rating", the Shipper is obligated to provide the guarantee per letter b) below or, alternatively, the one per letter c) below, no later than thirty days after the aforesaid change. If the same Shipper does not fulfil its own payment obligations within the terms set by chapter 16 below, then that Shipper is obligated to provide the guarantee per letter b) below or, alternatively, the one per letter c) below, no later than ten days after the notification by Edison Stoccaggio about the failure to fulfil the aforesaid payment obligations.

- b) If the criterion per point a) is met by the company that controls the Requesting User, or if the controlling party is a public agency, the requesting user 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 request" by the Storage Company - to fulfil exactly and punctually the obligations deriving from the Assignment assumed by the Shipper to the Storage Company. The controlling party is obligated to notify Edison Stoccaggio of any changes that occurred of the "minimum rating" no later than ten days after the aforesaid change. If the rating of the controlling party of the Shipper has been reduced to below the "minimum rating", the Shipper is obligated to provide Edison Stoccaggio with the guarantee per letter c) below, no later than thirty days after the aforesaid change;
- c) If the criteria per points a) and b) above are not met, the Requesting User, to cover the obligations deriving from the Assignment of the Hydrocarbon Service and of the Balancing Service for Transport Companies, shall cause one or more leading banks to 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 request” for an amount equal to:

$$(1) \text{ Amount} = (c_s \times \sum RS_i + c_i \times \sum RCI_i + c_e \times RCE_i) \times 25\%$$

Where:

c_s , c_i , c_e are the prices approved by the Authority per Par. 8.8;

RS_i is the Space requested by the Requesting User for the i^{th} service;

RCI_i is the Injection Performance requested by the Requesting User for the i^{th} service;

RCE_i is the Withdrawal Performance requested by the Requesting User for the i^{th} service;

Limited to the assignment of the Peak Modulation Service by competitive procedure, if the criteria per points a) and b) above are not met, the Requesting User, to cover the obligations deriving from the Assignment of the Service, shall cause one or more leading banks to 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 request” for an amount specified in the assignment procedure published on the Website of the Storage Company.

- d) Without prejudice to the retention right per Article 17.4.1, to guarantee exact compliance with the obligations assumed by the Shipper, the gas owned by the Shipper and located in Storage is pledged as collateral, after execution of an agreement, upon execution of the contract for the performance of one of the storage services, providing for pledging said gas (hereafter “Guarantee Gas”) and the assignment of an appointment to Edison Stoccaggio for the sale on behalf of the shipper of all or part of the Guarantee Gas, in case of breach of the Shipper in accordance with Chapters 16 and 17 of the Storage Code 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 pledge in favour of Edison Stoccaggio S.p.A., the value of the Guarantee Gas under this paragraph shall be equal to a reference price amounting to 100% of the last value 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 Parties expressly agree that, while failure to submit the guarantee per the present paragraph shall not constitute grounds for refusing access to mandatory services, it shall obligate the Requesting User to pay to the Storage Company an amount equal to 25% of the capacity assigned in accordance with paragraph 5.7 below.

As an additional requirement for access, if the Shipper is in breach with respect to its payment obligations, the Storage Company will require an additional bank guarantee or insurance policy (Supplemental Guarantee), 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 request”, for a value equal to the amounts already past due which the Shipper has not paid and which are not already covered by bank guarantee.

The validity of the Access Request for the Storage Service shall be subordinated to the submission of the Supplemental Guarantee.

5.2.1.1.2. Guarantees covering the obligations deriving from the performance of the Storage Service (except the Modulation service with capacity assignment on a monthly, weekly and daily basis)

To cover the performance of the Storage Service, the Shipper shall submit adequate guarantees in relation to compliance with all obligations assumed by the Shipper by virtue of the Storage Contract.

For services deriving from the Assignment of the Hydrocarbon Service and of the operational Balancing Service for Transport Companies, no later than the 5th day of April or, if it falls on a Saturday or holiday, the first subsequent working day, the Shipper shall submit:

- a) Declaration in lieu of affidavit containing the confirmation of possession of the Rating per paragraph 5.2.1.1.1 a) or certification, issued by one of the bodies per paragraph 5.2.1.1.1 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 of possession of the Rating per paragraph 5.2.1.1.1 b) and an addendum to the Parent Company Guarantee or 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;

- c) If the criteria per sub-paragraph 5.2.1.1.1 letter a) and b) are not met, addendum letter or new 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 request” for an amount equal to:

$$(1) \text{ Amount} = ((c_s + C_{p_u} \times q_u + C_{p_e} \times q_e) \times \sum S_i + c_i \times \sum Cl_i + c_e \times CE_i + EE \times \sum S_i / S_{\text{totEE}}) \times (100 + \text{VAT})\% \times 33\%$$

Where:

c_s , c_i , c_e are the prices approved by the Authority and indicated in Par. 8.8;

S_i is the Space assigned to the Shipper for the i^{th} service;

C_{p_e} is the unit capacity price for transport on the national pipeline network, relating to the assignments in the point of entry e of the national pipeline network, expressed in euro/year/cubic metre/day;

q_e = value specified by the storage company for the service in question for the current thermal year

C_{p_u} is the unit capacity price for transport on the national pipeline network, relating to the assignments in the point of exit u of the national pipeline network, expressed in euro/year/cubic metre/day;

q_u = value specified by the storage company for the service in question for the current thermal year

Cl_i is the Injection Performance assigned to the Shipper for the i^{th} service;

CE_i is the Withdrawal Performance assigned to the Shipper for the i^{th} service;

EE is the total cost of the electricity incurred by the Storage Company in the previous calendar year and published on the Website;

S_{totEE} is the total space assigned by the Storage Company excluding the space assigned for the operational balancing of the transport network;

VAT is the VAT rate to be applied to the invoices per Chapter 16 in force at the time of execution.

For the purposes of the assignment for the operational Balancing of the transport network in formula (1), the term EE shall be set to zero.

Limited to the assignment of the Modulation Service by competitive procedure, if the criteria per points a) and b) above are not met, the Requesting User, to cover the obligations deriving from the Assignment of the Service, shall cause one or more leading banks to 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 request” for an amount equal to:

$$Amount = \left((c_a + Cp_u \times q_u + Cp_e \times q_e) \times S_k + EE \times \frac{S_k}{S_{Tot}} \right) \times (100 + VAT)\% \times 33 \%$$

in which:

c_a = Assignment price [c€/kWh/a] per par. 8.8;

Cp_u = the unit capacity price for transport on the national pipeline network, relating to the assignments in the point of exit u of the national pipeline network, [€/a/Sm³/g].

q_u = value specified by the storage company for the service in question for the current thermal year [Sm³/g]

Cp_e = the unit capacity price for transport on the national pipeline network, relating to the assignments in the point of entry of the national pipeline network, [€/a/Sm³/g].

q_e = value specified by the storage company for the service in question for the current thermal year [Sm³/g]

EE = total cost of the electricity incurred by the Storage Company in the previous calendar year and published on the Website

S_k : Total space assigned to the k^{th} Shipper as a result of the auction procedure [kWh/a].

S_{Tot} : Total space assigned for the peak modulation service [kWh/a].

VAT = VAT rate when applicable

d) Without prejudice to the retention right per Article 17.4.1, to guarantee exact compliance with the obligations assumed by the Shipper, the gas owned by the Shipper and located in Storage is pledged as collateral, after execution of an agreement, upon execution of the contract for the performance of one of the storage services, providing for pledging said gas (hereafter “Guarantee Gas”) and the assignment of an appointment to Edison Stoccaggio for the sale on behalf of the shipper of all or part of the Guarantee Gas, in case of breach of the Shipper in accordance with Chapters 16 and 17 of the Storage Code 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 pledge in favour of Edison Stoccaggio S.p.A., the value of the Guarantee Gas under this paragraph shall be equal to a reference price amounting to 100% of the last value 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.

For all other Storage Services, the financial guarantees shall be provided upon execution of the Contract and they shall be requested according to the criteria per paragraph 5.2.1.1.1 and for an amount equal to 33% of the total price due for the performance of the service, only if the exposure deriving from the contractual commitments exceeds Euro 50,000 (fifty thousand). In this case, Execution of the contract shall be subordinated to the submission of the aforesaid 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 deriving from capacity assignment on a monthly, weekly and daily basis of the modulation service

Upon submitting the Request for Access to the competitive procedures for the assignment of capacity on a monthly and weekly basis, the Requesting User shall provide evidence of possession of 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 breaches of the Contract.

The assessment of the Requesting User'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 possess a credit rating, assigned by leading international bodies, with reference to medium-long term debt, of at least:
 - Baa2 if assigned by Moody's Investor Services; or,
 - BBB if assigned by Standard & Poor's Corporation.
 - BBB if assigned by Fitch Ratings

The Requesting User shall provide appropriate certification, issued by one of the aforementioned bodies, proving the assigned level of Rating, The Shipper that demonstrates possession of the "minimum rating" is obligated to notify Edison Stoccaggio of any changes that occurred in the meantime (of the "minimum rating" itself) no later than ten days after the aforesaid change. If this change causes the rating level to be lower than the "minimum rating", the Shipper is obligated to

provide the guarantee per letter b) below or, alternatively, the one per letter c) below, no later than thirty days after the aforesaid change. If the same Shipper does not fulfil its own payment obligations within the terms set by chapter 16 below, then that Shipper is obligated to provide the guarantee per letter b) below or, alternatively, the one per letter c) below, no later than ten days after the notification by Edison Stoccaggio about the failure to fulfil the aforesaid payment obligations.

If the Requesting User 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 User shall not be obligated to submit the aforesaid certification in the Request for Access to the competitive procedures for capacity assignment on a monthly or weekly basis ~~to the Shipper Balancing Service.~~

- b) If the criterion per point a) is met by the company that controls the Requesting User, or if the controlling party is a public agency, the Requesting User 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 request” by the Storage Company - to fulfil exactly and punctually the obligations deriving from the Assignment assumed by the Shipper to the Storage Company. The controlling party is obligated to notify Edison Stoccaggio of any changes that occurred of the “minimum rating” no later than ten days after the aforesaid change. If the rating of the controlling party of the Shipper has been reduced to below the “minimum rating”, the Shipper shall provide Edison Stoccaggio with the guarantee per letter c) below, no later than thirty days after the aforesaid change - for an amount at least equal to:

$$(1) \text{ Amount} = 0.5 \times ((P_{S,M,W,D,k} \times RS_{M,W,D,k} + \max(P_{I,M,W,D,k} \times RCI_{M,W,D,k,1\text{stsession}}; P_{I,M,W,D,k} \times RCI_{M,W,D,k,2\text{ndsession}})) + \max(P_{E,M,W,D,k} \times RCE_{M,W,D,k,1\text{stsession}}; P_{E,M,W,D,k} \times RCE_{M,W,D,k,2\text{ndsession}}))$$

Where:

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

$RS_{M,W,D,k}$ is the k^{th} request for Space in the competitive procedures for assignment on a monthly or weekly or daily basis;

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

$RCI_{M,W,D,k}$ is the k^{th} request for Injection Capacity in the competitive procedures for assignment on a monthly or weekly or daily basis;

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

$RCE_{M,W,D,k}$ is the k^{th} request for Injection Capacity in the competitive procedures for assignment on a monthly or weekly or daily basis.

- c) Lastly, if the criteria per points a) and b) above are not met, the Requesting User, to cover the obligations deriving from the Assignment, shall cause one or more leading banks to 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 request” for an amount equal at least to:

$$(2) \text{ Amount} = 0.5 \times ((P_{S,M,W,D,k} \text{ RS}_{M,W,D,k} + \max(P_{I,M,W,D,k} \times RCI_{M,W,D,k,1\text{stsession}}; P_{I,M,W,D,k} \times RCI_{M,W,D,k,2\text{ndsession}})) + \max(P_{E,M,W,D,k} \times RCE_{M,W,D,k,1\text{stsession}}; P_{E,M,W,D,k} \times RCE_{M,W,D,k,2\text{ndsession}})))$$

Where:

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

$RS_{M,W,D,k}$ is the k^{th} request for Space in the competitive procedures for assignment on a monthly or weekly or daily basis;

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

$RCI_{M,W,D,k}$ is the k^{th} request for Injection Capacity in the competitive procedures for assignment on a monthly or weekly or daily basis;

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

$RCE_{M,W,D,k}$ is the k^{th} request for Injection Capacity in the competitive procedures for assignment on a monthly or weekly or daily basis.

- d) Without prejudice to the retention right per Article 17.4.1, to guarantee exact compliance with the obligations assumed by the Shipper, the gas owned by the Shipper and located in Storage is pledged as collateral, after execution of an agreement, upon execution of the contract for the performance of one of the storage services, providing for pledging said gas (hereafter “Guarantee Gas”) and the assignment of an appointment to Edison Stoccaggio for the sale on behalf of the shipper of all or part of the Guarantee Gas, in case of breach of the

Shipper in accordance with Chapters 16 and 17 of the Storage Code 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 pledge in favour of Edison Stoccaggio S.p.A., the value of the Guarantee Gas under this paragraph shall be equal to a reference price amounting to 100% of the last value 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 submission of the Request for Access to the competitive procedures for capacity assignment on a monthly, weekly and daily basis until their return to the Requesting User by the Storage Company and at least until 31 December after the end of the Thermal Year to which the Request refers.

If the amount of the guarantee to be provided for participation in the procedures for assignment on any time basis is already covered by the guarantee provided previously as a result of the assignment on any time basis the Shipper is not obligated to provide any further guarantees.

On the contrary, the Shipper is obligated to present, concurrently with the Request for Access to the competitive procedures, an upgrade of the guarantee already presented previously if the new request is not covered by the guarantee provided previously. Said revision may pertain both to the amount and to 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.

5.2.1.1.4. Guarantees covering the obligations deriving from overnomination procedures

To be able to participate in the overnomination procedures per Par. 3.2.2.2, the Requesting User shall provide evidence of possession of 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 breaches of the Contract.

The assessment of the Requesting User'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 possess a credit rating, assigned by leading international bodies, with reference to medium-long term debt, of at least:
- Baa2 if assigned by Moody's Investor Services; or,
 - BBB if assigned by Standard & Poor's Corporation.
 - BBB if assigned by Fitch Ratings

The Requesting User shall provide appropriate certification, issued by one of the aforementioned bodies, proving the assigned level of Rating, The Shipper that demonstrates possession of the "minimum rating" is obligated to notify Edison Stoccaggio of any changes that occurred in the meantime (of the "minimum rating" itself) no later than ten days after the aforesaid change. If this change causes the rating level to be lower than the "minimum rating", the Shipper is obligated to provide the guarantee per letter b) below or, alternatively, the one per letter c) below, no later than thirty days after the aforesaid change. If the same Shipper does not fulfil its own payment obligations within the terms set by chapter 16 below, then that Shipper is obligated to provide the guarantee per letter b) below or, alternatively, the one per letter c) below, no later than ten days after the notification by Edison Stoccaggio about the failure to fulfil the aforesaid payment obligations.

If the Requesting User 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 User shall not be obligated to submit the aforesaid certification in the Request for Access to the overnomination procedures.

- b) If the criterion per point a) is met by the company that controls the Requesting User, or if the controlling party is a public agency, the Requesting User 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 request" by the Storage Company - to fulfil exactly and punctually the obligations deriving from the Assignment assumed by the Shipper to the Storage Company. The controlling party is obligated to notify Edison Stoccaggio of any changes that occurred of the "minimum rating" no later than ten days after the aforesaid change. If

the rating of the controlling party of the Shipper has been reduced to below the “minimum rating”, the Shipper is obligated to provide Edison Stoccaggio with the guarantee per letter c) below, no later than thirty days after the aforesaid change.

The amount shall be no lower than:

$$I_O = (p_{IO} * Cl_O + p_{EO} * CE_O) \times 0.5$$

where:

- p_{IO} and p_{EO} are the prices offered by the shipper respectively for the overnominated injection peak and the overnominated withdrawal peak, respectively $\geq 1/365 * c_I$ and $\geq 1/365 * c_E$, where c_I and c_E are the lowest values among the corresponding tariff prices of the storage companies;
 - Cl_O is the injection capacity assigned for day G with the overnomination mechanism;
 - CE_O is the withdrawal capacity assigned for day G with the overnomination mechanism.
- c) If the criteria per points a) and b) above are not met, the Requesting User, to cover the obligations deriving from the Assignment, shall cause one or more leading banks to 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 request” for an amount equal no lower than:

$$I_O = (p_{IO} * Cl_O + p_{EO} * CE_O) \times 0.5$$

where:

- p_{IO} and p_{EO} are the prices offered by the shipper respectively for the overnominated injection peak and the overnominated withdrawal peak, respectively $\geq 1/365 * c_I$ and $\geq 1/365 * c_E$, where c_I and c_E are the lowest values among the corresponding tariff prices of the storage companies;
 - Cl_O is the injection capacity assigned for day G with the overnomination mechanism;
 CE_O is the withdrawal capacity assigned for day G with the overnomination mechanism.
- d) Without prejudice to the retention right per Article 17.4.1, to guarantee exact compliance with the obligations assumed by the Shipper, the gas owned by the Shipper and located in Storage is pledged as collateral, after execution of an agreement, upon execution of the contract for the performance of one of the storage services, providing for pledging said gas (hereafter “Guarantee Gas”) and the assignment of an appointment to Edison Stoccaggio for the sale on behalf of the

shipper of all or part of the Guarantee Gas, in case of breach of the Shipper in accordance with Chapters 16 and 17 of the Storage Code 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 pledge in favour of Edison Stoccaggio S.p.A., the value of the Guarantee Gas under this paragraph shall be equal to a reference price amounting to 100% of the last value 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 they shall be used for the overnomination procedures until their return to the Requesting User by the Storage Company and at least until 31 December after the end of the Thermal Year to which the Request refers.

If the amount of the guarantee to be provided for participation in the overnomination procedures is already covered by the guarantee provided previously as a result of participation in the same procedures, the Shipper is not obligated to provided further guarantees.

On the contrary, the Shipper is obligated to present, concurrently with the Request for Access to the competitive procedures, an upgrade of the guarantee already presented previously if the new request is not covered by the guarantee provided previously. Said revision may pertain both to the amount and to 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.

5.2.2 Requirements for access to the Hydrocarbon Storage Service

For the purposes of access to the Hydrocarbon Storage Service, the Requesting User shall fill out the related Assignment Request and send it to Edison Stoccaggio S.p.A. as provided in paragraph 5.5 and attach a declaration in lieu of affidavit attesting the maximum quantities authorised by the MSE for the thermal year for which the Request for Access is being sent.

5.2.3 Requirements for access to the Operational Balancing Storage Service for transport companies

For the purposes of access to the operational balancing Storage Service for transport companies, the Requesting User shall be a transport company that manages part of the RNG.

5.2.4 Requirements for access to the Modulation Storage Service

For the purposes of access to the Modulation Service, the Requesting User shall meet the following requirements:

- certification of adoption of the network Code of the Major Transport Company with effect on the starting date of the storage Thermal Year;
- payment of all amounts, invoiced and past due at the date of the request, globally exceeding the value of the guarantees issued to cover the obligations deriving from contracts previously executed with the Storage Company;
- completed delivery, according to the procedures communicated before the start of the competitive assignment procedures, of the documentation attesting possession of the “minimum rating” covering the obligations deriving from the assignment as prescribed in paragraph 5.2.1.1.1, or of a letter of guarantee and/or bank guarantee and/or insurance policy to cover the obligations deriving from the assignment, whose amount shall be consistent with the provisions of the Storage Company and published on its Website before the start of the competitive assignment procedures.

The Requesting User shall fill out the related Request for Assignment in accordance with the provisions of AEEGSI measures and send it to the Storage Company according to the procedures communicated by it, through its own Website, before the start of the competitive assignment procedures and, insofar as it is applicable, by the provisions of paragraph 5.5. and attach a declaration in lieu of affidavit which attests the validity of the powers of representation in the assignment procedure.

5.2.5 Requirements for access to the competitive procedures for capacity assignment on a monthly, weekly and daily basis

To use the modulation service with capacity assignment on a monthly, weekly and daily basis, the Shipper must attest that it fulfils the requirements per par. 5.2.1.

Access to capacity assignment on a weekly and daily basis is reserved for capacity assignment on a monthly basis to Shippers who have adopted the Network Code of the major transportation Company and, for capacity

assignment on a weekly and/or daily basis, to the Shippers who already own storage capacity for the period for which access is requested.

The Users requesting access to the procedures in question shall fill out the related forms available on Escomas and at the Website of the Storage Company in case of malfunction of the Electronic System and send it to it as provided in paragraph 5.9.2, 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 year.

The Storage Contract is made available through Escomas to the Requesting User at the same time as communication of the results of the Assignment; the Storage Contract shall be signed by the Parties no later than 7 working days from communication of the results of the Assignment.

In the case, instead, of assignments of storage capacity in the course of the Thermal Year or for a shorter time of validity than a Thermal Year, the Contract must be signed by the Parties at least 1 day before the start of the service.

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 Contract early.

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 User who does not sign the Storage Contract or signs it within the aforesaid date with smaller capacity commitments than the capacities assigned according to the

procedure per paragraph 5.7 shall be charged a penalty of 25% of the value of the unsubscribed capacity commitments.

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 SERVICE WITH ASSIGNMENT ON AN ANNUAL AND INFRA-ANNUAL BASIS

Each Requesting User, after registering on the Electronic System as provided by Par. 4.3.1.1 if (s)he is not already a registered User, 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, the Request for Access to the modulation storage services for the following Thermal Year as specified in the aforesaid procedures;
- no later than 5 February of each year for the other mandatory services

The Request for Access shall be submitted in accordance with the procedures and times prescribed in paragraph 4A.2 of the Annex “Table of Times and Methods of Information Coordination” or, if not specified, in accordance with the assignment procedure published on the Website of the Storage Company before the start of the competitive assignment procedures.

To the Request for Access, the Requesting User must attach the documentation relating to fulfilment of all requirements for access per paragraph 5.2 of this chapter¹.

The Request for Access explicitly contains the commitment to sign the Storage Contract.

¹ The forms for the declaration per subparagraphs 5.2.1.1.1 and 5.2.1.1.2 and those for the declaration of validity of the powers of representation are available on Escomas and at the Website of the Storage Company, if the system is not available.

No later than 1 February of each year, or than another date if otherwise prescribed by AEEGSI on its own Website, the Storage Company publishes on its own Website and on Escomas, together with the available Capacities, the list of documentation the Requesting User must submit for the Request for Access, 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 Requests for Access 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 ASSIGNMENT ON AN ANNUAL AND INFRA-ANNUAL BASIS

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

- a) The requesting parties 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 bank 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 user has not provided the declaration attesting its adoption of the network Code of the major transport Company.

5.7 REQUEST FOR ACCESS TO THE MONTHLY MODULATION SERVICE WITH CAPACITY ASSIGNMENT ON A MONTHLY, WEEKLY AND DAILY BASIS

5.7.1 Request for access to the monthly, weekly and daily modulation capacity with competitive procedures

Each Requesting User, after registering on Escomas as provided by Par. 4.3.1.1 if it is not already a registered User, shall make available on the system and (only for the first time) send in original form to the Storage Company no later than:

- 2 pm of the next to last working day of the month, its Request for Access to the competitive procedures for capacity assignment on a monthly basis for the following month, according to the procedures prescribed in paragraph 4A.3.2.
- 4 pm of the next to last working day of the preceding week its own Request for Access to the competitive procedures for assignment on a weekly basis for the following week, according to the procedures prescribed in paragraph 4A.3.3.
- 8.30 pm of day G its own Request for Access to the competitive procedures - first session - for assignment on a daily basis for day G+1, according to the procedures prescribed in paragraph 4A.3.4.

In addition to the procedures for capacity assignment on a continuous basis, the Shipper can request to participate in the assignment of the interruptible Capacities in the second assignment session - per paragraph 5.9.2 below.

In addition to the Request for Access, the Requesting User 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 the competitive procedures for assignment on a monthly, weekly and daily basis, exceeding 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 User requires 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.

The Request for Access explicitly contains the commitment to sign the Contract for the modulation service.

Once the assignment procedure is completed, the Storage Company makes available through Escomas to interested Shippers the communication attesting the assignment of capacities per paragraph 5.9.2 below, and the new availabilities for the period of the assignment.

In the Request for Assignment for the Modulation Service on a monthly, weekly and daily basis, the Requesting User shall indicate the individual Capacities on a continuous basis it intends to acquire in the first assignment session - per paragraph 5.9.2 of this chapter - and the corresponding maximum purchase price.

In addition, the Requesting User can indicate whether it intends to participate in the assignment of the interruptible Capacities in the second assignment session - per paragraph 5.9.2 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.

The User Requesting access to the competitive procedures for assignment on a monthly, weekly and daily basis shall pay the Storage Company for the current Thermal Year an amount of €7,000.00 as the Service management charge.

This charge shall be paid only once for each Thermal Year and also if the requested capacities are not assigned.

The Contract for the Modulation Service with assignment on a monthly, weekly and daily basis shall be deemed executed with the aforesaid communication by the Storage Company. The date of the aforesaid communication represents the date of execution of the Contract.

In any case, the Contract shall be effective from the first day of the month or of the week or of the day to which the Request refers.

5.7.2 Request to access the overnomination Procedures

Each User of a storage contract, after registering on Escomas, shall make available on the system for the first time and send in original form to the Storage Company no later than:

- 11 am of day G preceding the first day of the period for which it intends to participate in the overnomination procedures, acceptance of the procedures, for the assignment on a daily basis of interruptible injection and withdrawal capacity per par. 3.2.2.2.

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 at the Storage Capacities, expressed in energy (kWh), in terms of Space (S), of Injection Flow Rate (CI) and of 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 AEEGSI, the assignment pertains to a product relating to the Modulation Service with injection of quantities of gas equivalent to the capacity assigned from 1 April 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 only for the month of April (monthly product).

The Storage Company assigns the aforesaid Storage Capacities no later than the date indicated in the procedure 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 AEEGSI, 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.

Parties requesting any assignment of Storage Capacity must first register on the Electronic System of the Storage Company as prescribed by par. 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 Users according to the criteria described in the following paragraphs of this chapter.

5.8.2.1. Hydrocarbon Storage Service

The Storage Company determines the assignable capacities for the Hydrocarbon Storage Service in the following way:

- a. Assignable Space $SC_{M,k}$ equal to the value $RS_{M,k}$ indicated in the assignment request. If the Requesting User has requested the service with assignment priority on the system of the Major Storage Company, then the assignable value of space will be equal to $RS_{M,k}$ net of the quantity assigned by the Major Storage Company.
- b. Assignable Injection flow rate $CIC_{M,k}$ equal to $SC_{M,k}/170$

- c. Assignable Withdrawal flow rate $CEC_{M,k}$ (divided into the two components ($CEC_{Mbase,k}$ and $CEC_{Mbackup,k}$) equal to the value indicated in the Request for Access, after the verification that $CEC_{Mbase,k} = SC_{M,k}/120$ and the consistency with the flow rate values authorised by the MSE.

If the total Space requested is greater than S_M , the Storage Company shall proceed, in accordance with paragraph 2.4.3.3 of the chapter “description of the facilities and of their operation”, to recalculate the space S available for the services, taking into account the total requests received for the Hydrocarbon Storage Service.

If it is impossible to determine a value of S_M that satisfies the requests, the Storage Company will publish the new capacities available on its own Website and shall assign to each Requesting User a space $S_{M,k}$, obtained by allocating S_M pro-rate with respect to the requests $RS_{M,k}$.

5.8.2.2. Operational balancing service for transport companies

The Storage Company determines the assignable capacities and assigns the Space S_{BIL} , CE_{BIL} , CI_{BIL} for the operational Balancing Service of the transport companies, in the quantities indicated in the Request for Access.

5.8.2.3. Modulation Service

The assignment of the capacities for the Modulation service, to requesting users meeting the requirements per Par. 5.2, is carried out according to competitive assignment procedures in accordance with the AEEGSI measures for the thermal year in question and with the procedure for the submission of the requests to purchase capacity, published on the Website of the Storage Company before the aforesaid competitive assignment procedures are started.

The assignment pertains to 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 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 only for the month following the month of assignment (monthly product).

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

In accordance with the provisions of the Ministerial Decree in force for the thermal year of the assignment, the first auction (seasonal products with injection capacity starting from 1 April), is carried out by Edison Stocaggio.

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 AEEGSI measures in force for the thermal year.

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 or, when otherwise specified, by the related assignment procedure. The price on the basis of which the amount of the guarantees to be provided for participation in the competitive procedures 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.

Auctions are carried out accepting, in compliance with the conditions set by the Ministerial Decree in force for the thermal year of the assignment, the purchase bids whose bid price is no lower than the reserve price per the AEEGSI resolution valid for the thermal year in question, according to the operating procedures indicated by the AEEGSI.

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 AEEGSI.

The Storage Company communicates to the requesting users 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 own 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 own 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 CIMOD and the Withdrawal Flow Rate CEMOD proportionately to the assigned space.

5.8.3 . Assignment of unconfirmed capacity

Each Requesting User must confirm, no later than 7 working days from the date on which the Company makes available the Storage Contract through Escomas, the Storage Capacity commitments it intends to sign, within the limits of the corresponding assigned capacities. The confirmation must be delivered in accordance with the procedures prescribed in paragraph 4A.2 of the Annex “Table of Times and Methods of Information Coordination” or, when otherwise specified, in accordance with the procedure published on the Website of the Storage Company before the start of the competitive assignment procedures.

A User who does not execute the Storage Contract or executes the Contract with lower capacity commitments than the assigned capacities 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 Purchase Request.

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 in the month of March, publishing said capacities according to the procedures defined in the subsequent subparagraphs and the times indicated in the schedule of auctions published on its own Website.

5.9.1 Modulation Service with assignment of capacity on an infra-annual basis

The assignment of the capacities for the Modulation service, to requesting users meeting the requirements per Par. 5.2, is carried out according to competitive auction assignment procedures carried out on a monthly basis in accordance with the AEEGSI resolution in force for the thermal year in question and with the procedure for the submission of the requests to purchase capacity, published on the Website of the Storage Company before the aforesaid competitive auctions are started.

In each month of the April-September period, the assignment pertains to 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 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 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 Website of the Storage Company before their start.

The procedures for carrying out the competitive auction procedures described in Par. 5.8.2.4 still apply with the exception of the mechanism for forming the assignment price of the assigned capacities.

In accordance with the provisions of the AEEGSI 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 AEEGSI.

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 users 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 own Website the capacities assigned in each auction.

5.9.2 Modulation Service with assignment on a monthly, weekly and daily basis

The Storage Company provides, through competitive procedures, for the assignment on a monthly, weekly and daily basis of the space, withdrawal and injection capacities according to procedures described below and the time lines indicated in paragraphs 4A.3.2, 4A.3.3 and 4A.3.4.

The procedures for selling and assigning the aforesaid storage capacities and subject to the provisions of par. 5.7.1, they take place according to two distinct sessions:

a) Continuous capacity on a monthly and weekly basis

In the competitive procedure - first session - for assignment on a monthly and weekly basis of continuous capacities, the storage company enters any offer for the sale of primary capacity and the corresponding sale price in accordance with Resolution 193/2016/R/gas.

Shippers enter, for each type of secondary capacity (space, injection capacity, withdrawal capacity) the sale offers and their price.

At the opening of the session according to timelines per par. 4A.3.2, 4A.3.3 the Shippers enter, for each type of product (space, injection capacity, withdrawal capacity), up to three bids to purchase capacity on a continuous basis, with the corresponding purchase price and the bids pertaining to secondary Capacity they intend to sell, with the corresponding sale price. The Storage Company sorts the bids according to their economic merit.

For the purposes of determining the outcome of the assignment procedures, the bids are combined, sorting the sale offers by non-descending price starting with those with the lowest price and the purchase bids by non-ascending price starting from the one with the highest price, in order to maximise the net value of the transactions completed as a result 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 capacity on a daily basis

In the competitive procedure for the assignment of continuous capacity on a daily basis, the Storage Company enters, in addition to the primary capacity bid, the sale offers submitted by the Shippers relating to secondary capacity, and any accepted “reduction” bids relating to the “in advance” capacities submitted by the Shippers, as described below.

The primary capacity sale offer price is equal to the value prescribed by Resolution 193/2016/R/gas.

At the opening of the session according to timelines per par. 4A.3.4 the Shippers enter, for each type of product (space, injection capacity, withdrawal capacity), up to three bids to purchase capacity on a continuous basis, with the corresponding purchase price; for each type of product (injection capacity, withdrawal capacity) the offers relating to the secondary Capacity they intend to sell, with the corresponding sale price; the offer to sell capacity for the purposes of the reduction of the withdrawal capacity in the replenishment period following the period of utilisation of the “in advance” capacity, with the indication of the sale price and of the day of the aforesaid period to which the reduction refers.

With reference to “in advance” withdrawal capacities, the Storage company:

- a) determines the maximum performance that can be made available “in advance”;
- b) determines the period and the reduction constraints of the performance, necessary for advancing the performance sub a);
- c) collects from the shippers the capacity sale offers for performance reduction purposes;
- d) identifies the offers sub c) compatible with the performance constraints under b) and selects them on the basis of the order of economic merit up to a quantity corresponding to the maximum value of the performance sub a);
- e) for each offer selected in accordance with letter d) above, formulates a corresponding offer of “in advance” capacity having equal price;
- f) following the assignment session, identifies and remunerates the offers per letter c) accepted in accordance with the provisions of this paragraph.

The Storage Company may provide the introduction of a cost function, additional to the prices of the reduction offers of the Shippers per letter c) above, such as to assure that the value of the “in advance” capacity reflects the risk, including the prospective risk, connected to its use, and hence connected to the performance at the subsequent time. This cost function is constant or growing according to the time interval between the moment when the “in advance” capacity is made available and the day to which the performance reduction offer is referred.

The cost function shall be made available sufficiently in advance on the Website according to its period of application and subject to approval by the AEEGSI:

Following the submission of “in advance” capacity bids, the corresponding sale offers relating to the performance reduction per letter c) are accepted, that are compatible with the reduction constraints indicated by the Storage Company. These bids are remunerated at the assignment price, net of any cost function.

For the purposes of determining the outcome of the assignment procedures, the bids are combined, sorting the sale offers by non-descending price starting with those with the lowest price and the purchase bids by non-ascending price starting from the one with the highest price, in order to maximise the net value of the transactions completed as a result 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.

Offers submitted by Shippers who 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 per this paragraph is equal to the difference between the total value of the purchase bids and the total value of the sale offers, determined as the product of the respective prices times the respective quantity.

c) Interruptible capacities 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 - the Shippers, for the portion of Capacity that was unmet in the first session, indicated by the storage company, and within the limits of the total contractual capacity of the storage system, enter the purchase bids relating to the interruptible withdrawal or injection capacity they intend 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 sale offer price of the interruptible capacities by the Storage company is equal to 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 and 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 ascending order according to the bid price.

The assignment price of the session ($Ca_{I,int}$ o $Ca_{E,int}$) 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 to the Shippers to which interruptible capacity has been assigned the assignment prices determined in the competitive procedures - second session, according to the following formula:

$$I_{PII} = n_{GCI} * (Ca_{I,int}) * PII_I + n_{GCE} * (Ca_{E,int}) * PII_E$$

Where:

- PII_I is the interruptible injection peak performance assigned in the days G;
- PII_E is the interruptible withdrawal peak performance assigned in the days G;
- $Ca_{I,int}$ e $Ca_{E,int}$ are the assignment prices determined in the competitive procedures of the interruptible capacities (second session);
- n_{GCI} is the number of assignment days of the interruptible injection peak;
- n_{GCE} is the number of assignment days of the interruptible withdrawal peak.

d) *Communication of the outcomes of the competitive procedures*

The Storage Company makes available to each shipper via Escomas no later than 30 minutes after the closure of each auction procedure, the outcomes of the auction in terms of Storage Capacities offered and assigned as well as the related assignment prices.

No later than the day following the conclusion of the competitive procedure, the Storage Company communicates to the Authority the detailed results and publishes on its own Website the aggregate results of the assignment procedure.

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 5.9.1.

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 an interruptible withdrawal peak according to the procedures per paragraph 5.9.2.

5.10 AGREEMENT TO PLEDGE COLLATERAL ON GAS IN STORAGE

(on the Shipper's letterhead)

AGREEMENT TO PLEDGE COLLATERAL ON GAS IN STORAGE

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

SUBJECT: AGREEMENT TO PLEDGE COLLATERAL

[COMPANY NAME], with its registered office in _____, share capital _____ fully paid in, Taxpayer ID Number and VAT Number _____, R.E.A. (economic and administrative register) _____ 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 own 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 Users 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 the pledge, in favour of Edison Stoccaggio, of the gas owned by the Shipper that is physically present in storage as collateral to guarantee the obligations undertaken with the CONTRACT (“Gas as Collateral”) 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 as collateral according to the procedures and within the terms indicated in Chapter 16.4.4 of the Storage Code.

For this purposes, the SHIPPER, aware that the Gas pledged as Collateral, 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 Guarantee come true, as established by the Storage Code, may:

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

In case of partial enforcement, the residual Gas pledged as Collateral will revert to be the property of the SHIPPER.

Date and place

SEAL AND SIGNATURE