

CHAPTER 8**BALANCING AND REPLENISHMENT OF THE STORAGE SITES**

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8.1 FOREWORD

The chapter describes the procedures whereby the Storage Company determines the positions of each Storage Shipper in line with the balancing system prescribed by the resolutions and by agreements with the other operators.

In particular, under the balancing system in force the Users of the Transport Network are allocated on the storage systems the sum of the scheduled gas quantities (injected or withdrawn over the totality of the storage Hubs of the Italian system) taking into account internal consumption, and the quantities of gas sold or bought in the balancing session prescribed by Resolution ARG/Gas 45/11 as amended (defined as SCS: the difference, for a Gas-Day G, between the total energy scheduled at the inlet and outlet points interconnected with the storage sites on the basis of the reservations per paragraph 15.3 of Resolution no. 137/02 and the energy measured at the same points. The Storage Company allocates to Shippers the quantities scheduled for injection or withdrawal by each individual Shipper on its own Hubs, taking into account the pertinent share of internal consumption, increased and/or reduced by the quantities of gas sold and/or purchased in the balancing session by the Shipper and pertaining to the Hub of the Storage Company. These quantities are determined on the basis of an operating procedure agreed by the involved operators (storage companies, RNG transport companies, GME).

Although Edison Stocaggio S.p.A. made preparations for the balancing market to be started on 1 December 2011, while awaiting the conclusion of the operational agreements with the Company in Charge of the Balancing, instrumental for the full implementation of the provisions of Resolution ARG/Gas 45/2011, it agreed to adopt a simplified mechanism for the start of the market in the period from 1 December 2011 to 31 March 2012. Starting on 1 April 2012 or as soon as the agreements with the involved operators are concluded, the natural gas balancing service will be fully applied through the use of the resources available at the hub of Edison Stocaggio S.p.A.

For the purposes of the correct management of the system, the Storage Company shall exercise its system maintaining the safety of the system and with a coordinated, integrated operation of all its facilities. For this purpose, through its own dispatching, the Storage Company continuously monitors the parameters of the System and ensures the correct planning, safety and efficiency of the System.

The Shipper instead shall comply with the operating schedules per chapter 6 and with the balancing of the quantities injected and withdrawn from the System, taking into account any attributed consumption.

If a Shipper withdraws gas in excess relative to the gas held in storage, the Storage Company shall consider it as Gas withdrawn from the strategic reserve. The gas allocation procedures described below determine that withdrawal beyond the gas held in storage may take place only in the case of the modulation service.

The chapter therefore describes the procedures for allocating the quantities of gas moved daily at the Hub of the Storage Company, the methods for calculating the stocks at the end of each day, the allowed operations for compensating the positions and any balancing costs applied by the Storage Company and prescribed by the Resolution in order to incentivise the correct use of the purchased service on the part of the Shipper.

8.2 ALLOCATIONS

The Storage Company defines the Allocations, on the basis of the measurements of the total flows into and out of the Storage System and of the information received from the Major Transport Company in accordance with the procedure in force published on the Website of the Storage Company, apportioning them according to the criteria indicated below.

For each Gas-Day G, the equation pertaining to the Storage System is as follows:

$$M = |\Delta G| + AC \text{ if the flow is injected}$$

$$M = |\Delta G| - AC \text{ if the flow is withdrawn}$$

a) Daily measurement of the Gas flows from/to storage

The term M represents the measurement of the Gas flows to (or from) the Storage System obtained as the sum of the quantities injected (or withdrawn) by the Shippers into (or out of) the Storage System, at the virtual interconnection point corresponding to the storage hub.

b) Daily change in stored gas

The term $|\Delta G|$ represents the absolute value of the change in stored Gas, given by the difference between the total availability of the Gas present in the System referred to two successive Days.

c) Internal Consumption

The term AC represents the measurement of the Gas necessary for the operation of the treatment plants and for internal plant utilisation (internal consumption) and it is calculated as the sum of the values, in energy, of the internal consumption measured at each storage site; each value is obtained by multiplying the volume of gas attributed to internal consumption times the corresponding average daily PCS.

Edison Stoccaggio S.p.A calculates, for each site and at the aggregate level, the energy moved from/to the Storage System and transmits, for each Gas-Day G, to Snam Rete Gas the total measurement in kWh (term M) in order to enable Snam Rete Gas to close out the balance of the RNT and to determine the Overall System Imbalance (SCS) given by the difference between the aforesaid term M and the total Reformulations communicated to Edison Stoccaggio S.p.A. and as confirmed by the latter in accordance with Paragraphs 6.6.4 and 6.6.5.

8.2.1 Accounting for the gas moved from/to the Storage System by the Shipper

Edison Stoccaggio S.p.A., determines on a daily basis, for each Shipper, the term S_k (Allocation of the k^{th} Shipper on Gas-Day G at the virtual interconnection point corresponding to the storage hub) as the sum of:

$$S_k = SN_k + SM_k$$

where:

SN_k represents the quantity scheduled by the Shipper and confirmed by Edison Stoccaggio S.p.A. in accordance with Paragraphs 6.6.4 and 6.6.5;

SM_k is the value pertaining to Edison Stoccaggio S.p.A. of the quantities selected within the PB-GAS Platform for the purposes of covering the Total System Imbalance, as communicated by the Company in Charge of Balancing.

For the User of the Balancing Service for Transport Companies, this term is equal to zero.

8.2.1.1 Gas Accounting for the Shipper to whom Storage Capacity was assigned for only one of the Storage Services per this Code

For each Gas-Day G, Edison Stoccaggio S.p.A calculates the quantity of Gas held by each Shipper in the Storage System (G_k), starting from the quantity recorded for the previous Gas Day ($G-1_k$), according to the following equations as a function of the Prevalent Flow (FP_i) of the system as defined in Paragraph 6.6.6:

$$S_k + ST_k - AC_k = G_k - G-1_k \quad (1)$$

if FP_i coincides with the direction of the Injection phase

$$S_k + ST_k + AC_k = G_k - G-1_k \quad (2)$$

if FP_i coincides with the direction of the Withdrawal phase

where:

ST_k represents the total Gas exchanged with effect in Gas-Day G by the k-th Shipper (the term is positive if the k-th Shipper buys, negative if it sells),

AC_k represents the quantity of internal consumption charged to the k-th Shipper and calculated in accordance with Paragraph 8.3.

Until 31 March 2013, equation (1) shall be applied in case of reverse flow with respect to the withdrawal phase and equation (2) shall be applied for in-flow movements during the withdrawal phase.

8.2.1.2 Gas Accounting for the Shipper to whom Storage Capacity was assigned for both the Modulation Storage Service and for the Hydrocarbon Storage Service

If the kth Shipper has capacities assigned both for the Hydrocarbon Storage Service and for the Modulation Service, Edison Stoccaggio S.p.A. shall calculate distinct stocks, according to the formula per paragraph 8.2.1.1 above. The change in stock relating to the Hydrocarbon Storage Service (ΔG_{SMin}) and the consequent stock relating to the Modulation Service are regulated according to the provisions set out below.

Injection

$\Delta G_{SMin} = Cl_{k,Min}$ if the term S_k (per this paragraph 8.2.1) has injection above $Cl_{k,Min}$; in this case, the difference between S_k and $Cl_{k,Min}$ shall be allocated to the Modulation Service;

$\Delta G_{SMin} = S_k$ if the term S_k (per this paragraph 8.2.1) has injection above $CI_{k,Min}$;

ΔG_{SMin} will be equal to zero if the Space assigned for the Service is reached

Withdrawal

$\Delta G_{SMin} = CE_{k,Min}$ if the term S_k (per this paragraph 8.2.1) has Withdrawal above $CE_{k,Min}$; in this case, the difference between S_k and $CE_{k,Min}$ shall be allocated to the Modulation Service;

$\Delta G_{SMin} = S_k$ if the term S_k (per this paragraph 8.2.1) has Withdrawal below $CE_{k,Min}$;

ΔG_{SMin} will be equal to zero if the quantities of Gas available for the Service are exhausted; in this case, the term S_k will be entirely allocated to the Modulation Service.

The $CE_{k,Min}$ is deemed to include also the capacity assigned for back-up only in the cases prescribed by Article 2, Paragraph 2, Letter d) of the MSE Decree of 9 May 2001 and if it is supported by adequate certification by the Shipper, until the exhaustion of the Gas available for the Hydrocarbon Storage Service.

Moreover, in the case according to this paragraph, the Injection and Withdrawal consumption is attributed - for the purposes of determining stocks - proportionately to the Hydrocarbon Storage Service and to the Modulation Service as a result of the application of the previous apportionment in relation to the quantities of Gas allocated to the Shipper on a given Gas-Day G.

8.2.1.3 Gas Accounting for the Shipper to whom Storage Capacity was assigned for the Shipper Balancing Service

If the Shipper was assigned capacity for the Shipper Balancing Service and for one or more Storage Services per this Code (Hydrocarbon Storage and/or Modulation), to the Shipper Balancing Service will be allocated the residual allocation portion with respect to the quantities allocated for the Hydrocarbon Storage and Modulation Services and up to the available capacities for these Services

8.2.1.4 Guarantee storage gas in favour of the Company in Charge of Balancing

Starting from Thermal Year 2013-2014 and if an Authorised Shipper exercises the right per Article 11.6, Resolution ARG/gas/45/11, the Company in Charge of Balancing and the Storage Company will coordinate in order to verify the actual stock of the quantity of Gas proposed by the Authorised Shipper as a guarantee (“Guarantee Gas”).

The Authorised Shipper who has asked the Company in Charge of Balancing to exercise the right per Article 11.6, Resolution ARG/gas/45/11 or access to the functionalities to increase or decrease the Guarantee Gas as prescribed by the Network Code of the Major Transport Company and has requested the establishment of a quantity of Guarantee Gas consisting of a portion of its own gas situated in the Storage System or an increase or decrease of said quantity shall submit to Edison Stoccaggio S.p.A., sending it in advance via fax, communication of the request or of the change in compliance with the time lines provided for this purpose by the Network Code of the Major Transport Company for the evaluation of acceptability of the Storage Company.

Edison Stoccaggio S.p.A will assess each request pertaining to the Guarantee Gas, verifying that there are no objectively critical situations prejudicing:

- the correct functionality of the Storage System, deriving from the constraint of the quantity of Guarantee Gas of the request
- the consistency between the amounts invoiced for the storage services assigned to the Shipper and not collected at the date of the request (invoices issued, received, any credit notes, including VAT) and the value of the guarantee issued to cover the obligations deriving from the contracts of the assigned storage services.

If one of the above conditions is met, Edison Stoccaggio S.p.A. shall notify, within one working day, the Company in Charge of Balancing and the Shipper that the Request is unacceptable, indicating any value of Guarantee Gas that may be deemed acceptable as a result of a new request.

In this regard, in case of critical issues deriving from the inconsistency between invoiced amounts and guarantees issued to cover contractual obligations, Edison Stoccaggio S.p.A. shall consider unavailable for every request of every Shipper any portion of gas in storage, valued at a reference price equal to 100% of the last value of the component per Article 6 of the TIVG approved with Resolution ARG/GAS 64/09 as

amended, necessary to reduce to zero the differential between the guarantees issued and the amounts invoiced and not collected as established by Article 16.4.4.

Instead, in the case of critical issues resulting from the correct functionality of the Storage System, Edison Stoccaggio shall deem unavailable, for every request of every Shipper, the share of gas obtained by applying to the total value deemed unavailable a pro-rata criterion with respect to all requests received.

The quantity of Guarantee Gas accepted by the Storage Company is declared pledged and unavailable by the Shipper and may not be used by the Shipper as from the date of acceptance of the proposed Agreement as prescribed by the Network Code of the Major Transport Company and throughout the validity of the Agreement. The quantity of Guarantee Gas, moreover, starting from the working day after the execution of the aforesaid Agreement, shall be deducted from the calculation of the maximum quantities for the sale bids per paragraph 8.8 below and shall be considered within the scope of the daily scheduling and reformulation processes per paragraph 6.6 above, after verification that the requested quantity is available to the Authorised Shipper.

In any case, Edison Stoccaggio S.p.A. shall report to the Company in Charge of Balancing the Shippers subject to the communication per Article 16.4.4 and the related quantities of gas that have become unavailable and unusable as Guarantee Gas. In addition, Edison Stoccaggio S.p.A. shall report to the Company in Charge of Balancing the Shippers who have not renewed the Storage Contract for at least one service and to each Shipper the quantity of Guarantee Gas that may not be utilised after the deadlines prescribed by Article 8.5 of this Code.

Equally, the Shipper undertakes not to stipulate any agreement and/or to terminate existing agreements with third parties relating to the Guarantee Gas with longer terms than the validity of the existing Contracts with the Storage Company.

Edison Stoccaggio S.p.A. shall include all gas quantities pledged as collateral in favour of the Company in Charge of Balancing or of the storage company itself in calculating the Shipper's Gas availability for:

- i) verifying compliance with the Injection and Withdrawal profiles and the consequent application of the balancing costs;
- ii) calculating the available Injection and Withdrawal Capacities;
- iii) applying the price equal to 2xCVS in the prescribed cases;
- iiii) applying the provisions of Article 15.14 of Resolution no. 119/05 and of Paragraph 5.4 of this Storage Code.

In the communications per this paragraph, the Authorised Shipper is also obligated to indicate the quantities of Guarantee Gas distinguished by type of Storage Service.

8.3 PROCEDURE FOR ATTRIBUTING INTERNAL CONSUMPTION IN THE INJECTION AND WITHDRAWAL PHASE

8.3.1 Foreword

Gas consumption relating to the treatment plants and for internal use within the plant for each Gas-Day G (internal consumption) shall be apportioned among all the Users of the Hydrocarbon Storage, Modulation and Shipper Balancing Services in accordance with the provisions of the present procedure.

8.3.2 Apportionment of Internal Consumption

The following is defined:

$$AC_{\%} = \frac{\sum_i AC_i}{\left| \sum_k S_k \right|}$$

Where:

AC_i = value in kWh of the Gas necessary for the operation of the treatment plants and for internal plant utilisation (internal consumption) reported for Gas-Day G measured at the i-th storage site; each value is obtained by multiplying the volume of gas measured for internal consumption times the corresponding average daily PCS.

S_k = value of the Allocation of the k-th User of the Hydrocarbon Storage, Modulation and Shipper Balancing Service on Gas-Day G at the virtual interconnection point corresponding to the storage hub. The values of S_k , are understood to be positive if they concur with FP_i and negative if they do not concur. Until 31 March 2013, the values of S_k , are understood to be positive if they are consistent with the measured physical flow and deemed equal to zero for the purposes of the application of the above formula in the other cases.

The Storage Company allocates internal consumption of gas to cover the technical consumption for the operation of the treatment plants and for

internal plant use in proportion to the total volume allocated to the Shipper according to the following criteria;

- a) The Shipper who moved gas at the storage site in the same direction as FP_i shall be attributed an internal consumption AC_k equal to the percentage of $AC_{\%}$ relating to the direction of FP_i applied to the quantity of gas moved;
- b) The Shipper who moved gas at the storage site in the opposite direction to FP_i shall be attributed a quantity AC_k of stored gas equal to the percentage of $AC_{\%}$ relating to the direction of FP_i applied to the quantity of gas moved.

The internal consumption of gas AC_U allocated to the u^{th} Shipper on day g shall be:

$$AC_k = S_k \times AC_{\%}$$

Until 31 March 2013, only letter a) shall be applied to Shippers who moved gas consistently with the physical flow of the System and letter b) shall not be applied.

8.3.3 Daily allocations

The Storage Company communicates no later than 11.30 am of each day to the Users of the service, in accordance with the procedures prescribed in Paragraph 4A.6 of the Annex “Times and Methods of Information Coordination”, the total quantities of Gas, expressed in kWh, taking into account the pertinent internal consumption, moved on the System on the previous day.

Based on each Shipper’s reservations and the data available up to that time, the Storage Company determines the Shipper’s position in storage.

The Storage Company keeps a record of the gas moved daily for each Shipper, which it makes available to the Shipper, no later than 3 working days from the date of receipt of the request, containing the following information expressed in kWh:

- a) Stock at the Start of the Thermal Year;
- b) Stock at the end of the injection cycle;
- c) Stock at the end of the month preceding the month of the request;
- d) Daily amount withdrawn allocated in definitive form;
- e) Daily amount injected allocated in definitive form;

- f) Daily amount moved until the day prior to the day of receipt of the request;
- g) Any other information necessary for the reconstruction of the stock such as exchanges/sales/transfers;
- h) Internal Consumption.

The request shall be delivered to the Storage Company according to the procedures defined in Paragraph 4A.6 of the Annex “Time and Methods of Information Coordination”.

8.4 BALANCING COSTS

To assure compliance with the stock profiles in use of the storage, the Storage Company applies, as prescribed in Resolution 119/05 as amended by Resolutions 49/2015/R/Gas and 77/2016/R/Gas, the balancing costs listed below.

8.4.1 Minimum Injection Stock

If, according to the Allocations, at the end of the month M, the Shipper’s G_{Uig} stock, calculated in accordance with Paragraph 8.2 of this chapter, is lower than the minimum stock defined by the utilisation profiles per the chapter “Description of the storage facilities and of their operation”, the shipper may purchase quantities of gas through a sale of gas in accordance with paragraph 7.4 of the chapter “Capacity and gas transactions”, no later than fifteen days from the date of receipt of the data about its position, with any measurement errors corrected.

If the Shipper does not undertake the aforesaid action in such a way as fully to offset the measured difference, then to the difference, if positive, between the stock of the Shipper G_{UIM} , corrected to take into account the partial sales, and the aforesaid minimum stock shall be applied a price equal to 0.4 times the higher amount between the price c_A^1 and the unit space price c_s , with the value of c_s equal to the lowest of the specific company prices c_s , approved by the Authority, according to the following formula:

$$(G_{U_i,m} - S_{ik} * G_{min,m\%} + CG_U) * 0.4 * \max(c_A; c_s)$$

where

CG_U represents the value of the sale carried out by the Shipper;

¹ assignment price determined in the marginal price auction for the assignment of capacity for the peak service with seasonal injection

$G_{Ui,m}$ represents the stock allocated at the end of month M to the Shipper;
 $S_{ik} * G_{min,m\%}$ is the minimum stock of month M deriving from the application of the utilisation profile of the capacities related to products with seasonal injection assigned at the start of the Thermal Year.

With regard, instead, to products with seasonal injection assigned after the start of the Thermal Year, which begin in month M, instead of the term $G_{min\%}$ the following ratio, published on the Website of the Storage Company, is applied:

$$G_{min,m\% \text{ infr}} = \frac{G_{min,m\%} - G_{min,m-1\%}}{G_{max,october\%} - G_{min,m-1\%}}$$

To the capacities related to monthly products that begin on month M, the term $G_{min,m\%}$ is set equal to 1 from month M until the last month of the injection phase.

For Shippers to whom Modulation Storage Capacity was allocated for multiple seasonal or monthly products, the stocks considered are those determined as the sum of the stocks calculated on the basis of the terms $G_{min,m\%}$, $G_{max,m\%}$, $G_{min,m\% \text{ infr}}$, $G_{max,m\% \text{ infr}}$, as published on the Website of the Storage Company.

8.4.2 Maximum Injection Stock

If, according to the Allocations, at the end of the month M, the Shipper's G_{Uig} stock, calculated in accordance with Paragraph 8.2 of this chapter, is higher than the maximum stock defined by the utilisation profiles per the chapter "Description of the storage facilities and of their operation", the Shipper may sell the excess quantities of gas through a sale of gas in accordance with paragraph 7.4 of the chapter "Capacity and gas transactions", no later than fifteen days from the date of receipt of the data about its position, with any measurement errors corrected.

If the Shipper does not undertake the aforesaid action in such a way as fully to offset the measured difference and if, at the end of each month of the injection phase, the total stock of stored gas is greater than the one identified with reference to all users' utilisation profiles, then to the difference, if positive, between the aforesaid maximum stock and the stock of the Shipper G_{UIM} , corrected to take into account the partial sales, shall be applied a price equal to 0.2 times the higher amount between the price

c_A^2 and the unit space price c_s equal to the lower of the specific company prices c_s , approved by the Authority, according to the following formula:

$$(S_{ik} * G_{\max\%} - G_{Uim} - CG_U) * 0.2 * \max(c_A; c_s)$$

where

CG_U represents the value of the sale carried out by the Shipper

G_{Uim} represents the stock allocated at the end of month M to the Shipper

$S_{ik} * G_{\max, m\%}$ is the maximum stock of month M deriving from the application of the utilisation profile of the capacities related to products with seasonal injection assigned at the start of the Thermal Year.

With regard, instead, to products with seasonal injection assigned after the start of the Thermal Year, which begin in month M, instead of the term $G_{\min\%}$ the following ratio, published on the Website of the Storage Company, is applied:

$$G_{\max, m\% \text{ infr}} = \frac{G_{\max, m\%} - G_{\min, m-1\%}}{G_{\max, \text{october}\%} - G_{\min, m-1\%}}$$

To the capacities related to monthly products that begin on month M, the term $G_{\max, m\%}$ is set equal to 1 from month M until the last month of the injection phase.

For Shippers to whom Modulation Storage Capacity was allocated for multiple seasonal or monthly products, the stocks considered are those determined as the sum of the stocks calculated on the basis of the terms $G_{\min, m\%}$, $G_{\max, m\%}$, $G_{\min, m\% \text{ infr}}$, $G_{\max, m\% \text{ infr}}$, as published on the Website of the Storage Company.

8.4.3 Use of Gas for Strategic Storage purposes with authorisation by the MSE

In cases of authorisation to the use of strategic gas in accordance with current regulations, Edison Stoccaggio S.p.A. makes available the Strategic Gas owned to the Shipper who requests it, after the Shipper submits the documentation relating to obtainment of the authorisation to use additional storage capacity received by the MSE, and presents an adequate “autonomous, irrevocable and first-demand” bank guarantee issued by leading banks with a rating of at least BBB+ Standard & Poor’s or Baa1 Moody’s Investor Service, to cover the amount due for the

² assignment price determined in the marginal price auction for the assignment of capacity for the peak service with seasonal injection

acquisition of the strategic gas and valued according to a price established by the authority for the period of the authorisation. As an alternative to the presentation of the bank guarantee, the previously authorised Shipper may decide to pay in advance the Strategic Gas made available by Edison Stocaggio S.p.A.

For this purpose, Edison Stocaggio S.p.A makes available on its own Website the forms for the submission of the request and of the autonomous, irrevocable, first demand bank guarantee issued by leading banks with a rating of at least BBB+ Standard & Poor's or Baa1 Moody's Investor Service, as well as the procedures and terms for paying the amount described above. Requests that are incomplete or do not conform to the indications of Edison Stocaggio S.p.A. shall not be considered acceptable.

The Strategic Gas shall be made available by Edison Stocaggio S.p.A. to the Shipper (and accounted for among the latter's availability) starting from the day following receipt of the documentation described above if said documentation reaches the Shipper no later than 4 pm, or starting from a subsequent date if indicated by the Shipper.

The provisions of Resolution ARG/gas 45/11 shall apply in relation to the quantities of Strategic Gas made available to the Company in Charge of Balancing for the purposes of covering the Total Deviation of the System per the Network Code of SRG.

Subject to the provisions of Article 15, Paragraph 10 of Resolution no. 119/2005, Edison Stocaggio S.p.A. shall reacquire and replenish the Strategic Gas previously used by the authorised Shipper only after receipt of the related payment or enforcement of the bank guarantee if the Shipper is in breach.

8.4.3.1 Storage capacity of the Shippers for Strategic Storage purposes with authorisation by the MSE

In cases of authorisation in accordance with current regulations, Edison Stocaggio S.p.A makes available Storage Capacity to the Shipper who requests it, upon presentation by the Shipper of the documentation pertaining to the authorisation to use additional storage capacity received from the MSE, in accordance with procedures and terms made available by Edison Stocaggio S.p.A. for this purpose on its own Website.

Requests that are incomplete or do not conform to the indications of Edison Stocaggio S.p.A. shall not be considered acceptable.

The Storage Capacity shall be made available to the Shipper (and accounted for among the latter's availability) starting from the day following receipt of the documentation described above if said

documentation reaches Edison Stoccaggio S.p.A. no later than 4 pm, or starting from a subsequent date indicated by the Shipper.

8.4.3.2 Exceeding the Withdrawal Capacity in the period to which the authorisation refers.

The Shipper authorised to withdraw Strategic Storage may use, within the limits of the previously authorised quantities and capacities, the volumes of stored gas available to it even above the limits prescribed by Paragraph 14.4 of Resolution AEEG 119/05.

8.4.3.3 Exceeding the Withdrawal Capacity in the period after the one to which the authorisation refers

For the remaining period of the Withdrawal Phase after the period to which the authorised use of Gas and of Withdrawal Capacity per the previous paragraph refers, Edison Stoccaggio S.p.A. shall calculate a Withdrawal Capacity (hereafter, calculated Withdrawal Capacity) on the basis of the provisions for the determination and publication of the profiles for the reduction of the Withdrawal Capacity, considering the peak withdrawal capacity that would have been available to the Shipper on the basis of a stock corresponding to the limits prescribed in Paragraph 14.4 of Resolution AEEG 119/05, or, if lesser, to the Shipper's stock increased by the authorised quantities.

8.5 WITHDRAWAL LOWER THAN STOCK

If at the end of the Withdrawal Period, the Shipper has not withdrawn 100% of the gas it owns-
and does not renew a contract with the Storage Company for the next Thermal Year, it shall pay for quantities of gas in stock as at 31 March a price equal to $c_s/5$ applied to said stock, with the value of the c_s equal to the lower of the tariff prices c_s defined by the AEEGSI.

If the Shipper does not free the occupied Space by 30 April, the Storage Company shall publish on its own Website the gas quantities owned by the Shipper and the methods for managing the competitive procedure for the sale of the aforesaid Gas excluding the quantities per Article 16.4.4 and including any Guarantee Gas. The sale price is set to 50 percent of the component covering the procurement costs of natural gas in wholesale markets per article 6 of Annex A to resolution ARG/GAS 64/09 (TIVG) as amended.

The Storage Company shall pay the Shipper the revenue for the sale, net of the fixed amount of € 50,000.

8.6 PROCEDURE FOR PARTICIPATION IN THE BALANCING MARKET

The procedure for the determination of the gas quantities subject to the Shippers' offers accepted on the balancing market - G-1 Session - is published on the Website of the Storage Company.

It defines the time line and the methods for managing the information flows between the parties, functional to the allocation of these quantities on the storage system in which Shippers have availability for the purposes of the definition of the programmes in the G-1 gas day for the G gas day.

8.7 ESTIMATE OF THE CHARGES TO COVER THE ELECTRICITY CONSUMPTION NECESSARY FOR THE OPERATION OF THE COMPRESSION AND TREATMENT PLANTS

Starting from thermal year 2013-2014, the Storage Company annually defines with reference to the storage set-up forecast in the following year and to the available historical data the estimate of the charges to cover electricity consumption in MWh necessary for the operation of the compression and treatment plants, relating only to the movements in the expected direction of the prevalent flow of the system (FPI).

In detail, Edison Stoccaggio S.p.A. publishes no later than 1 March a table with monthly detail containing the indication of the correlating factor between moved kWh and expected MWh based on the historical series of the previous year. No later than the end of each month, Edison Stoccaggio S.p.A shall disclose to its shippers the estimate of the price in €/MWh expected for the following month in such a way as to provide the values useful to estimate the charges to cover the costs of electricity. The procedures for apportioning the charges to shippers are defined in Chapter 16 A.

8.8 PRICES FOR THE STORAGE SERVICES

The Shipper must pay Edison Stoccaggio S.p.A., for the performance of the services, the amounts deriving from the application of the prices

published by Edison Stoccaggio S.p.A. on its own Website, and structured as follows:

| |
|---------------------|
| c_A (c€/kWh/year) |
| c_S (c€/kWh/year) |
| c_E (c€/kWh/day) |
| c_I (c€/kWh/day) |

The price c_A is the assignment price determined as a result of the auction procedures for the assignment of storage capacity on an annual basis shall apply to the Space assigned to the Shipper by auction procedures per paragraphs 5.8.2.4 and 5.9.1 respectively at the start of the Thermal Year and, possibly, during the Thermal Year, revised to take into account sales of capacity, for the Modulation Storage Service.

The Space tariff price c_S , the daily Withdrawal peak tariff price c_E and the daily Injection peak tariff price c_I are applied, on an annual basis, respectively to the Space assigned to the Shipper for the Thermal Year, to the Withdrawal Capacity assigned to the Shipper on a continuous basis, to the Injection Capacity assigned to the Shipper on a continuous basis, for the Hydrocarbon Storage Service, Modulation Service and/or Balancing Service for Transport Companies, updated to take into account any assignments during the Thermal Year and/or transfers of capacity or sales of capacity.

The prices applied to the capacity assigned on a monthly, weekly and daily basis, both on a continuous and interruptible basis, with the procedures per Par. 5.9.2., are described in that paragraph.

The prices applied to the capacity assigned on a daily basis with the overnomination procedures per Par. 3.2.2.2, are described in that paragraph.

With reference to the capacity assigned to the Shipper on a monthly or weekly basis, if the latter is not the owner of storage respectively for the month or the week that immediately follows and has not withdrawn all the gas it owns that is present in the storage system at the expiration, respectively, of the month or of the week of the assignment, Edison Stoccaggio shall apply to any gas quantities that may be present in storage the lesser of the space tariff prices c_S of the storage companies

plus 30%, re-proportioned for the period in which the gas remains in the storage system. In addition, Edison Stoccaggio will proceed with the sale of the gas remaining in the Storage system by competitive procedure, using as a starting price 50% of the last available value of the component covering the procurement costs of natural gas in wholesale markets per article 6 of Annex A to resolution ARG/GAS 64/09 (TIVG) as amended. The proceeds deriving from the aforementioned sale shall be returned to the Shipper, after deducting the amount per Par. 8.5.

In addition to the prices listed above, the Storage Company shall determine, on a monthly basis, the portion of the total transport capacity price due to the Major Transport Company pertaining to each Shipper. Said portion, referred to the inlet/outlet point of the transport network interconnected with the Storage System, is proportional to the maximum Withdrawal/Injection capacity assigned to each Shipper in the month in question. In the calculation of the portion, the Storage Company shall take into account the sales of capacity or purchases or sales resulting from the competitive procedures per Par. 5.9.2.

In particular, for the purposes of determining the definition of the maximum Withdrawal/Injection capacity, the criteria per Paragraph 17.1.2 of this Code shall be applied.

Moreover, any costs for transport capacity consequent to the capacity traded by Shippers as a result of the competitive procedures per Par. 5.9.2 or of sales or transactions of Withdrawal capacity and/or of continuous Injection capacity both in accordance with Chapter 7 shall be charged to the selling and/or buying Shipper and detracted from the selling and/or buying Shipper applying a “per diem” criterion with respect to the period of the transfer/transaction or sale.

Moreover, for the purposes of the coverage of the transport costs associated to the outlet points interconnected with the storage and the related unit price is applied, both for the modulation service with seasonal injection and for the modulation service with monthly injection, to the quantity of gas q_u relating to the unit of space, defined as follows:

$$q_u = \frac{CI_u}{CI_t} * PI_{max} \text{ [kWh/g]}$$

where:

CI_u is the injection capacity assigned to the shipper u ;

CI_t is the injection capacity associated with the set of space capacities for the modulation service;

PI_{max} is the total injection performance at the start of the thermal year for the modulation service.

The value of q_u relating to the unit of space is published at the Website of the Storage Company before the start of the competitive assignment procedures.

Moreover, for the purposes of the coverage of the transport costs associated to the outlet points interconnected with the storage and the related unit price is applied to the quantity of gas q_e relating to the unit of space, defined as follows:

$$q_e = \frac{CE_u}{CE_t} * PE_{max} \text{ [kWh/g]}$$

where:

CE_u is the withdrawal capacity assigned to the shipper u ;

CE_t is the withdrawal capacity associated to the set of the storage capacity for the modulation service;

PE_{max} is the total withdrawal performance at the start of the withdrawal phase.

The value of q_e relating to the unit of space is published at the Website of the Storage Company before the start of the competitive assignment procedures.

The Storage Company shall recognise in favour of the Shipper the amounts that should arise from the application of the above provisions in accordance with the provisions of Paragraph 16.4.1.