CHAPTER 8

BALANCING AND REPLENISHMENT OF STORAGE SITES

8.1 INTRODUCTION

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in force, the Shippers of the Transport Network: i) are allocated the sum of scheduled gas quantities (injected or withdrawn over the totality of the Storage Hubs of the Italian system) on the storage systems, taking into account internal consumption; and ii) are assigned the quantities of gas sold or bought on the Regulated Market for the trading of gas stored (MGS), managed by the GME.

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instead shall comply with the operating schedules per chapter 6 and with the balancing of the quantities injected and withdrawn from the System, taking into account any attributed consumption.
If a Shipper withdraws gas in excess relative to the gas held in storage, the Storage Company shall consider it as gas withdrawn from the strategic reserve.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 entail 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 incentivize the correct use of the purchased service on the part of the Shipper.

8.2 ALLOCATIONS

The Storage Company defines the Allocations (kWh), on the basis of the measurements of the total flows into and out of the Storage System, apportioning them according to the criteria indicated below.

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

$M = |\Delta G| + AC$ if the flow is in injection phase

$M = |\Delta G| - AC$ if the flow is in withdrawal phase

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

The term M represents the energy (kWh) associated with 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 of the energy (kWh) associated with the stored gas, given by the difference between the total availability of the gas present in the system, in reference to two successive days.

c) Internal consumption

The term AC represents the energy (kWh) associated with the gas necessary for the operation of the treatment plants and for internal use within the plant (internal consumption) and it is calculated as the sum of the values, in energy, of the internal consumption measured at each storage site, in accordance with Ch. 9; 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 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 for the nth Storage Service at the virtual interconnection point corresponding to the Storage Hub).

S_k represents the quantity scheduled by the kth Shipper for the nth Storage Service and confirmed by Edison Stoccaggio S.p.A. in accordance with paragraphs 6.6.4 and 6.6.5 for Gas-Day G.

The scheduled quantity resulting from the assignment of secondary “Flex” capacity as described in paragraphs 3.2.2.1.3 and according to the competitive procedures per paragraphs 5.9.2.1 and 5.9.2.2 is allocated to both selling Shippers and purchasing Shippers at the beginning of Gas-Day G.

8.2.1.1 Gas Accounting for the Shipper to whom Storage Capacity for Modulation and Constant Peaks of Modulation were assigned

For each Gas-Day G, Edison Stoccaggio S.p.A. calculates, with reference to each nth Service, the quantity of gas held by each Shipper in the Storage System ($G_{k,n}$), starting from the quantity recorded for the previous Gas–Day ($G\text{-}1_{k,n}$), according to the following equations as a function of the Prevalent Flow (FP_i) of the system as defined in paragraph 6.6.6:

$S_{k,n} - AC_{k,n} + ST_{k,n} + SM_k = G_{k,n} - G\text{-}1_{k,n}$ (1)
if FP_i coincides with the direction of the Injection phase

$S_{k,n} - AC_{k,n} + ST_{k,n} + SM_k = G_{k,n} - G\text{-}1_{k,n}$ (2)
if FP_i coincides with the direction of the Withdrawal phase

where:

$AC_{k,n}$ represents the quantity of internal consumption charged to the k-th Shipper for each nth service and calculated in accordance with paragraph 8.3,

ST_k represents the total gas exchanged effective on Gas-Day G by the k-th Shipper (the term is positive if the k-th Shipper buys, negative if it sells) for each nth service in accordance with chap. 7,

SM_k represents the total gas exchanged effective on Gas-Day G by the k-th Shipper (the term is positive if the k-th Shipper buys, negative if it sells), for each nth service on the MGS platform managed by GME, as communicated by GME to Edison Stoccaggio S.p.A.

8.2.1.2 Guarantee storage gas in favour of the Responsible for Balancing

The Authorised Shipper who has asked the Responsible for Balancing to exercise the right per Article 11.6, Resolution ARG/Gas/45/11 or access to the functionalities to increase or decrease the Gas Provided as Guarantee as prescribed by the Network Code of the Major Transport Company and has requested the establishment of a quantity of Gas Provided as Guarantee 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 timelines 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 Gas Provided as Guarantee, verifying that there are no objectively critical situations prejudicing:

- the correct functionality of the Storage System, deriving from the constraint of the quantity of Gas Provided as Guarantee 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 Responsible for Balancing and the Shipper that the request is unacceptable, indicating any value of Gas Provided as Guarantee that may be deemed acceptable following 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 Gas Provided as Guarantee 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 Gas Provided as Guarantee, 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 Responsible for 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 Gas Provided as Guarantee. In addition, Edison Stoccaggio S.p.A. shall report to the Responsible for Balancing the Shippers who have not renewed the Storage Contract for at least one service and to each Shipper the quantity of Gas Provided as Guarantee that may not be utilised after the deadlines prescribed by Article 8.5 of this Code.

Similarly, the Shipper undertakes not to stipulate any agreement and/or to terminate existing agreements with third parties relating to the Gas Provided as Guarantee 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 Responsible for 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 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 Gas Provided as Guarantee, broken down by type of Storage Service.

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

8.3.1 Introduction

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 Shippers of the Storage Services in accordance with the provisions of this 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 use within the plant (internal consumption) reported for Gas-Day G measured at the i-th storage site; each value is obtained by multiplying the volume of gas by the self-consumption determined in accordance with Ch. 9, times the corresponding average daily PCS.

S_k = value of the Allocation of the k-th Shipper of the Modulation Storage and Constant Peaks of Modulation Storage Services and of short-term assignments 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.

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_k allocated to the k-th Shipper on day G shall be:

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

The volumes of gas for self-consumption can be divided, as described in paragraph 9.3, into:

- gas consumed on a continuous basis;
- gas consumed for specific operations.

Gas consumed on a continuous basis is allocated daily only to Users who have operated on the gas day on which the gas is consumed according to the prevailing flow rule.

The gas consumed for specific operations is allocated to Users by different methods depending on whether these operations take place during plant shutdown/under maintenance or during operations:

- gas consumed by a plant in shutdown/under maintenance is allocated, on the first available day after conclusion of the specific operation, to all Users according to a pro-rata criterion on the space allocated;
- gas consumed by a plant in operation is allocated, on the first available day after the conclusion of a specific operation, only to users that have operated on the days of execution of this specific operation according to the prevailing flow rule.

At the end of the calendar year, any gas volumes for self-consumption not previously determined, or subject to recalculation and therefore not already allocated during the calendar year, are subject to integration and/or adjustment for each User in accordance with the criteria indicated in points a) and b) above.

The adjustment referred to in the previous paragraph is performed only in physical terms.
Edison Stoccaggio performs this adjustment as soon as the new data required for recalculation of the new amounts is known and if the gas stocks or space available to the Users allows the physical allocation of the adjustment. If it is temporarily impossible to allocate the adjustment in physical terms, the parties agree on a date no later than 31 December each calendar year for completion of the physical adjustment allocation process for the thermal year of reference.

As an exception to the procedure specified above, only if the adjustment involves Users which, at the date of its notification, are not in possession of a valid Storage Contract in force with Edison Stoccaggio, the adjustment will be performed in economic terms through the issue of suitable documentation stating the total economic value of the adjustment quantity of gas.

The total economic value of the adjustment quantity of gas is calculated as the sum of volumes produced per the gas market price (SAP) referring to each gas day on which a difference has been ascertained between the gas for self-consumption already allocated and the final figure determined at the end of the calendar year.

8.3.3 Daily allocations

The Storage Company makes available each day to the Shippers 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 for each service, 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.

Moreover, the Storage Company makes available each day, for each service, the change in the storage position for any outcomes of the daily session of the MGS market, based on the communications made available by GME to the Storage Company.

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 that 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, including those that occurred on the MGS market session;
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 the balancing and replenishment of the system in case of use of capacities exceeding those committed, the Storage Company applies, as prescribed in the Resolution, the balancing costs listed below.

8.4.1 Minimum injection stock of the Peak Modulation Service

If, according to the Allocations, at the end of each month M of the injection phase, the Shipper k's $G_{k,m}$ stock for the Peak Modulation Service, calculated in accordance with paragraph 8.2 of this chapter, is lower than the minimum stock defined by the utilisation profiles per the chapter 2 "Description of the Storage Facilities and their Operation",
then a fee equal to 0.4 times the unit space price f_S (defined by ARERA in accordance with Resolution 67/2019/R/Gas and its Annex A (RAST)) is applied to the difference, if positive, between the aforementioned minimum stock and the Shipper's $G_{k,m}$ stock for the Peak Modulation Service, corrected to take into account anysales referred to in Ch. 7, according to the following formula:

$$[S_k * G_{mins,m\%} - (G_{k,m} + CG_k)] * 0{,}4 * f_S$$

where:
CG_k represents the quantity of Gas involved in the sale carried out by the Shipper k; CG_k is positive if users increase their stock and negative if users decrease their stock;
$G_{k,m}$ represents the stock allocated at the end of month M to the Shipper k for the Peak Modulation Service;
S_k is the space allocated to User k for the Peak Modulation Service;
$S_k * G_{mins,m\%}$ is the minimum stock of User k for each month M deriving from the application of the capacity utilisation profile for products with seasonal injection of the Peak Modulation Service conferred at the start of the Thermal Year.

The values for each month M of the above-mentioned $G_{mins,m\%}$ Injection usage profile are published on the storage company's website sufficiently in advance of the allocation procedures.
The same values may be updated, if necessary, in accordance with the scheduling deadlines and/or if unforeseeable operational needs or technical reasons emerge that modify all or part of the Injection (e.g. when the actual movements of Users have differed from the previously transmitted capacity usage schedules or as a result of the events referred to in Paragraph 17.6.2).

With regard, instead, to products of the Peak Modulation Service with seasonal injection allocated after the start of the Thermal Year, which begin in month M, instead of the $G_{min\%}$ terms the values published on the Storage Company's website are applied and determined based on the following equation:

$$G_{mins,m\%\ infr} = \frac{G_{mins,m\%} - G_{mins,m-1\%}}{G_{maxs,ottobre\%} - G_{mins,m-1\%}}$$

For the capacities related to monthly products of the Peak Modulation Service that begin in month M, the term $G_{mins,m\%}$ is set equal to 1 from month M until the last month of the injection phase.

For Shippers to whom Peak 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 $G_{mins,m\%}$, $G_{maxs,m\%}$, $G_{mins,m\%infr}$, $G_{maxs,m\%infr}$, as published on the Storage Company's website.

8.4.2 Maximum injection stock of the Peak Modulation Service

If, according to the Allocations, at the end of each month M of the injection phase, the Shipper k's $G_{k,m}$ stock for the Peak Modulation Service, calculated in accordance with paragraph 8.2 of this chapter, is higher than the maximum stock defined by the utilisation profiles per the chapter 2 "Description of the Storage Facilities and their Operation"
and the total stock of stored gas is greater than the one identified with reference to all Shippers' utilisation profiles, then a fee equal to 0.2 times the unit space price f_S (defined by ARERA in accordance with Resolution

67/2019/R/Gas and its Annex A (RAST)) is applied to the difference, if positive, between the Shipper's $G_{k,m}$ stock of the Peak Modulation Service, corrected to take into account any sales (CG_k) referred to in Ch. 7, and the above-mentioned maximum stock, according to the following formula:

$[(G_{k,m} + CG_k) - S_k*G_{maxs,m\%}]* 0,2* f_S$

where:
CG_k represents the quantity of Gas involved in the sale carried out by the Shipper k; CG_k is positive if users increase their stock and negative if users decrease their stock;
$G_{k,m}$ represents the stock allocated at the end of month M to the Shipper k for the Peak Modulation Service;
S_k is the space allocated to User k for the Peak Modulation Service;
$S_k*G_{maxs,m\%}$ is the maximum stock of User k for each month M deriving from the application of the utilisation profile of the capacities related to products with seasonal injection for the Peak Modulation Service assigned at the start of the Thermal Year.

The values for each month M of the above-mentioned injection usage profile Gmaxs,m% are published on the storage company's website sufficiently in advance of the procedures.
The same values may be updated, if necessary, in accordance with the scheduling deadlines and/or if unforeseeable operational needs or technical reasons emerge that modify all or part of the Injection process (e.g. when the actual movements of Users have differed from the previously transmitted capacity usage schedules or as a result of the events referred to in Paragraph 17.6.2).

With regard, instead, to products of the Peak Modulation Service with seasonal injection allocated after the start of the Thermal Year, which begin in month M, instead of the term $G_{maxs,m\%}$ the values published on the Storage Company's website are applied and determined based on the following equation:

$$G_{maxs,m\%\ infr} = \frac{G_{maxs,m\%} - G_{mins,m-1\%}}{G_{maxs,ottobre\%} - G_{mins,m-1\%}}$$

For the capacities related to monthly products that begin on month M, the term $G_{maxs,m\%}$ is set equal to 1 from month M until the last month of the injection phase.
For Shippers who have been granted Peak Modulation Storage Capacity for more seasonal or monthly products, the stocks determined as the sum of inventories calculated on the basis of the terms $G_{mins,m\%}$, $G_{maxs,m\%}$, $G_{mins,m\%infr}$, $G_{maxs,m\%infr}$, as published on the Storage Company's website.

8.4.3 Use of gas for Strategic Storage purposes with authorisation from the MSE

In cases of authorisation to 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 pertaining to the authorisation to use additional storage capacity received from 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 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 Stoccaggio S.p.A.

For this purpose, Edison Stoccaggio S.p.A. makes available on its 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 Stoccaggio S.p.A. shall not be considered acceptable.
The Strategic Gas shall be made available by Edison Stoccaggio 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 4:00 pm, or starting from a subsequent date if indicated by the Shipper.
Subject to the provisions of Article 15, paragraph 10 of Resolution no. 119/2005, Edison Stoccaggio 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 Shippers for Strategic Storage purposes with authorisation by the MSE

In cases of authorisation in accordance with current regulations, Edison Stoccaggio S.p.A. makes Storage Capacity available 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 Stoccaggio S.p.A. for this purpose on its website.
Requests that are incomplete or do not conform to the indications of Edison Stoccaggio 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 4:00 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, the price defined by ARERA in Annex A of Resolution 67/2019/R/Gas (RAST).

If the Shipper does not free the occupied Space by 30 April, the Storage Company shall publish on its 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 Gas Provided as Guarantee. The sale price is set at 50 percent of the "C_{MEM}" component pursuant to Article 6 of the TIVG defined by the Authority for the same period.

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

8.6 PROCEDURE FOR PARTICIPATING IN THE BALANCING MARKET

The procedure for determining the gas quantities subject to the bids by Shippers accepted on the balancing market - G-1 Session - is published on the Storage Company's website.
It defines the timing and the methods for managing the information flows between the parties, functional to the allocation of these quantities on the storage systems in which Shippers have availability for purposes of defining the schedules on Gas-Day G-1 for Gas-Day G.
With reference to the balancing market, the M-GAS exchange platform, managed by the Energy Markets Manager (GME), the Shippers have the right to submit bids both during the daily session of the Regulated Market for the trading of gas stored (MGS), pursuant to Article 7 of the Integrated Balancing Regulation (TIB) as well as, during the market sessions for Locational products (MPL), possibly at the request of the Responsible for Balancing, as per Article 6 of the TIB.

Unless otherwise specified, the provisions contained in the Rules for the Natural Gas Market (hereinafter, "Rules") are valid for this section, as prepared by the Energy Markets Manager (GME).

In implementation of Article 7 of the Integrated Regulation relative to provisions regarding regulatory conditions for performing management activities for physical gas markets (TICORG), approved with Resolution 66/2017/R/Gas, the Storage Company and the GME signed an agreement that governs:

a) information flows relative to maximum quantities in storage that can be traded by each Shipper, in compliance with limits set in paragraph 8.6.2.1;

b) methods that definitively ensure the consistency of the transactions carried out through MGS prior to communication of the outcomes.

8.6.1 Regulated Market for the trading of gas stored (MGS)

To participate in the session of the Regulated Market for the trading of gas stored (MGS) on the Storage Company's Storage System, please refer to the instructions provided in the Rules of the GME for that which is not addressed in this paragraph.

The MGS session is opened daily on the M-GAS exchange platform managed by GME.

On MGS, authorised Shippers can submit bid to purchase or sell gas.

The Storage Company transmits to the Responsible for Balancing, on a daily basis no later than 9:00 am of day G+1, the daily quantities injected or withdrawn (daily flow) from its Storage System relating to day G.

The MGS session on trading day G is open from 9:00 am of G-4 and closes at 10:00 am on G+1.
Typically, the outcomes from the MGS session are made available to Shippers by the GME no later than 11:15 am on day G+1, and in any case, subsequent to the confirmation from the Storage Company of the consistency of the transactions carried out on MGS.

The GME, at the end of the session, performs controls of the consistency between the bids submitted by Shippers and deemed valid, pursuant to the Rules.

If the condition for the publication of the outcomes by GME is not satisfied, please refer to Articles 8.4 and 8.5 of the GME-Edison Stoccaggio Agreement, approved by the Authority with Resolution 630/2017/R/Gas of 14 September 2017, as subsequently amended.

The Storage Company, based on the outcomes of the daily MGS session, updates for each service, the stock in storage for each Shipper that holds a contract, effective from the end of the Gas-Day in which the MGS market session took place.

8.6.1.1 Maximum limits for MGS trading

The bids to buy and sell gas in storage from each Authorised MGS Shipper must comply with the Maximum Limits as developed and made available/communicated by the Storage Company to GME.

The Storage Company makes available on Escomas, typically between 6:00 am and 8:00 am of Gas-Day G+1, the maximum limits for the purchase and sale bids on MGS for each Shipper, determined as described below:

1) For purchase availability

   a. The maximum quantities are equal to the Space available for the Shipper on Gas-Day G, taking into account:
   i) the quantities subject to Reformulation of the daily schedules per paragraph 6.6.3 above on the same Gas-Day G, as confirmed by the Storage Company, increased or decreased based on the portion of Internal Consumption pertaining to the Shipper;
   ii) the maximum quantities that can be scheduled by the Shipper in injection on Gas-Day G+1. These quantities available for scheduling are calculated as equal to the sum of the continuous injection capacity and any interruptible capacity assigned to the Shipper for day G+1.

2) For sale availability

   a. The maximum quantities are equal to the Shipper's residual stock on Gas-Day G, taking into account:
   i) the quantities as per paragraph 6.6.3 above on the same Gas-Day G, as confirmed by the Storage Company, increased or decreased based on the portion of Internal Consumption pertaining to the Shipper;
   ii) the maximum quantities that can be scheduled by the Shipper in withdrawal on Gas-Day G+1. These quantities

available for scheduling are calculated as equal to the sum of the continuous withdrawal capacity and any interruptible capacity assigned to the Shipper for day G+1.

For amounts available for sale, the maximum quantities are further decreased for gas quantities pledged as collateral in favour of the Responsible for Balancing or the Storage Company itself per paragraph 8.2.1.4 above and of the quantity per paragraph 16.4.4 below.

Edison Stoccaggio S.p.A. specifies that the Major Transport Company does not have a storage contract with Edison Stoccaggio S.p.A. and, therefore, does not participate in the MGS session.

For Shippers who have subscribed to one or more Storage Services per this Code, the maximum limits shall be determined considering the stock and the capacities available for each type of service.

In the event the Storage Company is unable to make the maximum limits available to the GME by 10:00 am of Gas-Day G+1, the GME conducts its activities considering, for purposes of consistency checks, the maximum limits equal to zero only following express confirmation sent by the Storage Company.

If the GME or Storage Company finds that it has committed serious errors in carrying out the activities of definition, compilation, loading and management of the data relative to the maximum limits that the GME downloaded from Escomas, prior to publishing the outcomes of the MGS session, the Storage Company, or the GME, communicates as such to the GME or the Storage Company.

The GME informs the Shippers and the Responsible for Balancing of the need to cancel and execute the session again and agrees with the Storage Company the timing for:
- the re-execution of the session;
- if in error, the loading of the new file with the Shippers' maximum limits in the dedicated section of the Escomas portal.

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

On annual basis, the Storage Company , no later than March 1, shall publish on its own website, the monthly details relative to the previous solar yea correlating the gas moved (in kWh) and the electricity consumption (in MWh) and the charges to cover the costs of said consumption required for the operation of the compression and treatment plants, relating only to the movements in the direction of the prevalent flow of the system (FPi
The procedures for apportioning the electricity charges to Shippers during the course of the thermal year are set out 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 website, structured as follows:

C_A (c€/kWh/year)
C_S (c€/kWh/year)
C_I (c€/kWh/year)
C_I (c€/kWh/day/year)
C_{COMP} (c€/kWh/year)

The assignment price C_A determined in the auction procedures shall apply to the Space assigned to the Shipper for the Modulation Service and the Space assigned for the Constant Peaks of Modulation Service by auction procedures per chapter 5 at the start of the Thermal Year, possibly updated during the Thermal Year, revised to take into account sales of capacity.

The price C_{COMP} is the price to cover charges related to the compensatory contribution for the failure to make alternative use of the area[1], as per Article 2, paragraph 558 of Law no. 244 of 24 December 2007, as amended by Article 1, paragraph 96 of Law no. 124 of 4 August 2017, is equivalent to 0.001 c€/kWh, and applies, on an annual basis, to the space assigned to the Shipper in accordance with the previous paragraphs 5.8.2.1, 5.8.2.2, 5.8.2.3, 5.8.3, 5.9.1, updated to reflect sales of capacity as per Chapter 7.

The prices applied to capacities assigned on a monthly, weekly and daily basis, both continual and interruptible, through the procedures described in paragraph 5.9.2 are reported in that paragraph.

The prices applied to capacities assigned on a daily basis through the "overnomination" procedures described in paragraph 3.2.1.2 are reported in that paragraph.

With reference to the capacities assigned to Shippers on a monthly and weekly basis, in the event in which the Shipper does not have a storage capacity for the immediately subsequent month or week, respectively, and has not withdrawn all the gas it owns in the storage system at the end of the month or week, respectively, that is subject of the assignment, Edison Stoccaggio will apply to any quantities of gas present in storage the lower of the space tariff prices Cs of the Storage Company plus 30%, proportional to the period in which the gas remains in the storage system. Furthermore, Edison Stoccaggio will sell the gas remaining in the storage system through competitive procedures, using as the auction base 50% of the last available value of the component to cover natural gas procurement costs on wholesale markets as described in Article 6 of Annex A of the Resolution ARG/GAS 64/09 (TIVG), as subsequently modified. The proceeds from this sale will be reimbursed to the Shippers, after deducting the amount described in paragraph 8.5.

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

[1] Applied to Shippers pursuant to Resolution 855/2017/R/Gas.