

Annex 2 to the Ministerial Decree of 18th October 2017

Italian natural gas system's Emergency Plan¹

¹ In compliance with article 8, paragraph 1 of Italian legislative decree no. 93/2011, and with the provisions of article 10 of the Regulation (EU) No. 994/2010

Sommario

1. Definitions.....	3
2. Crisis levels.....	4
2.1. Early warning level.....	4
2.2. Alert level.....	5
2.3. Emergency level.....	6
3. Roles and responsibilities	8
3.1. Competent Authority.....	8
3.2. Main Transmission System Operator.....	8
3.3. Transmission System Operator.....	8
3.4. TERNA, storage, regasification and distribution operators	8
3.5. Users	9
3.6. Natural gas sales undertakings	9
3.7. Industrial end customers	9
3.8. Electricity producers	9
4. Operational provisions of the Emergency Plan	10
4.1. Reporting obligations.....	10
4.1.1. Reporting obligation for crisis levels management	10
4.1.2. Reporting obligation for end customers.....	10
4.1.3. Information about the electricity sector.....	11
4.1.4. Information provided by the Main Transmission System Operator	12
4.1.5. Information forwarded from the Competent Authority.....	12
4.2. Crisis levels management	12
4.2.1. Early warning level.....	12
4.2.2. Alert level	13
4.2.3. Emergency level.....	13
4.2.4. Risk reduction and emergency lifting.....	15
5. Solidarity between Member States	16
6. Emergency simulation and exercise	16

1. Definitions

- **Competent Authority:** Directorate-General for security of energy supply and energy infrastructures of the Italian Ministry for Economic Development.
- **National Regulatory Authority:** the Italian Regulatory Authority for Electricity Gas and Water.
- **Protected customers:** end customers connected to distribution² or transmission networks as per letters a) and b) of article 2, paragraph 1 of Regulation, as defined in Article 22 of Legislative Decree n. 164/2000, as amended by Article 7 of Legislative Decree n. 93/2011.
- **Committee:** Technical gas-system emergency and monitoring committee, established pursuant to article 8 of the Italian Ministerial Decree of September 26th 2001.
- **Crisis:** means a critical situation in the gas system such as to activate one or more levels (Early Warning, alert, and emergency) defined in the Regulation, and also in this Emergency Plan.
- **Gas Coordination Group (GCG):** Gas Coordination Group pursuant to article 12 of the Regulation.
- **Main transmission system operator (TSO):** Snam Rete Gas S.p.A.
- **Main storage system operator:** Stogit S.p.A.
- **Ministry:** The Italian Ministry of Economic Development.
- **Electricity producer:** natural person or corporation that generates electricity independently of the ownership of the power generation facility.
- **Regulation:** Regulation (EU) No. 994/2010 of the European Parliament and of the Council of October 20th 2010 concerning measures to safeguard security of gas supply.
- **Agent:** a party that represents, with an irrevocable mandate, a voluntary and temporary group of end customers, responsible for the purposes of gas consumption curtailment.
- **Strategic storage:** gas stock, defined by article 12 of legislative decree n. 164 of 2000, as modified by article 27 of the legislative decree n. 93 of 2011, contributing to maintain supplying daily peaks of the modulation storage system as long as possible and , in case of heavy and continuous lack of supply that may lead to finish modulation stock, useful to physically distribute the volumes of the strategic reserve to ensure system supply.
- **TERNA:** Terna S.p.A. which is ultimately responsible for electricity dispatching activity, in compliance with the provision of the Italian Prime Minister's Decree of May 11th 2004 on the matter of the unification of ownership and operation of the national transmission network
- **Users:** users of the gas transmission system.
- **Supply Corridor:** main European supply routes helping Member States to mitigate the effects of potential supply or infrastructural disruptions;

Where not otherwise defined in this article, the additional terms indicated in capital letters in this Emergency

² even if located, for technical reasons, outside Italian border and belonging to other Countries (i.e. isolated customers in Switzerland and Slovenia as well as customers in Vatican City State and in San Marino Republic).

Plan refer to definitions provided for by the Italian Legislative Decrees n. 164 of 2000 and n. 93 of 2011, and by network, storage, and regasification codes approved by the Regulatory Authority.

2. Crisis levels

The Emergency Plan is based on the crisis levels established by the Regulation. The crisis levels are defined as follows for the purpose of application to the Italian gas system even in consideration of contractual withdrawal capacity from the National storage system as provided by annex 1 of the ministerial decree of February 15th 2013 and also by the balancing regime in accordance with Regulation (UE) 312/2014. The previously said contractual withdrawal capacity was designed in order to guarantee the best performance availability during January and February of every year as provided by article 2, paragraph 1, of the same decree. It is also updated on the base of adjustments provided by article 3, paragraph 6, of National Regulatory Authority's resolution 75/2013/R/gas and possibly increased by the following capacities:

- additional withdrawal capacity as per Resolution 353/2013/R/GAS;
- short term capacities allocated on monthly, weekly and daily basis, in accordance with Resolution 193/2016/R/gas, as follows:
 - Main TSO's withdrawal capacity not subject to daily scheduling,
 - Primary capacity, that is the Withdrawal Capacity in the Withdrawal Phase equivalent to the quantity found to be available at the end of the previous allocation procedures or that is obtained, even if not on a structural basis, through an optimization of the storage systems during the course of the Thermal Year;
 - Early Capacity, that is the Withdrawal Capacity in the Withdrawal Phase that can be made available following a reduction in performance of the same size later on, in accordance with Ministerial Decree of 25/02/2016 and resolution 193/2016/R/gas.

2.1. Early warning level

The early warning level exists when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the supply situation and is likely to lead to the alert or the emergency level being triggered.

The activation mechanism consists in the occurrence of one of the following conditions:

- the occurrence of events leading to a significant reduction of imports, absent a concrete, serious, and reliable information on the short-term return to normality;
- the forecasting of an exceptionally high total daily gas demand observed statistically once every twenty years, or of unfavourable climatic events of exceptional geographical extent capable of significantly deteriorating the non-domestic supply situation;
- the attainment even for just one day of a daily volume withdrawn from storage system(not considering the volume scheduled by transmission operators) larger than 100% of the daily withdrawal capacity available (not considering transmission operators), net of withdrawal capacities allocated on monthly, weekly, daily bases from the Main Storage operator, listed in paragraph 2.

The declaration of the early warning level is made by the Competent Authority, having heard the Committee, upon warning of the main TSO, which:

- shall communicate that the early warning level has been declared, also by means of a specific publication on its website;
- shall regularly communicate the update of the situation to the Competent Authority and to the Committee, for the monitoring and for the possible assessments regarding transition to the alert level or the termination of the early warning level.

The lifting of the early warning status is declared by the Competent Authority, as a rule not before 48 hours after the fading of the activation conditions, based on favorable medium-term forecasts about the evolution of the gas system carried out by the Main TSO.

The Main TSO shall communicate the early warning status end, also by a specific publication on its website.

2.2. Alert level

The alert level exists when a supply disruption or exceptionally high gas demand occurs which results in significant deterioration of the supply situation, but the market is still able to manage that disruption or demand without the need to resort to non-market measures.

The activation mechanism consists in the accounted attainment, even for a single day, of a daily volume withdrawn from storage system (not considering the volume scheduled by transmission operators) larger than 100% of the daily Withdrawal Capacity allocated and available to the Users (not considering transmission operators), including the withdrawal capacities allocated on monthly, weekly, daily bases from the Main Storage operator, listed in paragraph 2.

The gas system may achieve an alert level:

- starting from an early warning status, because of the deterioration of an unfavourable situation already verified or of the well-founded forecast of its decline;
- suddenly, as in the case of a disruption of one of the main supply sources and/or in case of unfavourable climatic events of exceptional intensity;
- despite the actions taken by the Balancing Operator in order to ensure the system's balance according to Regulation (EU) 312/2014, if it was not possible to compensate, during the gas day, the volume withdrawn exceeding the withdrawal contractual capacity with additional injections from different Entry Points than the storage of the Main storage operator.

If the Main TSO observes the above circumstances, or foresees them during the gas day, it is allowed to request to the Main Storage operator to withdraw a volume of gas larger than the daily withdrawal capacity allocated and available to Users (not considering the transmission operators, including the withdrawal capacities listed in paragraph 2).

The Main storage operator verify the exceeding of the withdrawal contractual constraints on the remaining withdrawal campaign, and if necessary it has the possibility to realize one or more of the following operations, according to the procedures to be defined in a specific Storage code modification to be carry out by November 2017:

Italian natural gas system's Emergency Plan

- update within 3 working days the users' withdrawal coefficients taking into account how they have used their storage capacity,
- reduce the offered capacities in the auction process,
- buy back the already allocated capacities with an auction process. The declaration of the alert level is made by the Competent Authority, having heard the Committee, upon warning of the main TSO.

The Main TSO:

- shall communicate that the alert level has been declared, also by means of a specific publication on its website;
- shall keep regularly up to date the Competent Authority and the Committee, in order to monitor the situation and evaluate the possibility of shifting to emergency level or lifting the Alert.

Alert status lifting is declared by the Competent Authority, when, relying on the Main TSO information, volumes withdrawn from storage exceeding the Daily Withdrawal Capacity, allocated and available to Users, (not considering transmission operators, including allocated withdrawal capacity on day ahead basis listed in paragraph 2), result balanced by a lower withdrawal with regards to the afore said Withdrawal Capacity, without prejudice to the Main storage operator's checks about exceeding the contractual limits affecting the rest of the withdrawal campaign, before the attainment of the Emergency condition provided by the following paragraph 2.3 and nevertheless not before 48 hours after the fading of the conditions that triggered the declaration of the alert level.

The Main TSO shall communicate the early warning status end, also by means of a specific publication on its website.

2.3. Emergency level

The emergency level follows a situation of exceptionally high gas demand, significant supply disruption or other significant deterioration of supply and in the event that all relevant market measures have been implemented but the supply of gas is insufficient to meet the remaining gas demand so that non-market measures have to be additionally introduced with a view, in particular, to safeguard supplies of gas to protected customers.

The emergency level can be activated on the base of one of the following conditions:

1. when the alert level conditions are verified for 5 consecutive days;
2. when the alert level conditions are verified for 3 consecutive days and at the same time the withdrawn volume exceed the 80% of the hourly system available capacity (including transmission Operators' capacity);
3. when, even in a single day, the alert level conditions are verified and at the same time the withdrawn volume exceed the 100% of the hourly system available capacity (including transmission Operators' capacity);
4. when the Main storage operator is unable to guarantee the withdrawal of at least the 97% of the volume corresponding to the peak capacity, as yearly defined by Ministry decree, in case of 3 continuative days of emergency;

5. not expected disruption of one of the most important supply infrastructures and/or of unfavourable climatic events exceptionally intense together with reduction of import and/or partial availability of storage infrastructures that will lead to the attainment of a daily volume withdrawn from storage system higher than 100% of the daily Withdrawal Capacity conferred and available to the Users, including the daily capacity conferred to transmission operators;
6. the attainment of the limit of withdrawn volume above which the system starts using the strategic storage reserve.

The achievement of the emergency level follows situations when the system is not able to fulfil the gas demand and the main TSO needs, in order to balance the transmission network, to use on a firm base the peak withdrawal capacity from storage, that is the maximum daily volume of gas that can be withdrawn from the gas storage system ,respecting the technical and operational constrains of the system itself.

The gas system may achieve the emergency level:

- starting from an alert level where the market measures do not adequately contribute to the restoration of an actual or perspective condition of security, at the same time requesting the Competent Authority to intervene adopting non-market measures;
- suddenly, if the triggering event is such as to reach the emergency threshold without any early notice: in this case, evaluating the contribution expected by market measures and relative times of actuation and in relation to the severity of demand lack of coverage, the Competent Authority can immediately activate the emergency level, without awaiting the actuation of market measures.

If the Main TSO observes the above circumstances, or foresees them during the gas day, it is allowed to request to the Main Storage operator to withdraw a volume of gas larger than the daily withdrawal capacity allocated and available to users (not considering the transmission operators, including the withdrawal capacities listed in paragraph 2).

The Main storage operator verify the exceeding of the withdrawal contractual constraints on the remaining withdrawal campaign, and if necessary it has the possibility to realize one or more of the following operations, according to the procedures to be defined in a specific Storage code modification to be carry out by November 2017:

- update within 3 working days the users' withdrawal coefficients taking into account how they have used their storage capacity,
- reduce the offered capacities in the auction process,
- buy back the already allocated capacities with an auction process. The declaration of the alert level is made by the Competent Authority, having heard the Committee, upon warning of the main TSO.

The emergency level is declared by the Competent Authority having heard the Committee or, in the event of immediate and not deferrable need of actions, by the Main TSO that immediately notifies the Competent Authorities and the Committee for its confirmation.

The Competent Authority, also upon the Committee proposal , adopts the non-market measures necessary to manage the emergency and communicates them, also through the Main TSO.

The Main TSO publishes on its Internet site the information relevant to the declared emergency and notifies the

Competent Authorities and the Committee the evolution of the emergency.

Emergency status lifting is declared by the Competent Authority, when, based on comparison between gas demand forecast and forecasted availability of gas, the Main TSO indicates a mitigation of the critical conditions. Nevertheless the Competent Authority, having heard the Committee, evaluates whether to suspend one or more measures adopted during the emergency, or rather the lifting of the emergency level.

When condition n. 1, 2 e 3 happens, emergency level lifting shall be declared when, in a certain gas day, gas volume amount withdrawn from storage, since the declaration of the Emergency, results lesser than the amount of the Daily Withdrawal Capacity, allocated and available to the Users, referring to the same period, without prejudice to the Main storage operator's checks about exceeding the contractual limits affecting the rest of the withdrawal campaign.

3. Roles and responsibilities

3.1. Competent Authority

- Shall declare and communicate the activation of early warning, alert and emergency levels, and their lifting respectively, call the Committee and decide, upon the Main TSO or upon the Committee warning, which non-market measures to use or suspend.
- Shall communicate to the Commission and to the Authorities of other concerned member States as well as other neighbouring Countries, the enter into force of the crisis condition, activating the contingent mechanisms of cooperation provided or arranging new processes of coordination that will be defined in joint Preventive Action Plans at regional level, as provided for by article 4, paragraph 3 of the Regulation.
- Shall avail itself of the Main TSO to:
 - communicate the Users the activation of early warning, alert and emergency levels;
 - monitor and coordinate the actions provided for by the Emergency Plan.

3.2. Main Transmission System Operator

- Shall monitor the status of the gas system daily, also in collaboration with the interconnected international transmission operators, and clearly and promptly publish, on its website, the relevant information for that purpose, as better defined under point 4.
- Shall report the possible deterioration of system status and suggest the possible activation of early warning, alert or emergency level to the Competent Authority.

3.3. Transmission System Operator

- Interconnected transmission companies, operating on national area, shall collaborate to guarantee interoperability conditions that will contribute to the successful outcome of each crisis stage.

3.4. TERNA, storage, regasification and distribution operators

- Shall, each for their area of interest, contribute to procure the necessary information to guarantee system

monitoring.

- TERNA shall assume the role as point of reference and coordination of the entire national electricity sector for the purpose of operational management of the Emergency Plan. To carry out this role, TERNA shall closely work alongside the electricity producers and the Main TSO.
- Shall collaborate to guarantee interoperability conditions that will contribute to the successful outcome of each stage of the crisis.
- Shall carry out the provision in compliance with this Emergency Plan.

3.5. Users

- Shall act, within the borders of legal and regulatory means provided for by law, to guarantee – during the early warning, alert, and emergency situations – all possible information capable of increasing the effectiveness of any actions intended to guarantee system security.
- Shall implement, directly or indirectly, available market measures in terms of increasing supply and/or reducing demand.
- Shall use, in case of emergency, their conferred capacities at the entry points in relation to the contractual maximum daily volumes provided for by their gas import contracts;
- Shall carry out the expected emergency measures in compliance with this Emergency Plan.

3.6. Natural gas sales undertakings

- Shall ensure natural gas supply to their domestic customers, as well as they ensure it to other customers with gas consumption not higher than 50.000 standard cubic meter per year; they also shall ensure the seasonal modulation service and the seasonal, daily and hourly, peak service, even by using modulation storage available for that purpose, as well as they ensure gas supply to protected customers in the cases provided for by art. 8, paragraph 1, letters a), b) and c) of the Regulation.

3.7. Industrial end customers

- Shall ensure the fulfilment of their commitments in terms of gas demand reduction, within the application of the remunerated gas demand curtailment mechanism.

3.8. Electricity producers

- Shall provide, also upon the provisions of this Emergency Plan, all the information useful to TERNA for the correct assessment of gas demand for electricity generation.
- Shall guarantee full availability of power plants fuelled with combustibles other than gas, in line with the provisions disposed in application of art. 38-bis of the Italian decree-law n. 83 of June 22nd 2012, as converted in Italian law n. 134 of August 7th 2012. Within this scope they have to:
 - keep the facilities in good working order in expectation to be called into operation with the established forewarning;
 - maintain an adequate stock of back-up fuels to provide the required service and show evidence of

these stocks to TERNA at any time;

- follow TERNA's instructions regarding the maximisation of electricity production from fuels other than gas in case of emergency level reaching, in line with the provisions issued in application of art. 38-bis of the previously mentioned Italian legislative decree.

4. Operational provisions of the Emergency Plan

4.1. Reporting obligations

4.1.1. Reporting obligation for crisis levels management

The transmission operators, the storage operators, the regasification operators, TERNA, the Users, and the natural gas sales undertakings supplying industrial customers directly connected to the transmission network, the electricity producers with power plants supplied with fuels other than gas, the end customers participating, directly or indirectly through agents, to gas consumption curtailing, shall provide the Main TSO, annually and within October 31st of each year, all the information necessary to identify the responsible parties of each undertaking, available to coordinate the management of the possible crisis levels pursuant to this Emergency Plan.

The Main TSO:

- shall publish the reference methods for carrying out these obligations on its website;
- shall organize these information in a list made available, in accordance with appropriate access profiles, to the parties concerned by means of specific applications on its website.

Each subject acts to constantly maintain its relevant information up to date, promptly transmitting the necessary news to the Main TSO.

4.1.2. Reporting obligation for end customers

Sales undertakings and the agents shall:

- a) inform their end customers of the provisions of this Emergency Plan, and explicitly inform industrial end customers of the possibility that they may be required to reduce or disrupt their supply of gas based on the measures of demand curtailing anticipated in the Emergency Plan;
- b) notify, before the terms defined by the Competent Authority with specific provision, the Main TSO regarding the participation, on behalf of their industrial end customers, in the voluntary measures of gas demand curtailing mechanism pursuant to this Emergency Plan, if provided;
- c) communicate to the Main TSO, before December 9th of each year, the list of their end customers (including those supplied by transmission operators other than the Main TSO) provided with “dual-fuel” industrial

plants not included in the lists pursuant to letter b)³ and the electricity power plant that can be fuelled by combustible other than gas. This communication is also sent to the transmission operator with which the end customer is connected, if different from the Main TSO.

The same reporting obligations whereof letter b) are incumbent on the end customer agents.

Within the term defined by the Competent Authority by specific provision, the transmission and distribution operators have the duty to transmit the Main TSO, in accordance with defined methods, the notice inherent to end customers that have declared their willingness to participate in the gas consumption-curtailling mechanism, where provided.

The Main transmission system operator gathers together, and organises for the purpose of subsequent processing, the data concerning the delivery points of the customers who have stated their willingness to participate in the gas demand curtailment mechanism.

4.1.3. Information about the electricity sector

Electricity producers, for each thermoelectric power plant fuelled at least in part with gas, shall forward TERNA :

- for each month, within the last working day prior to the 21st day of the previous month, the best valuation of the electricity production and of the corresponding monthly gas consumption, for the purpose of subsequent communication, by TERNA itself, of the related data to the Main TSO no later than the third subsequent working day;
- for each week, within the last working day before Thursday of the previous week, the best valuation of the electricity production and of the corresponding daily gas consumption, from Monday to Sunday, for the purpose of the subsequent communication by TERNA of the related data to the Main TSO within the last working day of the previous week;
- in case of activation of alert or emergency level, for each of the 7 following days , before 2:00 pm each day, the best valuation of the electricity production and the related gas consumption on daily basis with regard to the following day and of the day ahead market results, for the purpose of the subsequent communication made by TERNA to the Main TSO .

Electricity producers , for each plant combustible running with other than gas fuels, shall also forward TERNA:

- for each month, no later than the last working day before the 21st day of the previous month, the best daily and monthly valuation of the maximum production of electricity from fuels other than gas, separately indicating, in this case, both the feasible value by current stocks and the one by reasonably expected supplies;
- in case of early warning level, for each week, before the last working day before Thursday of the previous week, the best daily and monthly valuation of the maximum production of electricity from fuels other than gas, separately indicating, in this case, both the feasible value by current stocks and the one by reasonably expected supplies;
- in case of alert level or emergency level , for each day, before 2:00 pm of the previous day, the best daily valuation of the maximum electricity production from fuels other than gas.

³ whenever voluntary gas demand curtailment measures will be implemented in the current year.

TERNA, even based on data communicated by the electricity producers, shall notify the Main TSO, each week for early warning status and everyday for alert or emergency status, the expected gas Consumption and the possible savings in case of switching-on of combustible oil and other than gas fuelled power plants.

The Main TSO shall communicate the aforesaid data to the other transmission operators with regard to the thermoelectric power plants connected to the respective networks.

4.1.4. Information provided by the Main Transmission System Operator

The Main TSO, based on the data received from the other transmission operators, from the storage operators, from the regasification operators, from TERNA, from the Users, from the natural gas sales undertakings, and from the agents, shall provide, on its website, all the accounted and forecasted information toward D+2 gas day, on the state of the gas system regarding :

- demand forecast;
- margin of the withdrawal capacity from storage compared with that conferred and available;
- temperature trend expressed in degree days;
- overall accounted and forecasted system imbalance;
- as well as any other additional information useful in order to secure gas flow management.

For this purpose, the Main transmission operator shall define the operating methods to exchange the necessary data with the other engaged operators.

4.1.5. Information forwarded from the Competent Authority

The Competent Authority, together with the Committee, shall provide to inform the Commission, Competent Authorities of other member States and neighbouring Countries as well about crisis evolution in compliance with joint Preventive Action Plans at regional level, as provided for by article 4, paragraph 3 of the Regulation.

4.2. Crisis levels management

In any case involving the activation of one or more crisis levels, the Competent Authority reserves the right, with the support of the Committee, to evaluate the actions undertaken by the operators also for the purpose of monitoring any breaches that may lead to sanctions nonetheless to evaluate the possibility to implement cooperation measures coordinated with the Competent Authorities of other member States and neighbouring Countries as well about crisis evolution in compliance with joint Preventive Action Plans at regional level as provided for by article 4, paragraph 3 of the Regulation.

4.2.1. Early warning level

In cases of activation of the early warning level, the Users and system operators in general, are bound to the best compliance about the correctness of served markets entry and exit volume forecasts in order to permit the best evaluation of the early warning status evolution.

Pursuant to the provisions of the Regulation, non-market based measures are not activated in this stage, delegating to operators the most appropriate market-based measures capable of enabling the prompt restoration of normality or, at least, not to evolve to the alert level.

Market-based measures that may be adopted by the Users, such as those listed in annex II of the Regulation, are:

- increasing imports, using contracts in force flexibility;
- decreasing gas demand from interruptible commercial contracts;
- fuel switch possibility including use of alternative back-up fuels in industrial plants, based on specific agreements or clauses of supply contract between users and end customers.

The Main TSO act as a monitor of the perspective evolution of the situation, informing the Competent Authority.

4.2.2. Alert level

In case of activation of the alert level, the Users and system operators as well, are bound to the best compliance about the correctness of served markets entry and exit volume forecasts in order to permit the best evaluation of the alert status evolution.

Even for the alert level, pursuant to the provisions of the Regulation, non-market measures are not active, delegating to operators the most appropriate market-based actions capable of enabling the prompt restoration of normality or, at least, the return to the early-warning level. At this point, to prevent the emergency level to be triggered, aware the Committee, the Competent Authority may require the Main TSO to activate, if in force, gas demand curtailing contracts, based on the voluntarily demand containment from the industrial end users, and Terna to switch on combustible other than gas fuelled power plants.

Market-based measures that may be adopted, such as those listed in Annex II of the Regulation, are:

- increasing imports, using contracts in force flexibility, for the purpose of the GME market biddings;
- decreasing gas demand from interruptible commercial contracts, including - if in force - those voluntarily stipulated with the Main TSO for gas demand curtailing of industrial end users;
- fuel switch possibility including use of alternative back-up fuels in industrial plants, based on specific agreements or clauses in the supply contract between users and end customers;
- the use of electricity power generation plants running with combustible other than gas fuelled according to TERNA operational indications and as provided for by law art. 38- bis of the Italian decree-law n.83 of June 22nd 2012, as converted in Italian law n. 134 of August 7th 2012.

The Main TSO shall work continuously alongside the storage operators, the regasification operators, TERNA, and the interconnected international transmission operators, to verify the status and evolution of the gas system crisis, even considering the benefits coming from already adopted market measures to cope with the evolution of the system status.

4.2.3. Emergency level

The Competent Authority in the event that all relevant market measures have been implemented but the supply of gas is still insufficient to meet the remaining gas demand, shall declare the activation of the emergency level as defined in paragraph 2.3.

In this phase, all reporting measures provided for the alert level are maintained and strengthened, in particular:

- Users, following to the declaration of emergency, shall immediately make available to the Main TSO and to storage operators update information about their market flows planning, in accordance with the methods defined by the latter;
- the Main TSO, on the base of data received from the Users and of the assessment made by storage operators about the remaining peak capacity and gas stored, according to that plan, shall check gas system status even by considering the benefits coming from the adopted measures to cope with system status evolution and communicate to the Competent Authority and to the Committee the emergency situation updates.

Implementation of non-market measures

The Competent Authority implements, with its own procedures or involving the appropriate institutions whenever necessary, the measures capable of coping with the emergency level in accordance with what defined in the following paragraphs.

- A. Actions to increase gas availability in the network.** The Competent Authority shall request Users to completely utilize the contracted transmission capacity. This disposition imposes to the shipper, owner of certain daily capacity at a certain entry point, the fulfilment of a use it or lose it clause for allocated but not utilized capacity.

The Competent Authority shall also request the complete use of contracted slots of LNG terminals.

The Competent Authority shall define by its own decree, having heard the Regulatory authority, the criteria for the exploitation of possible increase of supply for incremental capacities not available before the activation of the emergency level.

The complete utilization of the transmission capacity is understood to be correctly discharged with the use of at least 98% of each supply sources not involved in ongoing emergency situations, with reference to the capacity conferred, to be carried out no later than three days after the concerning communication.

- B. Dispatching rules application on power generation to limit gas use** for electricity production not requested by the Italian electrical-system demand. This measure, useful to limit gas use for electricity production unnecessary for Italian grid balance safeguard, is applicable (standing other demand curtailing measures from the industrial end costumers and maximization of electricity production from plants other than gas fuelled) only during shortages, where available gas is addressed with priority to protected customers supply, as provided by the Regulation, and to power plants gas fuelled necessary to maintain national electricity grid in order to operate safely.
- C. Compulsory reduction of gas withdrawal by industrial customers**, implementing, as far as applicable, the methods defined by the procedure pursuant to article 5 of the Italian Ministerial Decree of September 11th 2007 bringing into effect the obligation to contribute to the concrete curtailing of gas consumption.
- D. Operations to reduce gas consumption of the customers with “dual-fuel” facilities (technical interruptibility).** The Competent Authority shall impose the compulsory reduction of the demand of the industrial end customers and of the electricity producers with “dual-fuel” plants that consume natural gas, with disconnection priority for those for which no exemption is required according to environmental specifications and taking into account the electrical network balancing requirements expressed by TERNA. The Main TSO shall define the methods of intervention in the technical interruptibility sector, having heard Terna and informed the Competent Authority, on the base of the necessary coverage assessments and of obtained information, through TERNA, concerning the electricity production data daily received by each single involved plant. The Main transmission operator shall notify the parties concerned, with an advance notice not earlier than 24 hours, of the necessity to implement consumption curtailing through the interruption of natural gas supply.

- E. Definition of new temperature** and/or schedule thresholds for domestic heating sector, supplied with natural gas.
- F. Suspension of the supply obligation** applied to the sellers in favour of non-protected customers.
- G. Suspension of the price protection** determined quarterly from Regulatory Authority in favour of protected customers.
- H. Request for activation of the cooperation and solidarity measures by other Member States**, provided for by the coordinated plans pursuant to article 11 of the Regulation.
- I. Use of LNG storage as “peak shaving” devices.** Such measure could be activated through the utilization of regasification terminals partially operating or of other storage of LNG ordered for that purpose. In case this measure will be addressed to more than one terminal, the Competent Authority, having heard the Committee, shall choose the way and the regasification terminals to activate for the delivery of this service taking into account of the following parameters: natural gas demand, expected performance, reaction time, possibility of LNG volume restoration for the peak shaving service by means of the receiving of other cargos, sea and weather conditions and other peculiarities happened during the crisis period.
- J. Use of strategic storage reserve.**
- K. Further measures** in order to increase importation of gas through pipelines connecting Italian gas network to other Countries not belonging to the European Union nonetheless through LNG regasification terminals, even by cargo diversion contractual options.

The Competent Authority, with the support of the Committee, shall define the order and combination of one or more measures pursuant to this Emergency plan and mind to their publication, also through the Main TSO, for the purpose of prompt information to the Users and to all parties concerned.

The Competent Authority acts to issue additional extraordinary measures for the security of the gas and electricity systems providing information to the Home Office, to the prefectures concerned and, where the conditions exist, to the Civil Protection Department.

4.2.4. Risk reduction and emergency lifting

Whenever, during the emergency period, on the base of balancing between forecasted gas demand and availability from every supplying source (storage included), as indicated by Users and verified by the main TSO, in light of the accounted final values during the immediately preceding period, the main TSO would highlight a mitigation of the critical conditions, the Competent Authority, aware the Committee, may evaluate the possibility to suspend one or more implemented measures.

In this regard, the Competent Authority shall provide instructions to the Main TSO and to the storage operators regarding the times and methods to be adopted and takes action for the measures to be enacted.

The Main TSO, based on the supply and demand forecasts and taking into account the information obtained from the storage operators and from TERNA, shall evaluate the date of possible re-securing of the system, even considering an adequate margin, and informs the Competent Authorities and the Committee thereof.

The Competent Authority, having taken into account this communication, shall identify and declare the emergency level lifting date and provide information thereof on its website, also for the purpose of suspending the provisions and measures adopted and still underway to overcome the emergency itself.

The Competent Authority, having heard the Committee, shall identify the appropriate activities to favour the gradual restoration of normal conditions for the purpose of subsequent storage injection as well.

Within six week from the emergency lifting date, each party concerned shall draft a summary report of the

actions performed during the emergency and of any difficulties encountered and sends it to the Competent Authority that will submit it to the Committee.

The Main TSO shall indicate in the report all data, gathered during the emergency period, concerning the utilisation of the transmission capacity, the levels of gas consumption reduction by the industrial customers, as well as, for the thermoelectric sector, the consumption savings as a result of the switching on of power plants fuelled with combustible other than gas sources.

5. Solidarity between Member States

On request of a neighbouring Member State directly or indirectly interconnected to the Italian gas system, it is possible to activate the above mentioned measures on the basys of bilateral agreements that ensure fair and equitable compensation.

Specifically, the agreements might foreseen the triggering of measures as follows:

- increasing of import from and to other Member States (letter K paragraph 4.2.3);
- reduction of internal gas consumption (letters B, C, D, F paragraph 4.2.3);
- emergency management for extended periods of time (letter J paragraph 4.2.3).

6. Emergency simulation and exercise

The Competent Authority allows to perform exercises simulating emergency situations, at least yearly, also by means of simulation scenario.

Scenarios may address effects of potential gas disruptions dealing with:

- national natural gas system;
 - pipelines located in other Member States affecting national supply
- or
- pipelines located in non EU Countries being part of a Supply Corridor affecting national supply.