

Milan, January 19th, 2022

Edison comments on Public consultation of RAE on the Inter-User Agreement for the Alexandroupolis Independent Natural Gas System

Edison welcomes RAE's Consultation Process and would like to thank this Authority for the possibility of submitting its own comments and proposals regarding the Inter-User Agreement ("IUA") for the Alexandroupolis Independent Natural Gas System.

The present letter is divided into two sections: the first part includes commentaries about the process and the IUA in general, while the second part contains specific comments and requests of clarification regarding paragraphs and/or articles of the mentioned IUA.

Part I: Edison comments on the Consultation Process and the proposal of IUA:

- **Capacity Guarantee:** Edison recommends RAE and Gastrade to include credit rating as an alternative to Capacity Guarantee (in line with European requirements in terms of guarantee) and, therefore, reconsider the position towards it. Also, Edison signals that the current documentation not only contains only a brief reference to the concept of "Acceptable Credit Rating", but it also relates to the issuer of an on demand guarantee, without specifying in further details the parameters of such Acceptable Credit Rating, for either the issuer of the guarantee or the Terminal User;
- **Relevant Data:** Edison reiterates that, at this point in time, it would be highly advisable to begin sharing all the relevant details, information and technical data regarding the service conditions, since several aspects are not yet specified within the various documents analyzed so far (e.g. maximum/minimum LNG Carriers' capacity, key operational capabilities, fees, and so on). Also, it would be really interesting to have a clearer view regarding the infrastructure investments actually planned in order to make the most out of the Alexandroupolis Independent Natural Gas System (e.g. upgrades of DESFA gas network).

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Part II: Edison commentary on specific sections of the proposed IUA:

- **Inter-User Guarantee Amount:** Edison welcomes the proposal of calculating the “Guarantee LNG Price” as the average of TTF Quarterly Forwards plus the average of the daily difference between the JKM and TTF Day Ahead, but it is necessary to take into account some corrections, in particular:
 - The reference to a single date to identify the reference period of the forwards can lead to potential distortions, while we would deem it more appropriate to consider at least the average of the daily quotations of the month preceding the date of the annual or quarterly review;
 - The decoupling between the JKM M+1 index and the TTF Day Ahead index, upon which the calculation of the daily difference is based, where – instead – we would deem it more appropriate to consider the same depth for the two indexes (e.g. Month Ahead for both of them);

- **Clarifications:** Edison kindly asks for additional information regarding the rationale underlying the calculation, and the associated values, of the following premiums:
 - **“Premium for short Term delivery (2-week notice)”** which is equal to 1.40 €/MWh;
 - **“Premium for spot cargos with an energy content below 0.85 TWh”** which is equal to 4.27 €/MWh

Regardless of the calculation, Edison suggests applying to these premium values the same provision as per art. 4.4, let. (m), in order to update the calculation and to confirm the more appropriate methodology on a periodical basis, e.g. every two years.

Edison remains available for any need regarding the contents of this document and also takes the opportunity to thank RAE once again for this Public consultation on the Inter-User Agreement for the Alexandroupolis Terminal.

Best regards,

EDISON SPA