

TECHNICAL SHEET

REFORM OF THE REGULATION REGARDING THE LNG REGASIFICATION CAPACITY ALLOCATION ON THE BASIS OF MARKET MECHANISMS (AUCTIONS)

660/2017/R/gas (*)

With Resolution no. 660/2017/R/gas, the Italian Regulatory Authority for Electricity Gas and Water presents the auction procedures for regasification capacity allocation, thus going beyond the obsolete allocation mechanism based on access prioritisation and pro-rata criteria, and continuing with a reorganisation of the regulation on access to regasification services.

In short, Resolution no. 660/2017/R/gas, which follows the Consultation Document no. 714/2016/R/gas, provides for:

- the *alignment of timings* for development of procedures with the timings set out for the allocation of transport capacity;
- the *extension of the capacity allocation up to 15 years on a multiannual basis*;
- the adopting of a mechanism:
 - of *open ascending auction, with marginal cost valorisation, for the annual and multiannual regasification capacity allocation*,
 - of *type pay as bid for the regasification capacity associated with a single landfill site for periods of less than one year*;
- the undertaking of more detailed analysis on the criteria for defining reserve prices, limiting it in this first phase to the identification of general principles for the method as well as the parameters that will be taken into account by the Authority in a subsequent measure.

In addition, Resolution no. 660/2017/R/gas reorganises the provisions for regasification, to this end providing the publication of a new *Integrated text of the provisions on guarantees of free access to the regasification service of liquefied natural gas (TIRG)* (substitute for the integrated text approved by the Resolution no. 118/2015/R/gas), which also contains provisions for the *flexibility services for the redelivery of LNG* offered by regasification companies.

The details of the modifications and additions contained in the *TIRG* (as compared to the previous integrated text) are summarised in a document attached to Resolution no. 660/2017/R/gas.

(*) This sheet is for disclosure purposes only; it is not a measure.