

ADMISSION TO THE COST REINTEGRATION REGIME FOR THE SARLUX' IGCC PLANT

Milan, April 15th, 2021 – SARAS informs that ARERA, the Italian Regulatory Authority for Energy, Networks and the Environment, with resolution 152/2021/R/EEL, within the framework of the Essentiality regime, accepted the request advanced by SARLUX Srl for admission to the cost reintegration, for the period from April 21st to December 31st, 2021, for its IGCC (Integrated Gasification Combined Cycle).

The economic conditions to which the IGCC plant will be consequently subjected to, for the period in consideration, consist of two main terms.

The first term includes the reintegration of the fixed costs strictly necessary for electricity production (accordingly excluding the production of hydrogen and steam); these costs are aligned with the optimization plans expected by SARLUX, with a contribution in reducing the costs of the national electricity system. The QAR component is also reintegrated (depreciation and remuneration of the invested capital, according with Resolution 111/06).

The second term provides, for the essential electricity production, the integration of variable costs with respect to the quantity sold on the market at the reference zonal price. The main items of variable costs include the fuel of the IGCC plant, the cost of the oxygen necessary for the transformation of the fuel into synthesis gas completely clean of all traces of sulphur or other pollutants, and the charges associated with CO2 emission quotas according to the Emissions Trading System. There are other minor cost items associated with the operation of the plant, and this component is also optimized to reduce the costs of the national electricity system.

With regard to the asset configuration of the IGCC plant, it will be settled taking into account the requests by Terna for the safe operation of the electricity system, and the operational constraints of the SARLUX plant.

Finally, SARLUX will assess, according to the oil and electricity scenarios, any opportunity for electricity production exceeding the asset configuration previously identified by Terna, always in consideration of the operating needs of the grid.

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THE SARAS GROUP

The Saras Group founded by Angelo Moratti in 1962 is one of the leading independent players in the European energy and refining industry. Through the parent Compay Saras SpA, and its subsidiaries, Saras Trading SA, based in Geneva, and Saras Energia SAU, based in Madrid, the Group sells and distributes oil products in the domestic and international markets. The Group also operates in the production and sale of electricity, through its subsidiaries Sarlux Srl (IGCC plant) and Sardeolica Srl (Wind plant). Moreover, the Group provides industrial engineering and research services to the oil, energy and environment sectors through its subsidiary Sartec Srl. The Group has about 1,690 employees and total revenues of about 5.3 billion Euros as of 31st December 2020 (about 9.5 billion Euros as of 31st December 2019).