

MEMORANDUM OF UNDERSTANDING ON RECIPROCAL HOLDING OF OIL EMERGENCY STOCKS BETWEEN THE DEPARTMENT OF ENERGY & CLIMATE CHANGE (DECC) ON BEHALF OF THE UNITED KINGDOM AND THE DIRECTORATE GENERAL FOR SECURITY SUPPLY AND ENERGY INFRASTRUCTURE OF THE MINISTRY OF ECONOMIC DEVELOPMENT ON BEHALF OF ITALY (HEREINAFTER REFERRED TO AS THE PARTICIPANTS):

Having regard to Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (hereinafter referred to as “the Directive”);

Having regard, in particular to Article 5, Article 7 (3) and Article 8 (1) of the Directive;

In recognition of the transposition of the Directive by the Participants into national law, including requirements regarding stockholding obligations;

Have decided as follows:

Paragraph 1

Purpose of the Memorandum of Understanding (“MoU”)

1. The purpose of this MoU is to establish processes to be used between the Participants for their cooperation regarding holding of emergency stocks according to the Directive in the country of one of the Participants on behalf of the country of the other Participant (or one of its economic operators) and for the handling of applications for authorisation of
 - a. international tickets (see Paragraphs 4 and 6); and
 - b. international storage arrangements (see Paragraphs 5-6).
2. The purpose is not to regulate the applications to be submitted to the national authorities or the responses by these authorities to the applicants, nor is it to regulate the activities of economic operators or Central Stockholding Entities (CSE), as these matters will be handled according to national regulations and procedures.

Paragraph 2

Definitions

1. For the purposes of this MoU
 - a. “Competent Authority” means the body responsible for the authorisation of international tickets and international storage arrangements on behalf of a Participant;
 - b. “Covering Entity” means an EU Member State, CSE or economic operator in an EU Member State which provides stocks to cover a stockholding obligation for an EU Member State, CSE or economic operator in another EU Member State;
 - c. “Covered Entity” means an EU Member State, CSE or economic operator in an EU Member State using stocks provided by a Covering Entity to cover its own stockholding obligation;
 - d. “Storing Entity” means an EU Member State, CSE or economic operator in an EU Member State using its own oil stocks in one EU Member State (the Covering State) in another EU Member State (the Covered State);

- e. "Covering State" means the EU Member State where the oil stocks of the Covering Entity or the Storing Entity are located;
 - f. "Covered State" means the EU Member State for which a Covered Entity or a Storing Entity has to fulfil a stockholding obligation;
 - g. "international ticket" means an arrangement under which a Covered Entity delegates its stockholding tasks or obligations in accordance with Article 7(3) or Article 8(1)(b)-(c) of the Directive to a Covering Entity which holds those stocks in the Covering State;
 - h. "international storage arrangement" means an arrangement under which a Storing Entity meets its commitments to the Covered State by holding emergency stocks located in a Covering State;
 - i. "territory" means the area within the European Union over which each Participant exercises jurisdiction with regard to the Directive.
2. In addition, the definitions in Article 2 of the Directive apply.

Paragraph 3

Requirements on Emergency Stocks covered by the MoU

1. Oil stocks which are held as emergency stocks under an international ticket or an international storage arrangement according to this MoU
 - a. will be located in the territory of one of the Participants; and
 - b. will be monitored regularly by the Participant in whose territory the stocks are held; and
 - c. will be reported on regularly in accordance with the requirements of the IEA and the EU.

Paragraph 4

International Tickets

1. The Participants agree that **they will require an** applicant seeking authorisation for an international ticket to specify the following:
 - a. the Covering Entity with registered name and principal business address;
 - b. the Covered Entity with registered name and principal business address;
 - c. the identity of the Covering State and the Covered State;
 - d. the ticket period which will be a period of full months, 1 month as a minimum, beginning on the first day of a month;
 - e. the category of oil stocks will be specified using the following categories:
 - motor gasoline;
 - aviation gasoline;
 - gasoline-type jet fuel;
 - kerosene-type jet fuel;
 - other kerosene;
 - gas/diesel oil;
 - fuel oil;
 - crude oil;
 - Natural Gas Liquids;
 - Refinery Feedstocks;
 - Other Hydrocarbons;
 - Refinery Gas (not liquefied);
 - Ethane;

- LPG;
 - Naphtha;
 - aviation gasoline;
 - white spirit and SPB;
 - lubricants;
 - bitumen;
 - paraffin waxes;
 - petroleum coke;
- f. the volume of the oil stocks, specified in **metric tonnes** ;
- g. information to pinpoint the locations of the storage facilities where the oil stocks will be stored.
2. The Participants will require an application seeking authorisation for an international ticket to contain an assurance from the applicant that:
- a. there are legally binding arrangements which will ensure that from the beginning of the ticket period:
 - the stocks will be held on behalf of the Covered Party throughout the ticket period;
 - the stocks will be available and physically accessible at all times;
 - b. the applicant will provide evidence of these arrangements to either of the Participants on request;
 - c. the international ticket will not come into force until after it has been authorised by both Participants.

Paragraph 5

International Storage Arrangements

1. The Participants will require an applicant seeking authorisation for an international storage arrangement to specify the following:
 - a. the Storing Entity with registered name and principal business address;
 - b. the identity of the Covering State and the Covered State;
 - c. the storage period which will be a period of full months, 1 month as a minimum, beginning on the first day of a month;
 - d. the category of oil stocks will be specified using the following categories:
 - motor gasoline;
 - aviation gasoline;
 - gasoline-type jet fuel;
 - kerosene-type jet fuel;
 - other kerosene;
 - gas/diesel oil;
 - fuel oil;
 - crude oil;
 - Natural Gas Liquids;
 - Refinery Feedstocks;
 - Other Hydrocarbons;
 - Refinery Gas (not liquefied);
 - Ethane;
 - LPG;

- Naphtha;
 - aviation gasoline;
 - white spirit and SPB;
 - lubricants;
 - bitumen;
 - paraffin waxes;
 - petroleum coke;
- e. the volume of the oil stocks, specified in **metric tonnes**;
- f. information to pinpoint the location of the storage facilities where the oil stocks will be stored throughout the storage period. The actual distribution of the oil stocks on the storage facilities will be reported in the Monthly Oil Statistics (MOS);
- g. if the oil stocks are specific stocks within the meaning of Article 5 of the Directive.
2. The Participants will require a storage application to cover a specified quantity of one category at no more than three storage facilities.

Paragraph 6

Processing Applications regarding International Tickets and Storage Arrangements

1. The Participant will ensure that any application seeking authorisation for an international ticket, or any amendment to an existing ticket, will, not later than 1 month prior to the start of the ticket period (in the case of a new ticket) or no later than 1 month prior to the date on which the ticket is to be amended (in the case of an amendment), be forwarded:
 - a. by the Covering Entity to the Competent Authority of the Covering State; and
 - b. by the Covered Entity to the Competent Authority of the Covered State.
2. The Participants will ensure that any application seeking authorisation for an international storage arrangement, or any amendment to an existing storage arrangement, will, not later than 1 month prior to the start of the storage arrangement (in the case of a new arrangement) or no later than 1 month prior to the date on which the arrangement is to be amended (in the case of an amendment), be forwarded:
 - a. by the Storing Entity to the Competent Authority of the Covering State; and
 - b. by the Storing Entity to the Competent Authority of the Covered State.
3. If the Competent Authority of a Participant has not agreed in writing to the application by 5 working days before the start of the international ticket (or amendment to the ticket) or international storage arrangement (or amendment to the arrangement), the other Participant may treat that Participant as having decided to reject the application for approval.
4. The Participants will **endeavour to respond as soon as possible and will aim to respond to requests two weeks after receipt of an application**. The Participants will ensure that no later than 5 days prior to the start of the international ticket (or amendment to the ticket) or international storage arrangement (or amendment to the storage arrangement):
 - a. the Competent Authority of the Covering State will inform the applicant about the authorisation or rejection of the application; and
 - b. the Competent Authority of the Covered State will inform the applicant about the authorisation or rejection of the application.
5. If one of the Participants decides to revoke an authorisation for an international ticket or international storage arrangement:
 - a. the relevant Participant will ensure that the Competent Authority of that Participant notifies the Competent Authority of the other Participant; and

- b. each Participant will ensure that the Competent Authority who received the original application for authorisation notifies the applicant within **5 working days** of receiving notification of the decision to revoke.
6. All communications between Participants and their competent authorities under this Paragraph will be made by electronic communication. The Competent Authorities will notify each other about the contact data including email addresses to be used for communications under this MoU.

Paragraph 7

Statistics

1. The Participants will ensure that the Covering Entity, the Covered Entity and the Storing Entity forward statistical summaries to the Competent Authorities of the Covering State and the Covered State, respectively, in accordance with their national legislation.
2. The Participants will submit their national reporting to international organisations in accordance with the requirements of the IEA and the EU. Each Participant may request further information from the Competent Authority of the other Participant regarding an international ticket or storage arrangement under Paragraphs 4-5 and the Participants will ensure that their Competent Authority makes all reasonable endeavours to provide any information requested.

Paragraph 8

Controls

1. The Participants will in accordance with their national legislation, put in place any controls of the oil emergency stocks held in its territory under an international ticket or storage arrangement which are necessary in order to comply with the requirements of the IEA and the EU.

Paragraph 9

Amendment and Withdrawal from the MoU


1. This MoU may be amended with the mutual written consent of the Participants.
2. Each of the Participants may withdraw from this MoU at the end of any quarter, after giving notice in writing to the other Participant at least 6 months before the end of that quarter. In such cases, the Participants will discuss the consequences for any international ticket or storage arrangements still in operation after the withdrawal.

Paragraph 10

Entry into effect

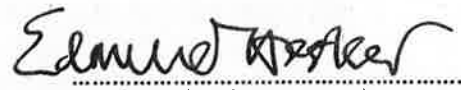
1. This MoU will come into effect upon signature of the Participants..
2. This MoU does not affect any international ticket or storage arrangement authorised under a previous bilateral agreement.

Signed in duplicate at on in
the English language.



3/04/13.

For the Government of Italy
Mr. Gilberto Dialuce
Italian Directorate-General for Security
of Supply and Energy Infrastructure of
the Ministry of Economic Development



26/03/13

For the Government of United Kingdom
Mr Edmund Hosker
Director, International Energy,
EU and Infrastructure Directorate (IEES),
Department of Energy & Climate Change