



Innovation and Networks Executive Agency

Department C - Connecting Europe Facility (CEF)

AMENDMENT N° 1

TO AGREEMENT No INEA/CEF/ENER/M2017/1511444

The **Innovation and Networks Executive Agency (INEA)** ("the Agency"), under the powers delegated by the European Commission ("the Commission"), represented for the purposes of signature of this amendment by the Head of Department C of the Agency, Andreas Boschen,

on the one part,

and

Republic of Malta (Maltese State) (MEW)

Ministry for Energy and Water Management (MEW) - established in Malta

Barriera Wharf

VLT1971 Valletta

Malta

represented for the purposes of signature of this amendment by [REDACTED]

hereinafter referred to collectively as "the beneficiaries", and individually as "beneficiary" for the purposes of this amendment

on the other part,

Having regard to the above-mentioned grant agreement concluded between the Agency and the beneficiary on 22/06/2018,

Whereas:

- (1) The beneficiary has requested the Agency on 26/06/2020 to amend the above-mentioned grant agreement for the following reason(s): Delays in permitting processes under activities 3 and 4, due adverse weather conditions led to the extension of the end date by 14 months, budget adjustments and the replacement of the Implementing body.
- (2) The measures provided for in this amendment do not affect the award of the Union financial aid.

HAVE AGREED AS FOLLOWS:

Article 1

(1) Article 2.2 is replaced by the following article:

"2.2 The action shall run from 20/11/2017 ("the starting date") until 30/11/2021 ("the completion date")."

(2) Article 4.1.1 "Reporting periods" is replaced by the following article:

"4.1.1 Reporting periods

The action is divided into the following reporting periods:

- Reporting period 1 from the starting date of the action to 31 December 2018;
- Reporting period 2 from 1 January 2019 to 31 December 2019;
- Reporting period 3 from 1 January 2020 to 31 December 2020;
- Last reporting period from 1 January 2021 to the completion date of the action."

(3) Article 6.3 is replaced by the following article:

"6.3 Communication details of the beneficiaries

Any communication from the Agency to the beneficiaries shall be sent to the following addresses:

For Republic of Malta (Maltese State):

[REDACTED]
[REDACTED], BKR 1762 Birkirkara, Malta

E-mail address: [REDACTED]

(4) Article 8 "Implementing bodies" is replaced by the following article:

"ARTICLE 8 – IMPLEMENTING BODIES DESIGNATED BY THE BENEFICIARIES

For the purpose of this Agreement, the following entities are considered as implementing bodies:

- Melita TransGas Co. Ltd, designated by MEW;"

(5) Annex I shall read as follows:

"ANNEX I

DESCRIPTION OF THE ACTION

ARTICLE I.1 – IMPLEMENTATION OF THE TEN-E NETWORK

The action contributes to the implementation of the project of common interest:

5.19 Connection of Malta to the European Gas network - pipeline interconnection with Italy at Gela and/or offshore Floating LNG Storage and Re-gasification Unit (FSRU)

ARTICLE I.2 – LOCATION OF THE ACTION

I.2.1 Member State(s): Malta.

I.2.2 Region(s) (using the NUTS2 nomenclature): Malta (MT00).

I.2.3 Third country(ies): not applicable.

ARTICLE I.3 – SCOPE AND OBJECTIVES OF THE ACTION

The current action is part of the Project of Common Interest (PCI) 5.19, consisting of a gas pipeline interconnection between Malta (Delimara) and Italy (Gela, Sicily) with a guaranteed operational capacity of 1.2 bcm/year and a maximum design capacity of 2 bcm/year, a diameter of 22" (DN 560) and an approximate total length of 159 km (151 km offshore and 8 km onshore). The primary aim is to enable gas flows from Italy to Malta and thus ending Malta's isolation from the European gas network.

The main objective of the action is to conduct the permitting studies, including the Environmental and Social Impact Assessment (ESIA) in Malta and Italy, a Preliminary Marine Route Survey (PMRS) of the entire offshore route and related post-survey studies, the Front-End Engineering Design study (FEED) of the pipeline infrastructure and terminal stations in Delimara and Gela, the preparation for an Engineering, Procurement and Construction (EPC) contract and the preparation of the investment request including the proposal for a Cross-border Cost Allocation (CBCA) and the obtainment of the CBCA decision for the PCI.

The action represents the next step in the PCI development, as the planned studies will be a significant enabler for the development of the PCI 5.19. Once completed, the action shall bring the PCI to the required level of maturity to allow for the Final Investment Decision (FID) and the launch of the procurement procedure for the award of an EPC contract.

The fulfilment of EU environmental law, in particular, the provisions of Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild flora and fauna, Directive 2000/60/EC establishing a framework for community policy in the field of water, is

a pre-condition for the disbursement of EU financial aid to the action. The compulsory assessments must be duly completed and approved by the competent authorities according to national law and in line with requirements of relevant EU legislation before the start of the physical intervention. If this information is not provided or is not positively assessed by the Commission services, the Agency may suspend, reduce, recover or terminate financial assistance in accordance with articles II.15, II.16, II.24.5 and II.25.4.

ARTICLE I.4 – ACTIVITIES

I.4.1 Activities timetable

Activity number	Activity title	Indicative start date	Indicative end date	Milestone number
1	Tendering procedure for advisory services			
2	Tendering procedures for selecting contractors to conduct ESIA/permitting studies, PMRS and post-survey studies, and FEED study/EPC tender preparation			
3	Italian permit granting process			
4	Maltese permit granting process			
5	Preliminary Marine Route Survey (PMRS) and post-survey studies			
6	Front-End Engineering Design Study (FEED)			
7	Preparation of tender dossier for an EPC contract			
8	Investment request preparation and CBCA procedure			
9	Dissemination and public awareness			

I.4.2 Activities description

Activity 1: Tendering procedure for advisory services

The purpose of this activity is to select external consultants for providing advisory services, financial engineering services and publicity and dissemination services. This includes the development and management of three tenders, the selection of the contractors and the award of the contracts. The activity consists of the following tasks: development of tenders' documentation, publication of tenders and selection of three contractors.

The activity will be performed by the beneficiary. Three separate tenders will be published in parallel through an open public procurement procedure in compliance with the EU and Maltese public procurement regulations.

The outcomes of the completion of this activity will be three contracts for the following services:

- a) Advisory services for the PMRS, ESIA and FEED studies/EPC tender documentation review (Tender A);
- b) Advisory services for financial engineering of the project, including investment request/CBCA procedure (Tender B);
- c) Publicity and dissemination (Tender C).

Activity 2: Tendering procedures for selecting contractors to conduct ESIA/permitting studies, PMRS and post-survey studies, and FEED study/EPC tender preparation

The purpose of this activity is to select external contractors to conduct the ESIA/permitting studies, PMRS and post-survey studies, the FEED study and the EPC tender preparation. This includes the development and management of the tenders, the selection of the contractors and the award of the contracts. The activity consists of the following tasks: development of tenders' documentation, publication of tenders and selection of three contractors.

The activity will be performed by the beneficiary with the assistance of the consultant selected under tender A in activity 1. For the scope of this activity, three separate tenders will be published in parallel through an open public procurement procedure in compliance with the EU and Maltese public procurement regulations.

The outcomes of the completion of this activity are three contracts for the following services:

- a) ESIA/permitting studies required for the Maltese and Italian permitting procedures (Tender D);
- b) Preliminary Marine Route Survey ('PMRS') and post-survey studies (Tender E);
- c) FEED study and tender preparation for an EPC contract (Tender F).

Activity 3: Italian permit granting process

The objective of this activity is to carry out all preparatory steps and necessary studies including the Environmental and Social Impact Assessment (ESIA) and other documentation required as part of the Italian permitting procedure, in order to obtain the single authorisation decree from the Italian competent authority. The single authorisation decree is the comprehensive Italian single permit for the construction and operation of the gas pipeline and terminal station in Gela within the Italian territory. Since the project falls under Annex II of Italian decree 152/2006 (underwater pipeline for hydrocarbon transportation) the ESIA procedure is mandatory and subject to charges, namely the EIA processing fee imposed by the national ministry in Italy.

The activity will be performed by the external contractor selected under tender D in activity 2, with the assistance of the consultant selected under tender A in activity 1 and under the management and coordination of the beneficiary. A consultant shall be assisting the beneficiary as its direct liaison with the Sicilian/Italian authorities and facilitate stakeholder engagement.

The outcome of the completion of this activity is the validation and acceptance of the application file by the Italian competent authority and the issuance of the single authorisation

decree, which shall enable a FID to be taken and a tender for an EPC contract to be published.

Activity 4: Maltese permit granting process

The purpose of this activity is to carry out all preparatory steps and necessary studies including the ESIA and other documentation required as part of the Maltese permitting procedure, in order to obtain the comprehensive decision from the Maltese competent authority. The development permit shall be issued by the Maltese competent authority (planning authority) and shall be the sole legally binding decision for the construction of the gas pipeline and other infrastructure, including the Delimara terminal station on Maltese territory. It shall comprise the two stages as stipulated by Article 10 of the TEN-E Regulation (pre-application procedure and statutory procedure). Administrative fees shall be charged by the Maltese authorities for the processing of the development permit/ESIA.

The activity will be performed by the external contractor selected under tender D in activity 2, with the assistance of the consultant selected under tender A in activity 1 and under the management and coordination of the beneficiary.

The outcome of the completion of this activity is the validation and acceptance of the final and complete application file by the Maltese competent authority and the issuance of the Maltese development permit by the planning authority, which shall enable an FID to be taken and a tender for an EPC contract to be published.

Activity 5: Preliminary Marine Route Survey (PMRS) and post-survey studies

The objective of this activity is to perform the Preliminary Marine Route Survey (PMRS), based upon the 1.2 km wide desk-top corridor identified in the basic design study completed in June 2017. This will be followed by post-survey assessments to determine an optimal 500 m wide offshore route corridor and landing zone.

As part of the activity, the beneficiary will apply for a licence in Malta and in Italy to carry out a pipeline marine route survey. The marine survey licence in Malta is subject to fees imposed by the Maltese governmental department 'Continental Shelf Department'. Similar fees may be charged in Sicily (IT) by the 'Capitaneria di Porto di Gela' and 'Soprintendenza del Mare'.

The activity will be performed by the external contractor selected under tender E in activity 2, with the assistance of the consultant selected under tender A in activity 1 and another consultant contracted for this activity, under the management and coordination of the beneficiary.

The outcome of the completion of this activity will be the final integrated PMRS report and the post-survey studies, leading to determine the optimal pipeline route coordinates, including route turning points and landing points in Delimara and Gela.

Activity 6: Front-End Engineering Design Study (FEED)

This activity aims to carry out the Front-End Engineering Design study (FEED) of the pipeline and the terminal stations in Gela (Sicily) and Delimara (Malta). It will include a multidisciplinary engineering design of the pipeline, which will provide sufficient definition in order to tender the subsequent Engineering, Procurement and Construction (EPC) contract. The study will also include a cost estimate that allows for a CBCA proposal to be submitted and the final investment decision to be taken.

The FEED study aims to outline the main technological components of the project and will include a time schedule and cost estimates (accuracy range +/- 15%) for the tendering of the EPC contract. A risk assessment shall also be prepared during the FEED. Geotechnical investigations of the onshore route and the identified sites of the terminal stations in Gela (Sicily) and Delimara (Malta) shall also be conducted. Only core trials are envisaged for these investigations and no destructive tests or excavations are foreseen. Fees may be charged by the authorities of the NATURA 2000 sites in Sicily (IT) for permits and authorisations to conduct these investigations along the on-shore route in Gela and also by the Malta Resources Authority for permits to conduct investigations along the on-shore route in Delimara (Malta).

The activity will be performed by the external contractor selected under tender F in activity 2, with the assistance of the consultant selected under tender A in activity 1 and another consultant contracted for this activity, under the management and coordination of the beneficiary.

The outcome of the completion of this activity is the technical design for the pipeline (FEED final reports) and a well-developed execution plan for the subsequent project phases.

The final deliverable from activity 6 is the FEED study report.

Activity 7: Preparation of tender dossier for an EPC contract

The objective of this activity is to prepare a consolidated detailed tender specification dossier for selecting an EPC contractor for the engineering, procurement, construction, testing and commissioning of the pipeline and its related infrastructures. The tender specification dossier for the selection of an EPC contractor is based on the FEED study and the results of the PMRS and ESIA studies. It will define the quality control systems, metering standards, operating principles and include a time schedule and cost estimates for the tendering of the EPC contract.

The scope of works of the EPC contract shall include inter alia the following:

- Detail design and installation design
- Design for material specifications
- Offshore and onshore installation design
- Linepipes material supply and transport to site (coated pipe with anodes)
- Shore approach area preparation at Gela and Delimara sites
- Onshore pipeline installation at Gela and Delimara sites
- Offshore installation (laying, tie-ins, pre-commissioning)
- Final tests/sites restoration

- **Commissioning tests**

The activity will be performed by the external contractor selected under tender F in activity 2, with the assistance of the consultant selected under tender A in activity 1 and under the management and coordination of the beneficiary.

The outcome of the completion of this activity is the complete tender dossier ready to be published in view of selecting the EPC contractor. The tender dossier shall be composed of two separate documents: the expression of interest or request for participation and the Invitation to Tender (ITT).

Activity 8: Investment request preparation and CBCA procedure

The objective of this activity is to prepare the financial engineering for the project, including a market test, the preparation of an investment request, including a proposal for a Cross-Border Cost Allocation (CBCA) and the obtainment of a CBCA decision from the National Regulatory Authorities (NRAs).

The activity will be performed by the external contractor selected under tender B in activity 1, under the management and coordination of the beneficiary.

The first step of this activity is to conduct a non-binding market test where the market demand will be assessed in order to indicate whether investment costs can be covered by tariffs. Once the results of the non-binding market test are available, work on the investment request will commence. A project-specific cost-benefit analysis will be prepared, consistent with the methodology drawn up pursuant to Article 11 of the TEN-E Regulation and taking into account benefits beyond the borders of the Member State concerned. A business plan evaluating the financial viability of the project will be carried out and a substantiated proposal for a cross-border cost allocation will be prepared. The investment request will finally be submitted to the Italian and Maltese NRAs. The process for the new incremental capacity process pursuant to Chapter V of EU Regulation 459/2017 will be also conducted as part of this activity.

The outcome of the completion of this activity will be the investment request submitted to the Italian and Maltese NRAs and the CBCA decision issued by these authorities.

Activity 9: Dissemination and public awareness

The purpose of this activity is to engage with different stakeholders in order to promote the overall action and raise public awareness of the project through different communication channels, such as website, presentations and events.

An action dissemination plan will be developed containing at least the following elements:

- Publication of deliverables through a new project website as stipulated in Annex VI (6) of the TEN-E Regulation;
- Publication of an information leaflet which, as a minimum, must contain the requirements laid down in Annex VI (5)(a) of the TEN-E Regulation;
- Press releases to be issued by the beneficiary upon the completion of critical milestones of

the action (ex. award of tenders, issuance of the permits);

- Project branding;
- Setting-up of project information billboards.

This activity will be performed by the external consultant selected under tender C in activity 1, under the management and coordination of the beneficiary.

The final deliverables from activity 9 will be the project website, the information leaflet, press releases and project information billboards.

ARTICLE I.5 – MILESTONES AND MEANS OF VERIFICATION

Milestone number	Milestone description	Indicative completion date	Means of verification
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

11

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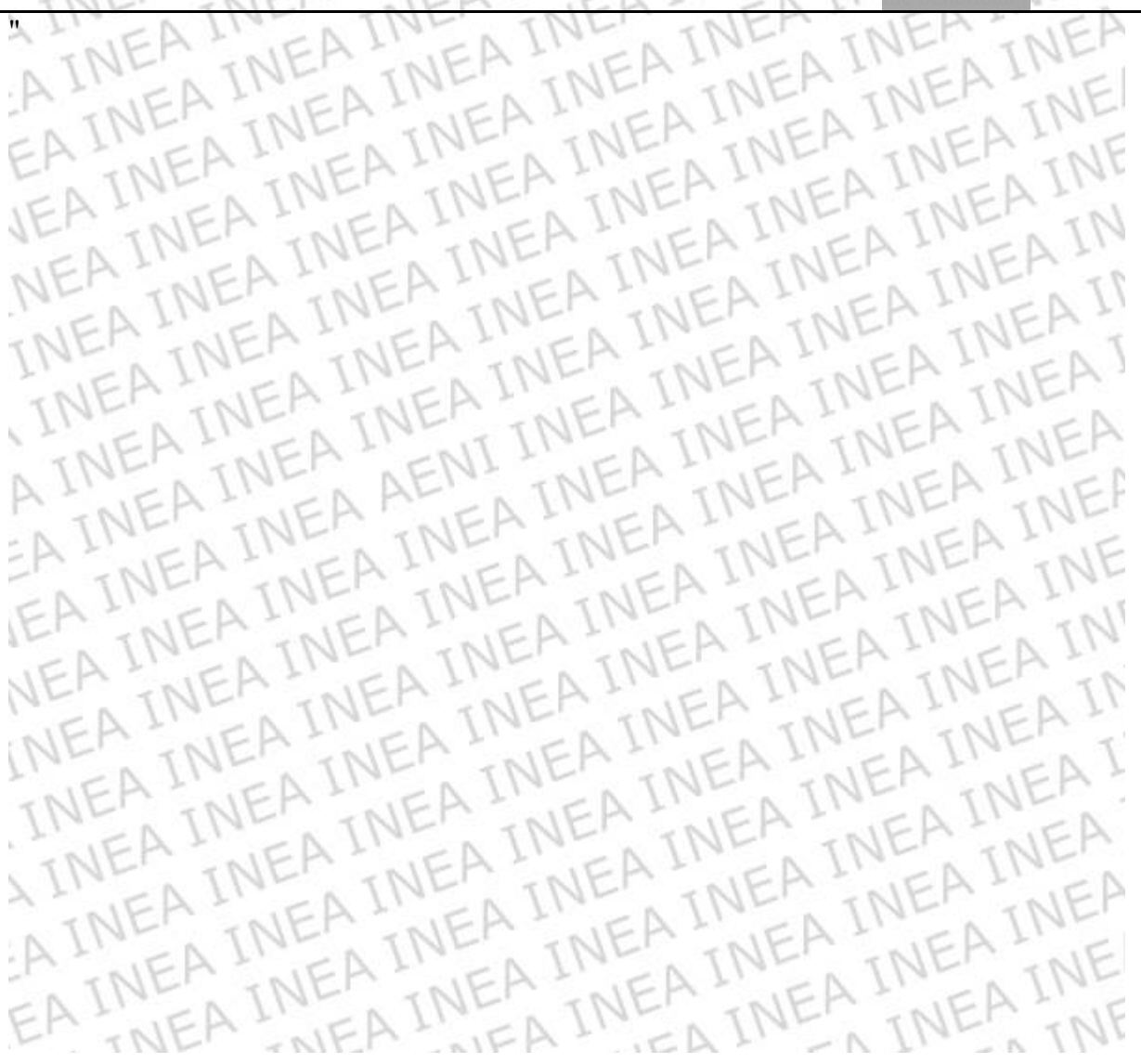
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(6) Table 2 of Annex III "Estimated budget of the Action" is replaced by the following table:

Table 2: Indicative breakdown per activity of estimated eligible costs of the action (EUR)

Activities	2017	2018	2019	2020	2021	Total
ELIGIBLE DIRECT COSTS						
Activity 1						
Activity 2						
Activity 3						
Activity 4						
Activity 5						
Activity 6						
Activity 7						
Activity 8						
Activity 9						
TOTAL ELIGIBLE DIRECT COSTS						

"

Article 2

All the other provisions of the grant agreement shall remain unchanged.

Article 3

The present amendment shall form an integral part of the grant agreement and it shall enter into force on the date on which it is signed by the last party. It shall take effect on the date of its entry into force.

SIGNATURES

For the beneficiary Republic of Malta
(Maltese State)



For the Agency

Andreas Boschen

Done at Valletta, on

Done at Brussels, on

In duplicate in English.