

Full Analysis:

Acquirente Unico S.p.A.

07/21/2021

This report does not constitute a rating action.

Major Rating Factors

Key strengths	Key risks
<ul style="list-style-type: none">– Critical role for the Italian government, as the entity in charge of building up and managing the country's strategic oil reserves.	<ul style="list-style-type: none">– Significant funding needs to continue building up oil reserves.
<ul style="list-style-type: none">– Continued importance as an intermediary in the energy market, being a centralized purchaser of electricity, although volumes are set to gradually decrease as liberalization advances.	<ul style="list-style-type: none">– Exposure to market prices for commodities linked to increasing oil reserves, mitigated by the legal framework governing the entity.
<ul style="list-style-type: none">– A very stable legal framework that ensures full cost coverage and is unlikely to change.	<ul style="list-style-type: none">– Structural working capital needs arising from energy purchasing activity, albeit sufficiently covered by various credit lines and liquidity instruments.

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Outlook

The stable outlook on Acquirente Unico S.p.A. reflects that on Italy (unsolicited BBB/Stable/A-2).

Downside scenario

We could lower our rating on Acquirente Unico over the next two years, all else being equal, if:

- We lowered our rating on Italy; or

- We saw a weakening of Acquirente Unico's link with or role for the Italian government, leading us to revise down our view of the likelihood of the entity receiving extraordinary support from Italy.

Upside scenario

We would upgrade Acquirente Unico if we raised our ratings on Italy and we continued to see an almost certain likelihood of extraordinary government support for the entity.

Rationale

We base our view of an almost certain likelihood of support on our assessment of Acquirente Unico's:

- Critical role for the government as manager of Italy's strategic oil reserves. Through its unit Organismo Centrale di Stoccaggio Italiano (OCSIT), Acquirente Unico has been legally assigned the strategically important responsibility of fulfilling the government's oil stockholding obligations under EU and International Energy Agency regulations. Additionally, Acquirente Unico acts as a centralized purchaser of electricity and gas on behalf of customers that have not signed up for liberalized service. We expect these operations will gradually scale down from 2023 onward, as the full liberalization of markets advances. Furthermore, Acquirente Unico provides support to public entities in the energy sector. It manages the integrated IT system and two web portals for the management of information relating to the electricity and gas markets, and acts as the supplier of last resort in the gas segment. Acquirente Unico has now been assigned the new role of supervising the market of methane for transportation, a business previously managed by ENI; and
- Integral link to the Italian government, which regulates all of its activities. Acquirente Unico is wholly owned by Gestore dei Servizi Energetici SpA (GSE), which, in turn, is wholly owned by the Ministry of Economy and Finance. The national regulator ARERA sets financial conditions for the services that Acquirente Unico provides in the energy sector, and the Ministry of Energy Transition (MiTE) supervises the strategy for the acquisition and management of strategic oil reserves. GSE appoints the members of the Acquirente Unico's board every three years, and proposed members are subject to the Ministry of Finance's agreement, with the possibility of a veto. MiTE establishes, annually and by ad hoc decrees, the amount of specific oil stocks that OCSIT should hold and the contribution fees that market operators should pay, thereby ensuring the balance of OCSIT's accounts.

Acquirente Unico has a pivotal role as manager of the country's strategic oil reserves, and an intermediary for consumers in the energy market.

Acquirente Unico, through OCSIT, remains the entity in charge of managing Italy's strategic oil reserve, in compliance with the country's commitments to the EU and the International Energy Agency. Acquirente Unico is currently building up its reserves, expecting to reach its reserve strategic stock level by the end of 2023.

Following its energy-market liberalization project in 2007, the government extended Acquirente Unico's role to the electricity market. There, Acquirente Unico acts as a centralized purchaser of electricity and gas between power providers and customers that have not signed up for liberalized service. In this regard, since July 2021, all small and midsize (SME) clients have to switch to the liberalized regime and choose their own provider, even though Acquirente Unico can still offer its services to the market.

We don't expect this switch to have a material impact on Acquirente Unico, given that an increasing proportion of SME customers have already made the transition. Furthermore, the overall decline is likely to be slower than initially anticipated, since the deadline to liberalize the micro-enterprise and retail customers

market has been postponed to 2023. Even as this activity winds down, Acquirente Unico will continue to play a pivotal role as an intermediary between the market and customers, through the management of the main data warehouse of the sector (integrated IT system, “Sistema Informativo Integrato”) and two web portals used by consumers to manage their electricity and gas accounts.

Additionally, as prescribed by law and starting from January 2022, Acquirente Unico will acquire from ENI all the relevant activities of SFBM (Servizi Fondo Bombole Metano), the subsidiary in charge of the maintenance and revision of ENI's bio-methane business. A MiTE fund will cover the costs, and the contributions to the business will continue to come from bio-methane providers, transporters, and car owners, on a pro quota basis. We do not expect any credit impact as a result of this acquisition, which tends to reinforce Acquirente Unico's role.

Government's ownership and supervision are not in question.

Acquirente Unico executes strategic government policies, ensuring the supply of electricity to eligible (protected) customers and managing the national strategic oil reserve. We believe that the definition of the strategy by the sole shareholder Ministry of Finance (through GSE) and the supervision of the National Authority for Energy, Networks, and the Environment (ARERA) in the energy sector and MiTE for all the tasks performed in OCSIT's name, is not in question.

A strong regulatory framework guarantees Acquirente Unico's financial balance.

All of Acquirente Unico's activities, both in the energy sector and as strategic oil reserve manager, fall under the full cost recovery principle. All the activities carried out in the energy sector are under the strict control of ARERA, which sets the financial conditions of the services Acquirente Unico provides, ensuring the balance of its accounts. With regard to OCSIT's activities, each year, the Ministry of Finance and MiTE establish the amount of specific stocks to be held and the average contribution fee to be paid by market operators. Market operators are jointly and several liable for paying the contribution fee, limiting the risks of any possible delays in collecting fees from any operator. Unpaid fees are very marginal and totaled only €900,000 at year-end 2020. To avoid potential risks, OCSIT is working together with MiTE on a specific law that could impose on market operators a first request guarantee by a primary bank.

Financial debt relates mainly to OCSIT.

Acquirente Unico's long-term financial requirements are directly related to the pace of reserve buildup. Due to the pandemic, hydrocarbon consumption levels have decreased substantially in Italy. Therefore, OCSIT's reserves now represent 27 days of consumption, ahead of plan. We understand that Acquirente Unico is currently reevaluating its reserve accumulation plan, based on the evolving situation regarding energy consumption in Italy after the pandemic, as well as updated long-term prospects for oil product consumption in the context of the ongoing energy transition away from fossil fuels.

Acquirente Unico's financial debt consists of about €860 million, maturing in 2022 (approximately €360 million) and in 2026 (€500 million). We expect the entity will refinance these maturities well ahead of time, through a combination of bond issuances or loans, depending on market conditions.

Acquirente Unico's energy intermediation activity generates structural liquidity needs, covered by short-term debt.

In contrast with the OCSIT activity, which requires long-term debt, Acquirente Unico's energy acquisition business generates structural liquidity needs. This is due to a structural mismatch between the timing of the payment for energy purchases and the receipt of revenue from energy operators. Acquirente Unico has several instruments to cover these liquidity needs, including €350 million in credit lines from CSEA (Cassa per I Servizi Energetici ed Ambientali), a €250 million factoring facility with recourse, and €505 million in

uncommitted credit lines. In case of need, Acquirente Unico could access liquidity from its parent company GSE.

Related Criteria

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Italy Ratings Affirmed At 'BBB/A-2' Outlook Stable, April 23, 2021
- Oil Reserves Manager Acquirente Unico SpA Outlook Revised To Stable After Similar Action On Italy; Ratings Affirmed, Oct. 26, 2020
- Acquirente Unico SpA, July 24, 2020

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