

Acquirente Unico

July 24, 2023

This report does not constitute a rating action.

Credit Highlights

Overview

Key strengths

Critical role for the Italian government as the entity in charge of building and managing the country's strategic oil reserve.

Strategic importance as an intermediary in the energy market, being the centralized purchaser of electricity, although volumes are set to gradually decrease as the market liberalizes.

Very stable and solid legal framework, which ensures a full cost recovery principle, without any expectation of potential changes or reforms.

Key risks

Structural working capital needs arising from energy purchasing activity, albeit sufficiently covered by various credit lines and liquidity instruments.

Significant funding needs to continue building oil reserves until 2025.

Primary contact

Riccardo Bellesia

Milan
39-272111229
riccardo.bellesia
@spglobal.com

Secondary contacts

Alejandro Rodriguez Anglada

Madrid
34-91-788-7233
alejandro.rodriguez.anglada
@spglobal.com

Mariamena Ruggiero

Milan
390272111262
mariamena.ruggiero
@spglobal.com

Acquirente Unico's role is critical for the Italian government, given its link is integral and its long-term debt is consolidated in Italy's general government debt. The company has a fundamental role to continue providing energy to customers in the protected market; and the government, through the Minister of Finance, fully controls its activity. Additionally, all Acquirente Unico's debt is included in Italy's general government debt.

Outlook

The stable outlook on Acquirente Unico S.p.A. mirrors 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, which is currently a remote scenario.

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 assess Acquirente Unico as having:

- A critical role for the government as the manager of Italy's strategic oil reserves. Through its unit Organismo Centrale di Stoccaggio Italiano (OCSIT), Acquirente Unico has been legally assigned the strategic 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 retail customers that have not signed up for the liberalized market. In January 2024, the Enhanced Protection System (EPS) will come to an end, but Acquirente Unico will likely continue to provide energy to those customers considered vulnerable. Furthermore, Acquirente Unico manages the Integrated Informative System (IIS), which the Italian state often uses to execute payments and social policies, and two web portals for the management of information relating to the electricity and gas markets; and
- An integral link to the Italian government, which regulates all 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. Regulator the National Authority for Energy, Networks, and the Environment (ARERA) sets financial conditions for the services that Acquirente Unico provides in the energy sector, and the Ministry of Environment and Energy Security (MASE) supervises the strategy for the acquisition and management of strategic oil reserves. GSE appoints the five members of Acquirente Unico's board every three years, and proposed members are subject to the Ministry of Finance's agreement. MASE 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 the manager of the country's strategic oil reserves and an intermediary in the energy market for certain customer categories. 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. The company is currently building up its reserves, planning to reach its strategic reserve stock target by year-end 2025.

Following the energy-market liberalization in 2007, the government also extended Acquirente Unico's role to the electricity market in the enhanced protection system. In this context, Acquirente Unico still acts as a centralized purchaser of electricity and gas between power

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providers and customers that have not signed up for a liberalized service. However, from January 2024, the EPS will come to an end and Acquirente Unico will likely continue to provide gas and electricity only to those customers considered vulnerable, such as elderly people, households with very low incomes, or inhabitants of remote zones. It is estimated that there are 4 million-6 million customers eligible for such service. We don't expect this switch to have a material impact on Acquirente Unico, given that an increasing proportion of retail customers have already concluded the transition to the liberalized service, especially during 2022. 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 energy sector (IIS). The latter is heavily used by the Italian state to execute transfers to low-income households to shield them from increased energy prices (Bonus Sociale). It also serves as a tariff benchmark with respect to provision of transparent free market access and to manage retail customers' electricity and gas accounts.

Moreover, in 2020 Acquirente Unico acquired from Eni all the relevant activities of Servizi Fondo Bombole Metano (SFBM), which operates all technical and administrative services related to the management, maintenance, and replacement of methane gas cylinders for auto use. In January 2023, SFBM started operating under the control of Acquirente Unico. Acquirente Unico financed the €14.7 million acquisition upfront with its own funds, but this will be offset by contributions from bio-methane providers, transporters, and car owners, on a pro-quota basis.

Acquirente Unico is strengthened by its stable government ownership and close supervision.

Acquirente Unico executes strategic government policies, ensuring the supply of electricity to eligible customers and managing the national strategic oil reserve. The importance of Acquirente Unico's role for and link with the Italian government are reflected in the definition of its strategy by sole shareholder the Ministry of Finance (through GSE) and the close supervision by ARERA in the energy sector and MASE for all the tasks performed in OCSIT's name.

A strong regulatory framework guarantees Acquirente Unico's balanced financial performance.

All Acquirente Unico's activities, both in the energy sector and as strategic oil reserve manager, are carried out 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 framework for Acquirente Unico's operations, ensuring the balance of its accounts. With regard to OCSIT's activities, each year the Ministry of Finance and MASE 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 severally liable for paying the contribution fee, limiting the risks of any possible delays in collecting fees from any operator. Unpaid fees are very marginal, at about 1% of the total at year-end 2022 and are covered the following year by other market operators.

Acquirente Unico's debt is consolidated within Italy's general government debt. The company's long-term financial requirements are directly related to the pace of reserve build-up. In 2022, OCSIT paused the reserve accumulation to assess the real level of stock accumulated, also considering the change in demand for oil products related to the COVID-19 pandemic, which caused the revaluation of stock reserves (leading to an unrealized capital gain of more than €700 million). We understand that Acquirente Unico is currently reconsidering the pace of its reserve accumulation plan, based on the evolution of energy consumption in Italy after the pandemic, as well as updated long-term prospects for oil product consumption in the context of the shift away from fossil fuels. However, the reserves build-up appears to be on track to reach the 30 days of consumption target level by year-end 2025.

Acquirente Unico's long-term debt of €998 million is consolidated in Italy's general government debt. The debt pertains to the stock acquisition activity, which is capital intensive. We expect Acquirente Unico will manage its outstanding maturities (in 2024 and 2026) ahead of time through a combination of bond issuances or loans.

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Acquirente Unico's energy intermediation activity generates structural liquidity needs, covered by short-term debt. In contrast with the OCSIT-related activity, which requires long-term financing, Acquirente Unico's energy acquisition business generates structural liquidity needs. This is due to a mismatch between the timing of the payment for energy purchases and the receipt of proceeds from energy operators. Acquirente Unico has several channels to cover these liquidity needs, including €350 million in credit lines from Cassa per I Servizi Energetici ed Ambientali (CSEA), a €700 million credit line with parent company GSE, and more than €2 billion in other bank and factoring credit lines. In case of need, we understand that Acquirente Unico could access additional liquidity from its parent company GSE, or other banks.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- 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 21, 2022
- Acquirente Unico SpA, July 21, 2022

Ratings Detail (as of July 24, 2023)*

Acquirente Unico SpA

Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	BBB

Issuer Credit Ratings History

28-Jul-2022	BBB/Stable/--
26-Oct-2021	BBB/Positive/--
26-Oct-2020	BBB/Stable/--
30-Oct-2018	BBB/Negative/--
01-Aug-2018	BBB/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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