



# **LOCAL FLEXIBILITY MARKET REGULATIONS**

*Approved by the Regulatory Authority for Energy, Networks and the Environment with resolution  
372/2023/R/eel of 3 August 2023, as subsequently amended and supplemented*

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**ANNEXES**

- Annex A – Application form for admission to the market*
- Annex B - Market participation contract*

## **TITLE I GENERAL PROVISIONS**

### ***Article 1 Subject and annexes***

- 1.1 These Regulations of the local flexibility market (hereinafter referred to as: Regulations) and the documents annexed to it, which form an integral and substantial part thereof, contain the operating rules of the local flexibility market made available by GME to distribution system operators who can use them in the context of the pilot projects established pursuant to Resolution of the Regulatory Authority for Energy, Networks and the Environment of 3 August 2021 no. 352/2021/R/eel, as subsequently amended and supplemented.

### ***Article 2 Definitions***

- 2.1 In the Regulations:

- a) Authority or ARERA refers to the Regulatory Authority for Energy, Networks and the Environment, established pursuant to law no. 481 of 14 November 1995,;
- b) pay-as-bid auction refers to the trading method, which provides the entry, modification and cancellation of trading offers in a given time interval, in which the single selected/accepted offer is valued at the price associated with the offer itself;
- c) Trading book refers to the place for the trading of forward products and spot products related to local ancillary services;
- d) BSP refers to the Balance Service Provider, responsible for the provision of local ancillary services to the DSO;
- e) Market Participant identification code refers to the alphanumeric sequence, which is used to uniquely identify any Market Participant, for the purpose of participating in the market;
- f) identification code of the distributed resource refers to the alphanumeric sequence which is used to uniquely identify a distributed resource with respect to which the Market Participant, an MLF-enabled user, is entitled to convey offers;
- g) session identification code refers to the alphanumeric sequence that uniquely identifies a session of the MLF;
- h) DSO identification code refers to the code adopted by the DSO to identify the MLF-enabled user on its systems;
- i) Italian Legislative Decree no. 79/99 refers to Italian Legislative Decree no. 79 of 16 March 1999 concerning "Implementation of Directive 96/92/EC

- containing common rules for the internal market in electricity", published in the Official Journal no. 75 of 31 March 1999;
- j) DSO refers to the distribution system operator pursuant to article 2 (29) of Directive 2019/944;
  - k) exclusion from the market refers to the loss of Market Participant status;
  - l) availability window refers to the period in which the distributed resource is available to provide the local ancillary service;
  - m) working day refers to a day from Monday to Friday, with the exception of those recognised as public holidays by the State for all civil purposes, as well as those possibly indicated in the Technical Rules;
  - n) GME refers to *Gestore dei Mercati Energetici S.p.A.*, the joint-stock company entrusted, among other aspects, with the economic management of the electricity market, pursuant to article 5 of Italian Legislative Decree no. 79/99;
  - o) determination refers to the valuing of the debit or credit economic items;
  - p) step-up margin refers to the maximum quantity that can be specified in sale offers referable to the same distributed resource for the purpose of verifying the technical adequacy of offers presented in a market session;
  - q) step-down margin refers to the maximum quantity that can be specified in purchase offers referable to the same distributed resource for the purpose of verifying the technical adequacy of offers presented in a market session;
  - r) market refers to the local flexibility market organised and managed by GME (MLF) divided in the local forward flexibility market (MLT-Flex) and the local spot flexibility market (MLP-Flex);
  - s) local spot flexibility market (MLP-Flex) refers to the combination of the day-ahead flexibility market (MGP-Flex) and the intraday flexibility market (MI-Flex), within which the spot products are traded;
  - t) local forward flexibility market (MLT-Flex) refers to the market in which forward products are traded;
  - u) day-ahead flexibility market (MGP-Flex) refers to the market in which the offers by Market Participants compatible with the request for local ancillary services are selected referring to the calendar day immediately following the trading day;
  - v) intraday flexibility market (MI-Flex) refers to the market in which the offers by Market Participants compatible with the request for local ancillary services are selected referring to the following calendar day, or to the same calendar day on which MI-flex sessions are held;
  - w) adequate offer refers to a valid offer that has successfully passed all the checks set out in the Regulations;
  - x) definitively accepted offer refers to an adequate offer, selected as definitively accepted by GME, which has been deemed technically valid by the DSO, for which the Market Participant must provide the service offered and acquires the right to receive the service requested, at the prices established under the provisions of the Regulations;
  - y) definitively rejected offer refers to an adequate offer, selected as definitively rejected by GME, for which the Market Participant has no obligation to provide the service offered and does not acquire the right to receive the

- requested service, at the prices established under the provisions of the Regulations;
- z) multiple offer refers to an offer consisting of a number of simple offers, submitted by a single BSP for the same service requested by the DSO, pertaining to the same relevant period and to the same resource or aggregate of resources;
  - aa) preliminary accepted offer refers to an adequate offer, selected as provisionally accepted by GME, awaiting the technical validity checks by the DSO;
  - bb) preliminarily rejected offer refers to an adequate offer, selected as provisionally rejected by GME, awaiting the technical validity checks by the DSO;
  - cc) valid offer refers to the offer submitted in accordance with the procedures and within the timings established in the Regulations;
  - dd) Market Participant refers to the natural or legal person admitted to operate in the market;
  - ee) perimeter of flexibility refers to the portion of the electricity distribution network, to which the distributed resources pertain, within which the DSO requests the availability to provide local ancillary services or the provision thereof;
  - ff) relevant period refers to the single quarter hour;
  - gg) spot product refers to the product relating to the provision by the Market Participant, MLF-enabled user, of local ancillary services for the relevant periods included in a time horizon equal to one day, requested by the DSO within the MLP-Flex;
  - hh) forward product refers to the product relating to the availability for the provision by the Market Participant, MLF-enabled user, of local ancillary services for the relevant periods included in a long-term time horizon, indicated in the product itself, requested by the DSO within the MLT-Flex;
  - ii) product tradeable on the MLF refers to the spot product or the forward product tradeable on the market as defined by the DSO;
  - jj) pilot projects refer to the projects established pursuant to the ARERA Resolution of 3 August 2021 no. 352/2021/R/EEL containing "Pilot projects for the procurement of local ancillary services";
  - kk) DSO Regulations refer to the set of conditions set by the DSO for the procurement and provision of local ancillary services;
  - ll) request for local ancillary services refers to the request for local ancillary services supply presented by the DSO on the MLF by defining spot products and forward products;
  - mm) distributed resource refers to a unit connected to the DSO distribution network;
  - nn) auction trading session refers to the period of time within which offers must be received in order to be considered valid;
  - oo) market session refers to the set of activities directly connected to the receipt and management of offers, as well as to the determination of the corresponding results;

- pp) local ancillary services refer to the ancillary services, referred to in article 31 (6) and 31 (7) of Directive (EU) 2019/944, necessary for the efficient, reliable and secure functioning of the distribution system;
- qq) Settlement refers to the process of settling payments of the MLF;
- rr) suspension from the market refers to the temporary inhibition of a Market Participant from the right to submit offers on the market;
- ss) MLF-enabled user refers to the subject who has obtained from the DSO the BSP qualification to offer local ancillary services, for one or more distributed resources in its availability, towards the same DSO.

### **Article 3** **General principles and amendments of the Regulations**

- 3.1 GME shall exercise its functions in a transparent and non-discriminatory ways to safeguard the correct functioning of the MLF.
- 3.2 GME shall put in place an organisational structure suitable for preventing conflicts of interest, even only potential ones, and control procedures for verifying compliance with the Regulations and with the Technical Rules.
- 3.3 Market Participants are required to conform their conduct on the market to the ordinary principles of correctness and good faith.
- 3.4 GME prepares the proposed amendments to the Regulations and makes them available, through the publication on its website or through other suitable means, to the interested parties, setting a deadline of no less than fifteen days within which the same parties can submit any observations. Taking into account the observations received, GME sends the proposed modifications, adequately motivated, to the Authority for approval.
- 3.5 The procedure referred to in the previous paragraph 3.4 does not apply in the case of urgent interventions to amend the Regulations, aimed at safeguarding the regular functioning of the market, or in cases of adaptation of the Regulations to the applicable regulatory provisions. In this case, the amendment, ordered by GME, becomes effective with its publication on GME's website and it is promptly sent to the Authority for approval. If the Authority does not approve the amendment, the same ceases to have effect from the date of communication to GME of the Authority's decision. GME promptly informs the Market Participants of the outcome of the approval procedure by publishing it on its website.

### **Article 4** **Technical Rules**

- 4.1 The implementing and procedural rules of the Regulations are defined in the Technical Rules (DTF – *Disposizioni Tecniche di Funzionamento*). In preparing the



Technical Rules, GME complies with the criteria of neutrality, transparency, objectivity, and competitiveness between Market Participants.

- 4.2 The Technical Rules are published on GME's website and enter into force from the date of publication.
- 4.3 GME may also make preliminary versions of the Technical Rules available to the interested parties, setting a time limit within which the same parties can submit any observations.

#### **Article 5** **Measurement units and roundings**

- 5.1 For market purposes, GME adopts the units of measurement indicated in the Technical Rules.
- 5.2 For market purposes, all roundings are performed with a mathematical criterion. In particular, the figures are rounded up or down to the nearest last accepted decimal and, if they are placed in the middle, they are rounded for excess.

#### **Article 6** **Access to GME's computer system**

- 6.1 Access to GME's IT system takes place via the Internet, according to the methods and terms defined in the Technical Rules, or through any additional methods provided therein.

#### **Article 7** **Fees for services provided by GME**

- 7.1 The Market Participants of the MLF, for the service provided by GME, are required to pay the following fees to it:
  - a) an access fee;
  - b) a fixed annual fee;
  - c) a variable fee determined in relation to the quantities referred to in the transactions performed.
- 7.2 If the MLF Market Participant is also an electricity Market Participant, it will not have to pay GME the fee referred to in the previous paragraph 7.1, letter a).
- 7.3 The extent of the fees, referred to in the previous paragraph 7.1, is defined annually by GME in order to ensure its economic and financial balance. This measure is

published on GME's website with immediate effect upon first application and, when fully operational, from 1<sup>st</sup> January of the following year.

**Article 8**  
**Market information**

- 8.1 The market data and results, at an aggregate level, are of public domain and are published on GME's website. Each Market Participant has access to the data and market results that directly concern it.
- 8.2 Without prejudice to cases where the obligation to notify arises from laws, regulations or other provisions of authorities, GME shall publish:
- a) the data relating to the offers presented by the Market Participants on the MLT-Flex once three months have elapsed from the last day on which it is possible to activate the local flexibility services to which the MLT-Flex offers refer;
  - b) the data relating to the offers presented by the Market Participants on the MLP-Flex once three months have elapsed from the day on which the session for the trading of these offers on the MI-Flex is held.
- 8.3 GME sends to distribution system operators the information necessary for the activities they are responsible for.

**Article 9**  
**Communication and publication of data and information**

- 9.1 Unless otherwise provided for, the communication and publication of the data and information required by the Regulations are performed electronically. In particular:
- a) the communication to a Market Participant takes place through the provision of data and information on the section of GME's computer system to which access is reserved to the Market Participant itself;
  - b) the publication takes place through the provision of data and information on the non-reserved access section of GME's IT system.
- 9.2 The offers presented by Market Participants are deemed to have been received on the date and at the time resulting from GME's information system. Any other communication is considered received:

- a) on the day and at the time of receipt, if received between 08:00 and 17:00 on a working day;
  - b) at 08:00 on the first working day following that of receipt, if received between 17:00 and 24:00 on a working day, or between 00:00 and 24:00 on a non-working day;
  - c) at 08:00 on the day of receipt, if received between 00:00 and 08:00 on a working day.
- 9.3 For the purposes of determining the time of receipt of a communication, the time of GME's records is considered. In the event that a communication takes place electronically, the timing of GME's computer system prevails.

### ***Article 10*** ***Security of Access***

- 10.1 Market Participants have access the market through dedicated procedures, defined in the Technical Rules, aimed at granting the recognition of the Market Participants and the authenticity of their transactions.
- 10.2 Market Participants must treat their access codes and any other data or device required to access GME's information system as confidential.

## **TITLE II MARKET ADMISSION**

### ***Article 11 Market admission requirements***

- 11.1 Subjects with adequate professionalism and competence in the use of telematic systems and of the security systems relating to them, or subjects who have employees or auxiliaries equipped with such professionalism and competence, can participate in the market.
- 11.2 The following cannot participate in the market:
- a) those who have been sentenced, with an irrevocable sentence, except for the effects of rehabilitation, or with a sentence that applies the penalty at the request of the parties, except in the case of extinction of the crime, to imprisonment for the crime referred to in article 501 of the Criminal Code, or to one of the crimes against the inviolability of the secrecy of IT or telematic communications provided for in articles 617 *quater*, *quinquies* and *sexies* of the Criminal Code, or to the crime of computer fraud referred to in article 640 *ter* of the Criminal Code, or to the crime of fraud committed to the detriment of the State or of another public body referred to in article 640, paragraph 2, no. 1, of the Criminal Code, as well as to crimes relating to income tax and value added tax pursuant to Italian Legislative Decree no. 74 of 10 March 2000;
  - b) those who have been excluded from the market during the sixty months preceding the submission of the new application for admission, without prejudice to the provisions of the following letter c) and except in cases of exclusion pursuant to the following Article 20;
  - c) those who have been excluded from the MLF against whom, at the date of submission of the new application for admission, GME still has an outstanding credit on the MLF.
- 11.3 In the event that the subject interested in market admission is a legal person, the conditions referred to in the previous paragraph 11.2 refer to the owner, or to the legal representative or to the person with the necessary powers.
- 11.4 With reference to the cases regulated as a whole or partially by foreign legal systems, verification of the existence of the requirements established in the previous paragraphs 11.2 and 11.3 is performed on the basis of an assessment of substantial equivalence by GME.

### ***Article 12 Application for admission to the market and participation contract***

- 12.1 The party intending to participate in the market submits to GME, according to the methods and within the timings established in the Technical Rules:
- a) an "Application for admission to the market", drawn up according to the specific form annexed to the Regulations (Annex A) and accompanied by the documentation indicated in the following Article 13;
  - b) a signed copy of the "Market Participation Contract", drafted according to the specific form annexed to the Regulations (Annex B).

### **Article 13**

#### ***Documentation to be annexed to the application for admission to the market***

- 13.1 The application for admission to the market, signed by the interested party, is accompanied by:
- a) declaration, made pursuant to Italian Presidential Decree no. 445 of 28 December 2000, certifying that the subject requesting admission to the market or, if this subject is a legal person, the subject referred to in the previous Article 11, paragraph 11.3, has not been the recipient, in Italy, of measures involving the loss of the requirements referred to in the previous Article 11, paragraph 11.2, letter a), and has not been the recipient, abroad, of provisions corresponding to those which, according to Italian law, would lead to the loss of the same requirements or other equivalent documentation on the basis of which GME performs an assessment of substantial equivalence;
  - b) if the application for admission is signed by the legal representative or by another subject with the necessary powers, a declaration, made pursuant to Italian Presidential Decree 28 December 2000, no. 445, certifying the ownership of representation powers or other equivalent documentation on the basis of which GME performs an assessment of substantial equivalence.
- 13.2 In cases where the documentation indicated in the previous paragraph 13.1 is already in GME's possession, the interested party is exempted from producing it, presenting a declaration containing the indication of this circumstance, the date of the documentation transmission to GME, as well as confirmation of the update of the contents of the same.

### **Article 14**

#### ***Admission procedure***

- 14.1 Within fifteen calendar days from the date of receipt of the application, having verified the possession of the requirements referred to in the previous Article 11, as well as the regularity of the documentation presented, GME notifies the interested party of the application admission or rejection; in the latter case, GME

provides adequate reasons. This communication is made according to the methods defined in the Technical Rules.

- 14.2 In order to verify the possession of the requirements referred to in the previous Article 11, paragraph 11.1, GME may ask the interested party to provide suitable documentation.
- 14.3 In the event that the documentation is irregular or incomplete, GME communicates to the interested party, in accordance with the methods defined in the Technical Rules, the obligations necessary to regularise or complete such documentation, as well as the deadline within which to fulfil these obligations. This communication suspends the timeframe referred to in the previous paragraph 14.1, which resumes from GME's receipt of the regularised or completed documentation.
- 14.4 With the admission provision, the status of Market Participant is recognised.

#### ***Article 15*** ***Admission of DSOs to the market***

- 15.1 Notwithstanding the provisions of the previous Article 14, the status of Market Participant is attributed by right to DSOs who have requested to operate on the MLF.
- 15.2 A special agreement between GME and each DSO regulates the methods of participation in the MLF of the DSO, the methods of exchanging information flows functional to the management of the MLF, as well as the specific methods of guaranteeing the fulfilment of the obligations resulting from participation in the MLF of the DSO, alternative to those referred to in the following Article 75, having the same effectiveness as the guarantees provided therein.
- 15.3 GME indicates in the Technical Rules the list of DSOs admitted to operate in the MLF and the related step-up and step-down services possibly requested.

#### ***Article 16*** ***List of Market Participants admitted to the market***

- 16.1 Market Participants admitted to the market, according to the provisions of the previous Article 14 and Article 15, are included in a specific "List of Market Participants admitted to the market", formed and maintained by GME in compliance with the provisions of Regulation (EU) 679/2016 and subsequent amendments and additions.

- 16.2 For each Market Participant, the List of Market Participants admitted to the market contains:
- a) the Market Participant's identification code;
  - b) surname and first name, or trade name or company name, place of residence, and place of domicile if different from that of residence, or registered office, tax code, VAT number, telephone numbers, e-mail addresses, subjects to whom to refer for any communications and the related contact details;
  - c) Market Participant status: admitted, active, suspended, pending exclusion request, excluded;
  - d) the DSO's identification code;
  - e) the identification code of the distributed resources, or of their aggregate, with reference to which the Market Participant, as an MLF-enabled user, is entitled to refer offers on the market referred to in the following Article 24;
  - f) Market Participant's bank details;
  - g) amount of financial guarantees posted in favour of GME;
  - h) tax regime of the Market Participant.
- 16.3 GME publishes the following data and information on its institutional website in relation to the admitted Market Participants:
- a) surname and first name, or trade name or company name;
  - b) place of residence, or registered office.
- 16.4 Each Market Participant may access the data and information relating to the same that are contained in the List of Market Participants admitted to the market.

**Article 17**  
***Data and information for market participation***

- 17.1 Each Market Participant shall request GME to enter the data and information referred to in the previous Article 16, paragraph 16.2, letter f) into the List of Market Participants according to the methods indicated in the Technical Rules, as well as the data and information referred to in the previous Article 16, paragraph 16.2, letter h).
- 17.2 The insertion of the data and information referred to in the previous Article 16, paragraph 16.2, letters d) and e), takes place following the communications referred to in the following Article 24.
- 17.3 The insertion of the data and information referred to in the previous Article 16, paragraph 16.2, letter g), takes place following the communications referred to in the following Article 75, paragraph 75.2, and Article 76, paragraph 76.2.
- 17.4 When requesting the insertion of the data and information referred to in the previous Article 16, paragraph 16.2, letter h), the Market Participant must enclose

a declaration certifying its VAT regime, in accordance with the provisions of the Technical Rules.

- 17.5 After receiving the requests referred to in the previous paragraph 17.1, the List of Market Participants admitted to the market is updated by GME. The requested change has effect within the second working day following the request receipt by GME.

### ***Article 18*** ***Request for information***

- 18.1 GME verifies the compliance with the Regulations and with the Technical Rules in order to ensure the regular functioning of the market according to the criteria of neutrality, transparency, objectivity, as well as competitiveness between Market Participants. For this purpose, GME may ask Market Participants for any useful information or document concerning the operations they perform on the market, possibly also by summoning them to a hearing.
- 18.2 GME reserves the right to verify that Market Participants meet the requirements for admission to the market. For this purpose, it may request additional documentation or to update the one already submitted.

### ***Article 19*** ***Reporting obligations***

- 19.1 Market Participants are required to notify GME, promptly and in any case within three working days of its occurrence, of any changes to facts, states and qualities that are such as to lead to the loss or modification of the requirements for admission to the market, or are such as to modify the data and information referred to in the previous Article 16, paragraph 16.2, letters b), f), g) and h), declared by the Market Participant and entered in the List of Market Participants admitted to the market.
- 19.2 Following each communication referred to in the previous paragraph 19.1, GME updates the List of Market Participants admitted to the market.

### ***Article 20*** ***Exclusion on request from the market***

- 20.1 For the purpose of exclusion from the market, Market Participants submit to GME or send to it, according to the methods and timings defined in the Technical Rules,



a specific written request, possibly indicating the date from which the exclusion is requested.

- 20.2 Without prejudice to the provisions of the following paragraph 20.3, the exclusion from the market upon request starts from the later of the following dates:
- a) the second working day following the date of receipt by GME of the request referred to in the previous paragraph 20.1;
  - b) the date indicated in the request referred to in the previous paragraph 20.1;
- 20.3 If the Market Participant holds accepted offers on the MLT-Flex for relevant periods referring to the calendar days following the date identified pursuant to the previous paragraph 20.2, the exclusion date will start from the working day following the trading session of the MI-Flex of the relevant periods to which the accepted offers on the MLT-Flex refer or, in any case, after the relevant periods to which the accepted offers on the MLT-Flex refer.
- 20.4 Without prejudice to the provisions of the preceding paragraphs, exclusion from the market upon request does not exempt the Market Participant from fulfilling the obligations resulting from the commitments undertaken on the MLF.
- 20.5 During the period of suspension from the market, the Market Participant cannot request exclusion pursuant to this Article.

### **TITLE III MARKET OPERATION**

#### ***Article 21 Subject and purpose of the market***

- 21.1 The local flexibility market (MLF) is the trading venue where the DSOs, who have requested to make use of GME as part of their pilot projects, procure local ancillary services, through the trading of forward products and spot products.
- 21.2 The MLF is divided into:
- a) Local forward flexibility market (MLT-Flex);
  - b) Local spot flexibility market (MLP-Flex).
- 21.3 The Local spot flexibility market (MLP-Flex) is divided into:
- a) Day-ahead flexibility market (MGP-Flex);
  - b) Intraday flexibility market (MI-Flex).
- 21.4 Within each of the markets in which the MLF is divided, GME organises separate trading books for each of the DSOs, as well as for each tradeable product.

#### ***Article 22 Trading methods***

- 22.1 On the MLF, trading takes place according to the pay-as-bid auction method.
- 22.2 In the trades on the MLF, GME is the counterparty of Market Participants.

#### ***Article 23 Calendar and times for the MLF sessions***

- 23.1 The trading books on the MLT-Flex are activated by GME upon request of the DSO. The activation request is presented by the DSO to GME, according to the methods and within the timings identified by GME and by the same DSO in the agreement referred to in the previous Article 15, paragraph 15.2
- 23.2 GME, having received the activation request referred to in the previous paragraph 23.1, notifies Market Participants, by publication on its website and on the market IT system, on the trading day on the MLT-Flex trading book in which activation was requested, of the days for making available the information referred to in the following Article 29, as well as of those for communication and publication of the preliminary results and the definitive results referred to in the following Article 35 and Article 38, respectively. The opening and closing times of the sitting and the

times for the MLT-Flex session are published by GME on its website and on the market computer system.

- 23.3 Trading on the MGP-Flex and on the MI-Flex takes place on demand of the DSO. The opening and closing times of the auction trading sessions and the times for the MGP-Flex and MI-Flex sessions are indicated by GME in the Technical Rules.

**Article 24**  
***Data and information for performing the sessions of the MLF***

- 24.1 GME receives from each DSO, according to the methods and within the timings identified by GME and by the same DSO in the agreement referred to in the previous Article 15, paragraph 15.2, the list of distributed resources owned by each MLF-enabled user, with the indication, also by aggregate, of at least the following information:
- a) identification code;
  - b) step-up margin and step-down margin;
  - c) personal data of the MLF-enabled user, owner of the resources, and the relative DSO identification code;
  - d) any other information necessary for the performance of the MLF.
- 24.2 Only MLF-enabled users/Market Participants, indicated by the DSO to GME, pursuant to the previous paragraph 24.1, may submit offers on the MLF trading books of each DSO.

**Article 25**  
***Definitiveness***

- 25.1 The transactions concluded on the MLT-Flex are considered definitive and binding, also for the purposes of guaranteeing, offsetting, determining, and settling the economic items, as well as the consequent obligations deriving therefrom, starting from the moment in which the sale offers of availability to provide local ancillary services are definitively accepted pursuant to the following Article 37.
- 25.2 The transactions concluded on the MLP-Flex are considered definitive and binding, also for the purposes of guaranteeing, offsetting, determining, and settling the economic items, as well as the consequent obligations deriving therefrom, starting from the moment in which the purchase and sale offers, verified as valid and adequate, are definitively accepted in the bidding system pursuant to the following Article 52 and Article 64.
- 25.3 The purchase and sale transactions for the delivery of energy performed and for the non-delivery of energy are considered definitive and binding, also for the purposes of guaranteeing, offsetting, determining, and settling the economic items,

as well as the consequent obligations deriving therefrom, starting from the moment in which these transactions are attributed by GME to the Market Participant pursuant to the following Articles 67 and 68.

**Article 26**  
**Emergency conditions**

- 26.1 Emergency conditions are considered to be:
- a) the case in which GME is unable to receive the offers sent by Market Participants as well as by DSOs, through the methods set out in these Regulations, or to receive from each DSO the data and functional information referred to in the following Article 29, Article 43, and Article 55;
  - b) the case in which GME is unable to determine the results relating to a market session;
  - c) the case in which GME is unable to communicate the results of a market session to Market Participants and to DSOs, also due to malfunctions in GME's IT system or telecommunications systems;
  - d) the case in which GME receives from the DSO, in relation to the relevant trading books, a specific request to cancel, or to suspend or to revoke the session held or in progress.
- 26.2 If the case referred to in the previous paragraph 26.1, letter a) occurs, GME informs Market Participants and each DSO, according to the methods indicated in the Technical Rules, of the occurrence of the emergency condition, as well as the new deadline for opening the MLF trading session, defined in agreement with the DSOs, if the condition emergency concerns the MLT-Flex. If within the new deadline for the opening of the trading session the emergency condition persists, GME proceeds with the temporary suspension of transactions on the market.
- 26.3 If the cases referred to in the previous paragraph 26.1, letters b) and c) occur, GME suspends transactions on the MLF and informs Market Participants and DSOs of the occurrence of the emergency condition, according to the methods indicated in the Technical Rules.
- 26.4 If the cases referred to in the previous paragraph 26.1, letter d) occur, GME communicates to Market Participants, according to the methods indicated in the Technical Rules, the occurrence of the emergency condition, as well as, where possible, the duration of the emergency condition.
- 26.5 If the cases referred to in the previous 26.1, letter d) occur, GME cannot be held liable in any way for any damages suffered, even indirectly, by Market Participants and/or by the DSO.

**Article 27**  
**Suspension of the MLF**

- 27.1 If GME detects anomalous trends in trading on the MLF, or irregular or illicit conduct, even if only presumed, by one or more Market Participants, it notifies DSOs and the Authority of these circumstances and in agreement with the latter suspends, even with immediate effect, the operation of the MLF or one or more sessions or trading books of the same.
- 27.2 GME announces the suspension decision referred to in the previous paragraph 27.1 through a communication published on its website.
- 27.3 Restoration of the operations of the MLF, suspended pursuant to the previous paragraph 27.1, is made known by GME through a communication published on its website.
- 27.4 In all cases of suspension of the MLF, GME sends specific information to the Authority on the consequences that have arisen.

**CHAPTER I**  
**LOCAL FORWARD FLEXIBILITY MARKET (MLT-Flex)**

**Article 28**  
**Subject of the MLT-Flex and tradeable products**

- 28.1 Within the context of the MLT-Flex, the DSOs, through the trading of forward products, procure the availability of the Market Participants, MLF-enabled users, to provide local ancillary services over long-term time horizons, indicated in the same products.
- 28.2 The forward products tradeable on the MLT-Flex are defined by the DSOs.

**Article 29**  
**Preliminary information for performing the MLT-Flex sessions**

- 29.1 The DSO communicates to GME, according to the methods and within the timings defined in the agreement referred to in the previous Article 15, paragraph 15.2, the

technical specifications of the tradeable forward product, indicating at least the following information:

- a) any possible flexibility perimeter with respect to which the local service covered by the forward product is requested;
- b) the value of capacity requested (availability) by the DSO;
- c) the maximum purchase price offered by the DSO for the requested availability;
- d) the minimum and maximum price limit in compliance with which Market Participants must formulate their own purchase and sale offers for change of capacity for the purpose of providing the local ancillary service requested by the DSO, if provided for;
- e) the utilisation factor value of the local ancillary service estimated by the DSO, between 0 and 1, if provided for;
- f) the availability window;
- g) any other information necessary for a complete description of the ancillary service requested by the DSO.

29.2 The DSO communicates to GME, according to the methods and within the timings defined in the agreement referred to in the previous Article 15, paragraph 15.2, the list of MLF-enabled users who can submit offers for the local ancillary service requested by the DSO and the related distributed resources, with specification, for each of these resources, or for their aggregate, of the following information:

- a) identification code of the distributed resource, if necessary for the presentation of offers;
- b) step-up margin or step-down margin;
- c) personal data and the relative DSO identification code of the MLF-enabled user who can refer offers to the distributed resource, or to the aggregate of distributed resources;
- d) any other information necessary for a complete description of the distributed resources.

29.3 Within the timings published by GME pursuant to the previous Article 23, paragraph 23.2, GME communicates to the Market Participants, through the publication on the market computer system, the information regarding the technical specifications of the forward tradeable product, received from the DSO pursuant to the previous paragraph 29.1.

29.4 Within the timings published by GME pursuant to the previous Article 23, paragraph 23.2, GME informs each MLF-enabled user referred to in the previous paragraph 29.2, letter c), of the list of distributed resources with respect to which it can refer offers with indication of at least the relative step-up and step-down margins, received from the DSO pursuant to the previous paragraph 29.2.

29.5 The information regarding the minimum quantity that can be offered, and the minimum offer tick are indicated in the Technical Rules.

**Article 30**  
**Presentation of offers on the MLT-Flex**

- 30.1 On the MLT-Flex, Market Participants, MLF-enabled users, can submit sale offers for availability.
- 30.2 The sale offers for availability indicate the capacity that the Market Participant, as an MLF-enabled user, makes available to the DSO, through its own distributed resources, for the supply of local ancillary step-up or step-down services according to the timings and methods envisaged in the DSO Regulations and in the technical specifications of the forward products referred to in the previous Article 29, paragraph 29.1.
- 30.3 The sale offers for availability presented by Market Participants are considered to refer to all relevant periods covered by the forward product being traded.
- 30.4 Offers must be presented by Market Participants, according to the methods and timings defined in the Technical Rules, indicating, at least, the following information:
- a) the identification code of the Market Participant presenting the offer;
  - b) any identification code of the distributed resources, or of the aggregate of them, which are available to the Market Participant and to which the offer refers to;
  - c) the quantity offered for sale;
  - d) the price offered by the Market Participant for availability to provide local ancillary services;
  - e) the sale offer price for change of capacity in the event of use by the DSO of the availability for the supply of local ancillary step-up services, if envisaged;
  - f) the purchase offer price for the change in power in the event that the DSO makes use of the availability for the supply of local ancillary step-down services, if envisaged;
  - g) any other necessary information pursuant to the previous Article 29.
- 30.5 The quantity specified in each offer:
- a) can only take on positive integer values;
  - b) cannot be greater than the capacity requested by the DSO pursuant to the previous Article 29, paragraph 29.1, letter b);
  - c) must be at least equal to the minimum quantity referred to in the previous Article 29, paragraph 29.5;
  - d) must have a minimum tick equal to the quantity referred to in the previous Article 29, paragraph 29.5.

- 30.6 Market Participants cannot submit offers with:
- a) a negative offer price for availability;
  - b) an offer price for availability higher than the maximum purchase price for availability indicated by the DSO pursuant to the previous Article 29, paragraph 29.1, letter c);
  - c) a sale and purchase offer price for change of capacity in the event that the DSO makes use of the availability for the supply of local step-up or step-down ancillary services that do not comply with the price limits indicated by the DSO pursuant to the previous Article 29, paragraph 29.1, letter d).
- 30.7 Market Participants may submit simple or multiple offers. On the MLT-flex, the maximum number of simple offers making up a multiple offer is defined, for each DSO, in the Technical Rules. In view of determining the results of the markets, each multiple offer is considered as a set of simple offers.
- 30.8 Until the end of the auction trading session, Market Participants can modify or cancel the offers entered within the trading book. The modified offers lose their previously acquired time priority.

### **Article 31**

#### ***Validity check of offers presented on the MLT-Flex***

- 31.1 GME, following the submission of offers, performs at least the following validity checks, verifying that:
- a) the Market Participant is not suspended from the MLF;
  - b) the Market Participant is an MLF-enabled user and is entitled to submit offers, based on the information acquired from the DSO pursuant to the previous Article 29, paragraph 29.2.
  - c) the offer has been presented according to the methods described in the previous Article 30;
  - d) the offer contains all the information and complies with the limits indicated in the previous Article 30.
- 31.2 GME's computer system returns the outcome of the validity checks and:
- a) in the event of a negative outcome, it rejects the entry of the offers in the trading book, indicating the reasons;
  - b) in the event of a positive outcome, the offers are considered for the purposes set out in the following Article 32 and Article 33.

### **Article 32**

#### ***Order of priority of valid offers presented on the MLT-Flex***



- 32.1 The offers, verified as valid pursuant to the previous Article 31, are ordered in ascending order of priority starting from the offer with the lowest overall price, according to the procedures set out in the Technical Rules and in compliance with the provisions of this Article.
- 32.2 If the technical specifications of the product envisage that the Market Participant only indicates the sale price of capacity availability, the overall price of the offer is this sale price.
- 32.3 If the technical specifications of the product require the Market Participant to indicate the sale price of capacity availability as well as the sale price for the step-up capacity change, the total price of the offer is obtained as the sum of:
- a) the price of availability in the reference period of the product;
  - b) the sale price for the capacity change over the reference period of the product multiplied by the utilisation factor value referred to in the previous Article 29, paragraph 29.1, letter e).
- 32.4 If the technical specifications of the product require the Market Participant to indicate the sale price of capacity availability, as well as the purchase price for the step-down capacity change, the overall price of the offer is obtained as the difference between:
- a) the price for availability in the reference period of the product;
  - b) the purchase price for the capacity change over the reference period of the product multiplied by the utilisation factor value referred to in the previous Article 29, paragraph 29.1, letter e).
- 32.5 For the purposes of the control referred to in the following Article 33, with the overall price of two or more offers presented by the same Market Participant being equal, priority is given to offers with higher time priority.

**Article 33**  
***Adequacy checks of offers presented on the MLT-Flex***

- 33.1 At the end of the sitting for the submission of offers, GME performs the following adequacy checks on the valid offers, verifying that:
- a) the quantity offered, understood as the availability of step-up or step-down capacity, is not higher than the margin referred to in the previous Article 29, paragraph 29.2, letter b), reduced by the sum of the quantities specified in the other sale offers referring to the same distributed resources with higher priority and already verified as adequate;
  - b) are guaranteed pursuant to the following Article 77.

- 33.2 GME's IT system returns the outcome of the adequacy checks of each trading offer and:
- a) in the event of a negative outcome, it adjusts the offer, reducing the quantities to match the available margin, for the purpose of determining the results referred to in the following Article 34;
  - b) in the event of a positive outcome, the offer is considered for the entire quantity for the purpose of determining the results referred to in the following Article 34.

**Article 34**  
**Determination of MLT-Flex preliminary results**

- 34.1 Based on the checks referred to in the previous Article 33, and on the order of priority referred to in the previous Article 32, GME, according to the procedures set out in the Technical Rules, preliminarily accepts availability offers up to the quantity requested by the DSO. Offers exceeding the quantity requested by the DSO are considered to have been preliminarily rejected.
- 34.2 Offers having the same overall price and a total quantity greater than or equal to the quantity requested by the DSO are accepted *pro quota*, according to the methods set out in the Technical Rules, with respect to the quantity offered and up to the quantity requested by the DSO.

**Article 35**  
**Communication and publication of the preliminary results of the MLT-Flex**

- 35.1 GME transmits to the DSO, for the checks and validations referred to in the following Article 36, the information relating to the preliminarily accepted and rejected offers referred to in the previous Article 34, with indication of the priority order and with the exception of information relating to the offer prices.
- 35.2 GME communicates to each Market Participant, if provided for in the Technical Rules and according to the methods and within the timings defined therein:
- a) the preliminarily accepted sale offers and the relative quantities and prices;
  - b) the preliminarily rejected sale offers.
- 35.3 GME publishes the preliminary results of the session, if provided for in the Technical Rules and according to the methods and within the timings defined therein, reporting at least the following data and information in aggregate form:
- a) the overall quantities offered and considered adequate for the purpose of determining the results;
  - b) the preliminarily accepted quantities, the related average prices for availability and, if provided, for the related average prices for capacity change;
  - c) the preliminarily rejected quantities;
  - d) the number of Market Participants who submitted offers.

- 35.4 If GME and/or the DSO find that they have committed material errors in the execution of the activities of definition, compilation, loading, and management of data and information functional to the execution of a session, GME, in agreement with the DSO, identifies any actions to be taken for the purpose of rectifying the communication and publication of the information referred to in the previous paragraphs 35.2 and 35.3.

### **Article 36**

#### ***Technical validation of the preliminary results by the DSO***

- 36.1 The DSO, having received from GME the information referred to in the previous Article 35, paragraph 35.1, performs the technical checks within its competence to determine the definitive acceptance of the offers pursuant to the following Article 37 and notifies GME of:
- a) the preliminarily accepted and positively validated offers, with indication of the relative quantity, to be considered definitively accepted;
  - b) the preliminarily accepted and not validated offers, to be considered definitively rejected;
  - c) the preliminarily rejected but positively validated offers, which are to be considered definitively accepted in replacement or integration of the offers referred to in the previous letters a) and b). These offers must be identified in accordance with the order of priority;
  - d) the preliminarily rejected and positively or negatively validated offers, to be considered definitively rejected.
- 36.2 The quantity validated by the DSO for each offer pursuant to the previous paragraph 36.1 cannot in any case be greater than the quantity offered by the Market Participant and considered adequate pursuant to the previous Article 33.

### **Article 37**

#### ***Determination of the definitive results of the MLT-Flex***

- 37.1 GME, on the basis of the information received from the DSO pursuant to the previous Article 36, identifies the definitively accepted and rejected offers.
- 37.2 The quantity covered by each definitively accepted offer is valued at the offer price for the purpose of valuing the availability sale.

### **Article 38**

#### ***Communication and publication of the final results of the MLT-Flex***

- 38.1 GME transmits to the DSO the information relating to the definitively accepted and rejected offers referred to in the previous Article 37, including the information related to offer prices.

- 38.2 GME, according to the methods and within the timings defined in the Technical Rules, communicates to each Market Participant:
- a) the definitively accepted sale offers and the related quantities;
  - b) the definitively rejected sale offers.
- 38.3 GME publishes the final results of the session, according to the methods and within the timings defined in the Technical Rules, reporting at least the following data and information in aggregate form:
- a) the overall quantities offered and considered adequate for the purpose of determining the results;
  - b) the definitively accepted quantities, the related average prices for availability and, if provided, for the related average prices for capacity change;
  - c) the definitively rejected quantities;
  - d) the number of Market Participants who submitted offers.
- 38.4 If GME and/or the DSO find that they have committed material errors in the execution of the definition, compilation, loading, and management of data and information functional to the execution of a session, GME, in agreement with the DSO, identifies any actions to be taken and communicates them, for the parts of their interest, to Market Participants.

**Article 39**  
***Availability obligations associated with definitively accepted offers on the MLT-Flex***

- 39.1 Market Participants, holding definitively accepted offers referred to in the previous Article 37, are required to make their distributed resources available to the DSO according to the methods and timings established in the technical specifications of the product referred to in the previous Article 29, paragraph 29.1, or in any case provided for in the DSO Regulations.
- 39.2 If required by the DSO and in accordance with the procedures and the timings indicated in the product specifications referred to in the previous Article 29, paragraph 29.1.
- a) Market Participants, holding sale offers for availability of local step-up ancillary services, definitively accepted on the MLT-Flex, are required to submit, on the MLP-Flex, sale offers for step-up capacity change for the same relevant periods covered by the forward product;
  - b) Market Participants, holding sale offers for availability of local step-down ancillary services, definitively accepted on the MLT-Flex, are required to submit, on the MLP-Flex, purchase offers for step-down capacity change for the same relevant periods covered by the forward product.

**CHAPTER II**  
**LOCAL SPOT FLEXIBILITY MARKET (MLP-Flex)**

***Article 40***

***Subject of the MLP-Flex and technical specifications of tradeable products***

- 40.1 The DSOs procure local step-up and step-down ancillary services on the MLP-Flex through the trading of corresponding spot products.
- 40.2 Each DSO communicates to GME, according to the methods and within the timings defined in the agreement referred to in the previous Article 15, paragraph 15.2, the specifications of the spot products tradeable on the MLP-Flex, indicating all the information necessary for a complete description of the ancillary service requested by the DSO.
- 40.3 GME indicates in the Technical Rules the information applicable to all spot products tradeable on the MLP-Flex regarding:
- a) the minimum and maximum price limit according to which enabled users must submit their own purchase and sale offers for capacity change;
  - b) the maximum and minimum quantities that can be offered and the minimum offer tick.
- 40.4 According to the timings established in the Technical Rules, GME informs Market Participants, by publishing on the market computer system, of the information received from the DSO pursuant to the previous paragraph 40.2.
- 40.5 Market Participants submit on the MLP-Flex purchase and sale offers for capacity change (step-up and step-down, respectively) for a specific relevant period, which determine, in the event of acceptance of the same, the purchase or sale of the corresponding delivery of energy, in order to provide the local ancillary services requested by the DSO through the trading of spot products.

***Article 41***

***Obligations related to definitively accepted offers on the MLP-Flex***

- 41.1 Market Participants, holding definitively accepted offers pursuant to the following Article 52 and Article 64, respectively, are required to deliver the underlying energy towards the DSO, according to the methods and timings established by the technical specifications of the product referred to in the previous Article 40, paragraph 40.2 and in the DSO Regulations.

**SECTION I**  
**DAY-AHEAD FLEXIBILITY MARKET (MGP-Flex)**

**Article 42**  
**Subject of the MGP-Flex**

- 42.1 The MGP-Flex consists of a single market session through which the DSO and Market Participants submit purchase and sale offers for products relating to local ancillary services referring to the relevant periods of the calendar day immediately following the trading day.

**Article 43**  
**Preliminary information for performing the MGP-Flex sessions**

- 43.1 The DSO communicates to GME, according to the methods and within the timings defined in the agreement referred to in the previous Article 15, paragraph 15.2, the spot products indicated pursuant to the previous Article 40, paragraph 40.2, with respect to which it intends to submit offers, indicating for each of them the distributed resources with respect to which to perform adequacy checks pursuant to the following Article 48.
- 43.2 For each of the distributed resources owned by each MLF-enabled user, or for the aggregate of them, referred to in the previous paragraph 43.1, the DSO indicates at least the following information:
- a) identification code of the distributed resource if necessary for the presentation of offers;
  - b) step-up margin or step-down margin;
  - c) personal data and the relative DSO identification code of the MLF-enabled user who can submit offers relating to the distributed resource;
  - d) any other information necessary for a complete description of the distributed resources.

**Article 44**  
**Presentation of offers on the MGP-Flex by the DSO**

- 44.1 The DSO for each of the products referred to in the previous Article 43, paragraph 43.1, submits a purchase or sale offer referring to each reference period, indicating at least the following information:
- a) the type of offer, for sale or purchase;
  - b) the quantity offered for sale or purchase;
  - c) the minimum sale price or the maximum purchase price;
  - d) any other information envisaged pursuant to the previous Article 40.

**Article 45**  
***Presentation of offers on the MGP-Flex by Market Participants***

- 45.1 The Market Participant can submit on the MGP-Flex, according to the methods and timings defined in the Technical Rules, offers referring to each relevant period indicating, at least, the following information:
- a) the identification code of the Market Participant presenting the offer;
  - b) the identification code of the distributed resource, or of the aggregate of distributed resources, available to the Market Participant, subject of the offer, pursuant to the previous Article 24, paragraph 24.1;
  - c) the type of offer, for sale or for purchase;
  - d) the quantity offered for sale or purchase;
  - e) the sale price or the purchase price;
  - f) any other information envisaged pursuant to the previous Article 40.
- 45.2 The quantity specified in each offer:
- a) can only take on positive integer values;
  - b) must not exceed the maximum quantity and must be at least equal to the minimum quantity referred to in the previous Article 40, paragraph 40.3, letter b);
  - c) must have a minimum tick equal to the quantity referred to in the previous Article 40, paragraph 40.3, letter b).
- 45.3 Market Participants may not submit offers with sale and purchase prices for capacity change that do not comply with the price limits indicated pursuant to the previous Article 40, paragraph 40.3, letter a).
- 45.4 Market Participants may submit simple or multiple offers. On the MGP-Flex, the maximum number of simple offers making up a multiple offer is defined, for each DSO, in the Technical Rules. In view of determining the results of the markets, each multiple offer is considered as a set of simple offers.
- 45.5 Until the end of the sitting, Market Participants can modify or cancel the offers entered in the trading book. The modified offers lose their previously acquired time priority.

**Article 46**  
***Validity check of offers presented on the MGP-Flex***

- 46.1 GME, following the submission of offers, performs at least the validity checks, verifying that:
- a) the Market Participant is not suspended from the MLF;
  - b) the Market Participant is an MLF-enabled user and is entitled to submit offers on distributed resources on the basis of the information acquired from the DSO pursuant to the previous Article 24, paragraph 24.1.
  - c) the offer has been presented according to the methods described in the previous Article 45;
  - d) the offer contains all the indications and respects the limits indicated in the previous Article 45.
- 46.2 GME's computer system returns the outcome of the validity checks and:
- a) in the event of a negative outcome, it rejects the entry of offers in the trading book, indicating the related reasons;
  - b) in the event of a positive outcome, the offers are considered for the purposes of the order of priority and of the adequacy checks referred to in the following Article 47 and Article 48.

**Article 47**  
***Order of priority of valid offers presented on the MGP-Flex***

- 47.1 For each relevant period, the offers verified as valid, under the previous Article 46, are sorted in ascending order of priority:
- a) starting from the offer with the lowest sale price and proceeding in non-decreasing price order;
  - b) starting from the offer with the highest purchase price and proceeding in non-increasing price order.
- 47.2 For the purposes of the subsequent control referred to in the following Article 48, for the same price of two or more offers presented by the same Market Participant, priority is assigned to offers with higher time priority.

**Article 48**  
***Adequacy checks of offers presented on the MGP-Flex***



- 48.1 At the end of the sitting for the submission of offers, GME performs the following adequacy checks on the valid offers presented by Market Participants, verifying that:
- a) the distributed resource, or the aggregate of the distributed resources, with respect to which the offer was presented, is included in the list referred to in the previous Article 43, paragraph 43.1;
  - b) the offer, in case of a purchase, is guaranteed pursuant to the following Article 77;
  - c) the sale offer has been presented for a quantity not exceeding the step-up margin indicated by the DSO pursuant to the preceding Article 43, paragraph 43.2, letter b), for the distributed resource to which the offer refers, reduced by the sum of the quantities specified in the other sale offers referring to the same distributed resource for the same relevant period, having higher priority and already verified as adequate;
  - d) the purchase offer has been presented for a quantity not exceeding the step-down margin indicated by the DSO pursuant to the previous Article 43, paragraph 43.2, letter b), for the distributed resource to which the offer refers and the same relevant period, reduced by the sum of the quantities specified in the other purchase offers referring to the same distributed resource for the same relevant period, having higher priority and already verified as adequate;
  - e) any other criteria defined in the Technical Rules are met.
- 48.2 GME's IT system returns the outcome of the adequacy checks of each trading offer and:
- a) in the event of a negative outcome of the checks, it adjusts the quantity of the offer downwards for the purpose of determining the results referred to in the following Article 49, or it rejects its entry into the trading book, indicating the reasons for this;
  - b) in the event of a positive outcome, the offer is considered for the entire quantity for the purpose of determining the results referred to in the following Article 49.

#### **Article 49**

##### ***Determination of preliminary results of the MGP-Flex***

- 49.1 For the purpose of determining the results, GME only considers offers from MLF-enabled users that have been verified as valid and adequate, matching the request for local ancillary services presented by the DSO.
- 49.2 GME, according to the procedures set out in the Technical Rules, on the basis of the quantities of the adequate offers as possibly adjusted pursuant to the previous Article 48, and proceeding according to the order of priority referred to in the previous Article 47, identifies the preliminarily accepted offers until the quantity

requested by the DSO is reached. Offers exceeding the quantity requested by the DSO are considered to be preliminarily rejected.

- 49.3 Offers having the same price and a total quantity greater than or equal to the quantity requested by the DSO are accepted *pro quota*, according to the methods set out in the Technical Rules, with respect to the quantity offered and up to the quantity requested by the DSO.

**Article 50**  
**Communication of preliminary results of the MGP-Flex**

- 50.1 GME transmits to the DSO, for the checks and validations referred to in the following Article 51, the information relating to the preliminarily accepted and rejected offers referred to in the previous Article 49, indicating the order of priority with the exception of information relating to the offer price.
- 50.2 GME, in accordance with the procedures and if provided for in the Technical Rules, communicates to each Market Participant:
- a) the preliminarily accepted offers, specifying for each of them the quantity accepted and the price;
  - b) the preliminarily rejected offers.
- 50.3 If GME and/or the DSO find that they have committed material errors in the execution of the activities of definition, compilation, loading, and management of data and information functional to the execution of a session, GME, in agreement with the DSO, identifies any actions to be taken for the purpose of rectifying the communication of the information referred to in the previous paragraph 50.2.

**Article 51**  
**Technical validation of the preliminary results by the DSO**

- 51.1 The DSO, having received from GME the information referred to in the previous Article 50, paragraph 50.1, performs the technical checks within its competence to determine the definitive acceptance or non-acceptance of the offers pursuant to the following Article 52 and notifies GME of:
- a) the preliminarily accepted offers which have been positively validated, with indication of the relative quantity, to be considered definitively accepted;
  - b) the preliminarily accepted offers which have not been validated and to be considered definitively rejected;
  - c) the preliminarily rejected offers which have been positively validated and which are to be considered definitively accepted in replacement or integration of the

- offers referred to in the previous letters a) and b). These offers must be identified in accordance with the order of priority.
- d) the preliminarily rejected offers which have been positively or negatively validated and which are to be considered definitively rejected.

- 51.2 The quantity validated by the DSO for each offer pursuant to the previous paragraph 51.1 cannot in any case be greater than the quantity offered by the Market Participant and considered adequate pursuant to the previous Article 48.

### **Article 52**

#### ***Determination of final results of the MGP-Flex***

- 52.1 GME, on the basis of the information received from the DSO pursuant to the previous Article 51, identifies the definitively accepted and rejected offers.
- 52.2 The quantity covered by each definitively accepted offer is valued at the offer price.

### **Article 53**

#### ***Communication and publication of final results of the MGP-Flex***

- 53.1 GME transmits to the DSO the information relating to the definitively accepted and rejected offers referred to in the previous Article 52, including the information related to offer prices.
- 53.2 According to the methods and within the timings defined in the Technical Rules, GME communicates to each Market Participant:
- a) the definitively accepted offers, specifying for each of them the quantity accepted and the price;
  - b) the definitively rejected offers.
- 53.3 According to the methods and within the timings defined in the Technical Rules, GME publishes the final results of the session, reporting for each relevant period at least the following data and information in aggregate form:
- a) the overall quantities offered and considered adequate for the purpose of determining the results;
  - b) the definitively accepted quantities and the related average prices for capacity change;
  - c) the definitively rejected quantities.
- 53.4 If GME and/or the DSO find that they have committed material errors in the execution of the definition, compilation, loading, and management of data and information functional to the execution of a session, GME, in agreement with the

DSO, identifies any actions to be taken and communicates them, for the parts of their interest, to Market Participants.

## **SECTION II INTRADAY FLEXIBILITY MARKET (MI-Flex)**

### ***Article 54 Subject of the MI-Flex***

- 54.1 The MI-Flex is divided into a number of market sessions, indicated in the Technical Rules, through which DSOs and Market Participants submit purchase and sale offers for products relating to local ancillary services referring to the relevant periods of the immediately following calendar day, or to the calendar day on which trading takes place.

### ***Article 55 Preliminary information for performing the MI-Flex sessions***

- 55.1 The DSO communicates to GME, according to the methods and within the timings defined in the agreement referred to in the previous Article 15, paragraph 15.2, the spot products, indicated pursuant to the previous Article 40, paragraph 40.2, with respect to which it intends to submit offers, indicating for each of them the distributed resources with respect to which to perform the adequacy checks pursuant to the following Article 60.
- 55.2 For each of the distributed resources of each enabled user, or for the aggregate of them, referred to in the previous paragraph 55.1, the DSO indicates at least the following information:
- a) identification code of the distributed resource;
  - b) step-up margin or step-down margin;
  - c) personal data and the relative DSO identification code of the MLF-enabled user who can submit offers relating to the distributed resource;
  - d) any other information necessary for a complete description of the distributed resources.

### ***Article 56 Presentation of offers on the MI-Flex by the DSO***

- 56.1 The DSO, for each of the products referred to in the previous Article 55, paragraph 55.1, submits a purchase or sale offer referring to each reference period, indicating at least the following information:
- a) the type of offer, for sale or for purchase;
  - b) the quantity offered for sale or purchase;
  - c) the minimum sale price or the maximum purchase price;
  - d) any other information envisaged pursuant to the previous Article 40.

**Article 57**  
***Presentation of offers on the MI-Flex by Market Participants***

- 57.1 The Market Participant can submit on the MI-Flex, according to the methods and within the timings defined in the Technical Rules, offers referring to each relevant period indicating, at least, the following information:
- a) the identification code of the Market Participant presenting the offer;
  - b) the identification code of the distributed resource, or of the aggregate of distributed resources, available to the Market Participant, subject of the offer pursuant to the previous Article 24, paragraph 24.1;
  - c) the type of offer, for sale or for purchase;
  - d) the quantity offered for sale or purchase;
  - e) the sale price or the purchase price;
  - f) any other information provided pursuant to the previous Article 40.
- 57.2 The quantity specified in each offer:
- a) can only take on positive integer values;
  - b) must not exceed the maximum quantity and must be at least equal to the minimum quantity referred to in the previous Article 40, paragraph 40.3, letter b);
  - c) must have a minimum tick equal to the quantity referred to in the previous Article 40, paragraph 40.3, letter b).
- 57.3 Market Participants may not submit offers with sale and purchase prices for capacity change that do not comply with the price limits indicated pursuant to the previous Article 40, paragraph 40.3, letter a).
- 57.4 Market Participants may submit simple or multiple offers. On the MI-Flex, the maximum number of simple offers making up a multiple offer is defined, for each DSO, in the Technical Rules. In view of determining the results of the markets, each multiple offer is considered as a set of simple offers.
- 57.5 Until the end of the auction trading sessions, Market Participants can modify or cancel the offers entered on the trading book. The modified offers lose their previously acquired time priority.

**Article 58**  
**Validity check of offers presented on the MI-Flex**

- 58.1 GME, following the submission of offers, performs at least the validity checks, verifying that:
- a) the Market Participant is not suspended from the MLF;
  - b) the Market Participant is an MLF-enabled user and is entitled to submit offers on distributed resources on the basis of the information acquired from the DSO pursuant to the previous Article 24, paragraph 24.1;
  - c) the offer has been presented according to the methods described in the previous Article 57;
  - d) the offer contains all the indications and respects the limits indicated in the previous Article 57.
- 58.2 GME's computer system returns the outcome of the validity checks and:
- a) in the event of a negative outcome, it rejects the entry of offers in the trading book, indicating the reasons;
  - b) in the event of a positive outcome, the offers are considered for the purposes of the order of priority and the adequacy checks referred to in the following Article 59 and Article 60.

**Article 59**  
**Order of priority of valid offers presented on the MI-Flex**

- 59.1 For each relevant period, the offers verified as valid, under the previous Article 58, are sorted in ascending order of priority:
- a) starting from the offer with the lowest sale price and proceeding in non-decreasing price order;
  - b) starting from the offer with the highest purchase price and proceeding in non-increasing price order.
- 59.2 For the purposes of the subsequent control referred to in the following Article 60, for the same price of two or more offers presented by the same Market Participant, priority is assigned to offers with higher time priority.

**Article 60**  
**Adequacy checks of offers presented on the MI-Flex**

- 60.1 At the end of the sitting for the submission of offers, GME performs at least the following adequacy checks on the valid offers presented by Market Participants, verifying that:
- a) the distributed resource, or the aggregate of distributed resources, with respect to which the offer was presented, is included in the list referred to in the previous Article 55, paragraph 55.1;
  - b) the offer, if a purchase, is guaranteed pursuant to the following Article 77;
  - c) the sale offer has been presented for a quantity not exceeding the step-up margin indicated by the DSO pursuant to the previous Article 55, paragraph 55.2, letter b), for the distributed resource to which the offer refers, reduced by the sum of the quantities specified in the other sale offers referring to the same distributed resource for the same relevant period, having higher priority and already verified as adequate;
  - d) the purchase offer has been presented for a quantity not exceeding the step-down margin indicated by the DSO pursuant to the previous Article 55, paragraph 55.2, letter b), for the distributed resource to which the offer refers and the same relevant period, reduced by the sum of the quantities specified in the other purchase offers referring to the same distributed resource for the same relevant period, having higher priority and already verified as adequate;
  - e) any other criteria defined in the Technical Rules are met.
- 60.2 GME's IT system returns the outcome of the adequacy checks of each trading offer and:
- a) in the event of a negative outcome of the checks, it adjusts the quantity of the offer downwards for the purpose of determining the results referred to in the following Article 61, or it rejects its entry into the trading book, indicating the reasons for this;
  - b) in the event of a positive outcome, the offer is considered for the entire quantity for the purpose of determining the results referred to in the following Article 61.

**Article 61**  
**Determination of MI-Flex preliminary results**

- 61.1 For the purposes of determining the results, GME only considers the offers of MLF-enabled users, verified as valid and adequate, matching the request for local ancillary services presented by the DSO.
- 61.2 GME, according to the procedures set out in the Technical Rules, on the basis of the quantities of the adequate offers as possibly adjusted pursuant to the previous Article 60, and proceeding according to the order of priority referred to in the previous Article 59, identifies the preliminarily accepted offers until the quantity of local ancillary services requested by the DSO is reached. Offers exceeding the quantity requested by the DSO are considered to be preliminarily rejected.
- 61.3 Offers having the same price and a total quantity greater than or equal to the quantity requested by the DSO are accepted *pro quota*, according to the methods

set out in the Technical Rules, with respect to the quantity offered and up to the quantity requested by the DSO.

**Article 62**  
***Communication of MI-Flex preliminary results***

- 62.1 GME transmits to the DSO, for the checks and validations referred to in the following Article 63, the information relating to the preliminarily accepted and rejected offers referred to in the previous Article 61, indicating the order of priority with the exception of the information relating to the offer price.
- 62.2 GME, in accordance with the procedures and if provided for in the Technical Rules, communicates to each Market Participant:
- a) the preliminarily accepted offers, specifying for each of them the quantity accepted and the price;
  - b) the preliminarily rejected offers.
- 62.3 If GME and/or the DSO find that they have committed material errors in the execution of the activities of definition, compilation, loading, and management of data and information functional to the execution of a session, GME, in agreement with the DSO, identifies any actions to be taken for the purpose of rectifying the communication of the information referred to in the previous paragraph 62.2.

**Article 63**  
***Technical validation of the preliminary results by the DSO***

- 63.1 The DSO, having received from GME the information referred to in the previous Article 62, paragraph 62.1, performs the technical checks within its competence to determine the definitive acceptance or non-acceptance of the offers pursuant to the following Article 64 and notifies GME of:
- a) the preliminarily accepted offers which have been positively validated, with indication of the relative quantity, to be considered definitively accepted;
  - b) the preliminarily accepted offers that have not been validated and to be considered definitively rejected;
  - c) the preliminarily rejected offers which have been positively validated and which are to be considered definitively accepted in replacement or integration of the offers referred to in the previous letters a) and b). These offers must be identified in accordance with the order of priority;
  - d) the preliminarily rejected offers which have been positively or negatively validated and which are to be considered definitively rejected.



- 63.2 The quantity validated by the DSO for each offer pursuant to the previous paragraph 63.1, cannot in any case be greater than the quantity offered by the Market Participant and considered adequate pursuant to the previous Article 60.

#### ***Article 64***

##### ***Determination of final results of the MI-Flex***

- 64.1 GME, on the basis of the information received from the DSO pursuant to the previous Article 63, identifies the definitively accepted and rejected offers.
- 64.2 The quantity covered by each definitively accepted offer is valued at the offer price.

#### ***Article 65***

##### ***Communication and publication of final results of the MI-Flex***

- 65.1 GME transmits to the DSO the information relating to the definitively accepted and rejected offers referred to in the previous Article 64, including the information related to offer prices.
- 65.2 According to the methods and within the timings defined in the Technical Rules, GME communicates to each Market Participant:
- a) the definitively accepted offers, specifying for each of them the quantity accepted and the price;
  - b) the definitively rejected offers.
- 65.3 According to the methods and within the timings defined in the Technical Rules, GME publishes the final results of the session, reporting for each relevant period at least the following data and information in aggregate form:
- a) the overall quantities offered and considered adequate for the purpose of determining the results;
  - b) the definitively accepted quantities and the related average prices for capacity change;
  - c) the definitively rejected quantities.
- 65.4 If GME and/or the DSO find that they have committed material errors in the execution of the definition, compilation, loading, and management of data and information functional to the execution of a session, GME, in agreement with the DSO, identifies any actions to be taken and communicates them, for the parts of their interest, to Market Participants.

### **CHAPTER III**

#### **DSO CHECKS ON THE AVAILABILITY PROVIDED, ON THE DELIVERED ENERGY**

**PERFORMED FOLLOWING ACTIVATION REQUESTED WITHOUT RECOURSE TO  
THE MLP-FLEX AND ON THE NON-DELIVERED ENERGY**

***Article 66***

***Availability provided by Market Participants with accepted offers on the  
MLT-Flex***

- 66.1 Within the timings defined by GME and the DSO in the agreement referred to in the previous Article 15, paragraph 15.2, the DSO communicates to GME the quantity of capacity actually made available, in compliance with the provisions of the DSO Regulations and with the technical specifications of the product referred to in the previous Article 29, paragraph 29.1, by each Market Participant holding definitively accepted offers on the MLT-Flex pursuant to the previous Article 37, for the purposes of invoicing and payment of the availability to provide local ancillary services, referred to in TITLE IV, CHAPTER II, and TITLE V, CHAPTER II below.

***Article 67***

***Delivered energy from distributed resources by the DSO without  
recourse to the MLP-Flex***

- 67.1 If the DSO does not procure local ancillary services through the MLP-Flex, but through a direct activation of the distributed resources subject to definitively accepted offers on the MLT-Flex, the DSO notifies GME, within the timings defined by GME and by the DSO itself in the agreement referred to in the previous Article 15, paragraph 15.2, for each relevant period, of the information relating to the quantity of energy subject to the delivery performed by the distributed resources of each Market Participant holding definitively accepted offers on the MLT-Flex pursuant to the previous Article 37, for the purposes of what is referred to in TITLE IV, and TITLE V below.
- 67.2 GME, on the basis of the information referred to in the previous paragraph 67.1, attributes to the Market Participant for each relevant period in which it has performed a delivery of energy:
- a) an energy sale transaction in the event of step-up delivery;
  - b) an energy purchase transaction in the event of step-down delivery.
- 67.3 Sale and purchase transactions for step-up and step-down delivery of energy are valued at the prices referred to in the previous Article 30, paragraph 30.4, letters e) and f), respectively or, if otherwise specified by applying the determination criteria defined in the DSO Regulations.

**Article 68**  
***Non-delivered energy from the distributed resources in the event that the DSO has submitted offers on the MLP-Flex***

- 68.1 If the DSO procures local ancillary services through the MLP-Flex, it notifies GME, within the timings defined by GME and by the DSO in the agreement referred to in the previous Article 15, paragraph 15.2. for each relevant period, of the information relating to the quantity of energy subject to the non-delivery from the distributed resources of each Market Participant holding definitively accepted offers on the MLP-Flex pursuant to the previous Article 52 and Article 64, for the purposes of what is referred to in TITLE IV, and TITLE V below.
- 68.2 GME, on the basis of the information referred to in the previous Article 68.1, attributes to the Market Participant for each relevant period for which it has performed a non-delivery of energy:
- a) an energy purchase transaction in the event of a missed step-up delivery;
  - b) an energy sale transaction in the event of a missed step-down delivery.
- 68.3 Purchase and sale transactions due to non-delivery of energy are valued by applying the determination criteria defined in the DSO Regulations or indicated in the Technical Rules.

**TITLE IV**  
**DETERMINATION AND INVOICING OF ECONOMIC ITEMS**

**CHAPTER I**  
**DETERMINATION OF ECONOMIC ITEMS**

**Article 69**  
***Determination of economic items***

- 69.1 GME, according to the methods and timings provided for in the Technical Rules, evaluates, on the basis of the criteria defined by the DSO, and communicates to each Market Participant, the economic items, increased by VAT where applicable, relating to:
- a) the quantity of capacity actually made available, referred to in the previous Article 66, paragraph 66.1;
  - b) the definitively accepted offers pursuant to the previous Article 52 and Article 64;
  - c) the purchase and sale transactions attributed pursuant to the previous Article 67, paragraph 67.2;
  - d) the purchase and sale transactions attributed pursuant to the previous Article 68, paragraph 68.2.

- 69.2 At the end of each invoicing period, GME determines the values of the following items and communicates them to each Market Participant:
- a) purchases concluded pursuant to the previous paragraph 69.1 letters b), c), and d);
  - b) sales concluded pursuant to the previous paragraph 69.1 letters a), b), c), and d).

## **CHAPTER II INVOICING OF ECONOMIC ITEMS**

### ***Article 70 Invoicing Period***

- 70.1 The invoicing period of the determined economic items relating to the MLF is defined in the Technical Rules.

### ***Article 71 Invoicing***

- 71.1 For each invoicing period, according to the methods and within the timings defined in the Technical Rules, GME:
- a) issues invoices to each own-debtor Market Participant, for all relevant periods included in the Invoicing period, for the amounts referred to in the previous Article 69, paragraph 69.2, letter a);
  - b) communicates to each own-creditor Market Participant, for all relevant periods included in the invoicing period, the amounts referred to in the previous Article 69, paragraph 69.2, letter b);
  - c) issues invoices to each Market Participant for the fees due pursuant to the previous Article 7, paragraph 7.1, letter c).
- 71.2 Following the communications referred to in the previous paragraph Article 71, paragraph 71.1, letter b), Market Participants issue invoices to GME for the specified amounts.
- 71.3 The timings and methods of invoicing to GME, referred to in the previous paragraph 71.2, for the purposes of the provisions of Article 78 below, are defined in the Technical Rules.
- 71.4 The invoices and communications referred to in the previous paragraph 71.1 are made available to Market Participants electronically, according to the methods defined in the Technical Rules.

- 71.5 The timings and invoicing methods of the defaulting Market Participant pursuant to the following Article 82, paragraph 82.1, letter a), are defined in the Technical Rules.

**Article 72**  
**Invoice content**

- 72.1 For each relevant period included in the invoicing period, the invoices and communications referred to in the previous Article 71, paragraph 71.1, must include at least the following elements, where applicable:
- a) type of products;
  - b) quantities involved in the transactions;
  - c) price at which the quantities referred to in the previous letter b) are valued;
  - d) taxes applied;
  - e) total amount.
- 72.2 The provisions referred to in the previous paragraph 72.1 do not apply to the invoices referred to in the previous Article 71, paragraph 71.1, letter c).
- 72.3 The invoices referred to in the previous Article 71, paragraph 71.1, letter c), must include at least the following data:
- a) quantities of energy involved in the transactions;
  - b) fees applied to the quantities referred to in the previous letter a);
  - c) applicable taxes;
  - d) total amount.

**Article 73**  
**Application of fees for the services provided by GME**

- 73.1 The access fee and the annual fixed fee, referred to in the previous Article 7, paragraph 7.1, letters a) and b), respectively, increased by VAT where applicable, are invoiced according to the methods and within the times defined in the Technical Rules.

**TITLE V**  
**GUARANTEE SYSTEM, PAYMENT SETTLEMENT AND DEFAULT**

**CHAPTER I**  
**GUARANTEE SYSTEM**

***Article 74***  
***Treasury service***

- 74.1 GME entrusts the treasury service to a leading credit or financial institution.

***Article 75***  
***Financial guarantees of Market Participants***

- 75.1 To cover the obligations they intend to acquire on the market, Market Participants present financial guarantees, in the form of a non-interest-bearing cash deposit to be paid into the bank account held by GME at the treasury institute according to the procedures set out in the Technical Rules.
- 75.2 The amount guaranteed by the non-interest bearing cash deposit is valid and effective within the second working day following the day on which such deposit has been credited to GME's bank account held at its treasury institute. The credit is deemed to have been received on the date and at the time resulting from the information system of GME's treasury institute.

***Article 76***  
***Guarantee amount***

- 76.1 The amount of the guarantee in the form of a non-interest bearing cash deposit, taken into consideration for the adequacy verification, is determined by the Market Participant on the basis of the offers that it intends to present.
- 76.2 The Market Participant may at any time request an increase or decrease in the amount of the guarantee posted in the form of a non-interest bearing cash deposit. The Market Participant can request the return, even partial, of the deposited sum, provided that, through this modification, the Market Participant's position is entirely guaranteed. If the verification has a positive outcome, the reduction of the guaranteed amount will have immediate validity for the purposes of the adequacy verifications. GME proceeds with the return of the deposit according to the procedures set out in the Technical Rules. In the event of an increase, the Market Participant deposits the relative sum into the bank account held by GME at its treasury institute, according to the procedures set out in the Technical Rules. Once GME has ascertained that the payment by the Market Participant has been

credited to the afore-mentioned bank account, it will modify the guaranteed amount with validity and effect within the second working day following that on which the payment has been credited. The credit is deemed to have been received on the date and at the time resulting from the information system of the treasury institute.

### **Article 77**

#### ***Capacity of the guarantee for the purpose of verifying its adequacy***

- 77.1 GME determines and updates the amount of the guarantee, according to the methods and within the timings defined in the Technical Rules.
- 77.2 If the guarantee, updated according to the methods indicated in the Technical Rules, proves to be insufficient, the Market Participant must adjust the guaranteed amount according to the methods and timings defined in the Technical Rules. If the adjustment of the guaranteed amount is not completed, the Market Participant cannot conclude negotiations that lead to an increase of its exposure towards GME, as indicated in the Technical Rules.
- 77.3 If the Market Participant does not adjust the guaranteed amount, as indicated in the previous paragraph 77.2, GME applies the default procedure referred to in the following CHAPTER III.
- 77.4 The determination, the updating of the guarantee amount, and the adequacy checks are performed according to the methods indicated in the Technical Rules under the following principles:
- a) for the purpose of establishing an adequate maintenance margin, the amount of the guarantees presented by the Market Participant is reduced by an amount determined according to the methods and timings defined in the Technical Rules;
  - b) the offers presented on the MLT-Flex are verified to be adequate if the guarantee provides coverage of the economic items deriving from these offers, as indicated in the Technical Rules;
  - c) the offers presented on the MLP-Flex are verified to be adequate if the guarantee provides coverage of the economic items deriving from these offers, as indicated in the Technical Rules.
- 77.5 The amounts referred to in the previous paragraphs, considered for the guarantee adequacy checks, do not include the fees referred to in the previous Article 7, paragraph 7.1.

## **CHAPTER II SETTLEMENT OF PAYMENTS**

### ***Article 78 Payment clearing***

- 78.1 The settlement period is defined by GME in the Technical Rules.
- 78.2 For each settlement period, GME determines, for each Market Participant, the net position, debtor or creditor, with GME, according to the methods and within the timings established in the Technical Rules.
- 78.3 GME communicates to each Market Participant, in accordance with the procedures and within the timings established in the Technical Rules, the outcome of the determinations referred to in the previous paragraph 78.2, on the basis of which payments are made according to the methods and within the timings set out in the following Article 79 and Article 81.

### ***Article 79 Market Participants' payments to GME***

- 79.1 As a result of the determinations referred to in the previous Article 78, GME's debtor Market Participants settle with the treasury institute the payment of the amounts due, for each net position, determined and communicated by GME pursuant to the previous Article 78, paragraph 78.3, according to the methods and within the timings established in the Technical Rules;
- 79.2 If the payment of the amount due is not settled with GME's treasury institute according to the provisions of the previous paragraph 79.1, GME's debtor Market Participants may send to the treasury institute the payment of the amount due, increased by default interest as well as a penalty, determined according to the criteria and to the extent indicated in the following Article 85, according to the methods and within the timings established in the Technical Rules.
- 79.3 If the payment of the amount due is not settled in whole or in part with the treasury institute according to the provisions of the previous paragraph 79.2, GME applies the default procedure referred to in the following CHAPTER III.



**Article 80**  
**Payment of fees**

- 80.1 The amounts referred to in the previous Article 71, paragraph 71.1, letter c), and Article 73, must be paid by Market Participants according to the methods and within the timings defined in the Technical Rules.

**Article 81**  
**Payments by GME to Market Participants**

- 81.1 Payments to Market Participants who, as a result of the determinations referred to in the previous Article 78, are qualified as creditors towards GME, are performed according to the methods indicated in this article.
- 81.2 Having received the payments referred to in the previous Article 79, paragraph 79.1, GME makes payments to Market Participants who, as a result of the determinations referred to in the previous Article 78, are creditors of GME, according to the modalities and within the timings established in the Technical Rules.
- 81.3 Having received the payments referred to in the previous Article 79, paragraph 79.2, GME makes payments to Market Participants who, as a result of the determinations referred to in the previous Article 78, are creditors of GME, according to modalities and within the timings established in the Technical Rules.
- 81.4 Having received the payments referred to in the previous Article 79, paragraph 79.3, payments to Market Participants who, as a result of the determinations referred to in the previous Article 78, are creditors of GME, are performed *pro rata* according to the methods and within the timings established in the Technical Rules.
- 81.5 If, by its own fault, GME fails to makes payments to its creditor Market Participants beyond the timings set out in this article, GME pays interest to such Market Participants, determined by applying the rate published on GME's website.

**CHAPTER III**  
**DEFAULT**

**Article 82**  
**Market Participant's default assumptions**

- 82.1 The Market Participant who:
- a) does not adjust the guarantee as defined in the previous Article 77, paragraph 77.3;
  - b) has failed to make payments to GME, in accordance with the provisions of the previous Article 79, paragraph 79.2,
- is considered to have failed to fulfil the Regulations.

### **Article 83** **Default management**

- 83.1 GME in the event of default referred to in the previous Article 82:
- a) suspends the Market Participant from the MLF;
  - b) enforces the guarantees given pursuant to the previous Chapter I of this Title.
- 83.2 If the enforced guarantees, pursuant to the previous paragraph 83.1, letter b) are insufficient to cover the defaulting Market Participant's debt, the Market Participants' credits towards GME, as resulting from the clearing referred to in the previous Article 78, are proportionally reduced by an overall amount equal to the amount of the unpaid debt. In this case, the creditor Market Participants cannot claim any right or make any claim against GME for the unsatisfied part of the credit.
- 83.3 GME undertakes the ordinary judicial actions necessary to recover the sums owed by the defaulting Market Participant. Any sums recovered are paid *pro rata* to the creditor Market Participants in relation to the same invoicing period for which the guarantees were enforced.
- 83.4 Under the hypothesis of default by the DSO according to the previous Article 15, without prejudice to what is indicated within the special agreement mentioned in the previous Article 15 paragraph 15.2, GME applies the coverage mechanisms provided for by a specific provision of ARERA according to the procedures and the timings ruled therein.

### **Article 84** **Market Participant's suspension**

- 84.1 Except as provided in the following paragraph 84.2, GME revokes the suspension of the Market Participant referred to in the previous Article 83, paragraph 83.1, letter a), if the cause that led to the relative suspension ceases to exist.
- 84.2 GME, after 6 months from the suspension of the Market Participant, orders the exclusion of the Market Participant from the MLF.

**Article 85**  
**Default interest and penalties**

- 85.1 In cases of enforcement of guarantees, the amount owed by the debtor Market Participant is increased by a penalty equal to one per cent and by the default interest referred to in the following paragraph 85.2.
- 85.2 Default interest is determined by applying the legal interest rate to the amount owed by the Market Participant for a number of days equal to the days of late payment, if the Market Participant pays within the times referred to in the previous Article 79, paragraph 79.2.

**TITLE VI**  
**DISCIPLINARY MEASURES, COMPLAINTS, AND DISPUTES**

**CHAPTER I**  
**BREACHES AND DISCIPLINARY MEASURES**

**Article 86**  
**Breaches of the Regulations and of the Technical Rules**

- 86.1 The following conducts are considered breaches of the Regulations and of the Technical Rules:
- a) negligence, imprudence, and malpractice in the use of systems of communication and for sending offers;
  - b) specious recourse to the complaint instrument referred to in the following Chapter II of this Title;
  - c) the dissemination to third parties of confidential information relating to third-party Market Participants, or to the Market Participant itself, and concerning, in particular, the access codes to GME's computer system, any other data necessary for access to GME's computer system and the content of the offers submitted by third-party Market Participants to GME, unless this occurs for the fulfilment of obligations imposed by laws, regulations or provisions of competent authorities;
  - d) attempted unauthorised access to reserved areas of GME's computer system;
  - e) all forms of use, for fraudulent purposes, of the communication and offer sending systems;
  - f) any other conduct contrary to the ordinary principles of correctness and good faith referred to in the previous Article 3, paragraph 3.3.

**Article 87**  
**Disciplinary Measures**

- 87.1 GME, if it verifies the existence of the breaches referred to in the previous Article 86, adopts towards the Market Participant, in compliance with the principle of equality and equal treatment, taking into account the severity of the breach, any recurrence, and according to the gradualness referred to in Article 88 below, the following disciplinary measures:
- a) private written reminder;
  - b) pecuniary penalty;
  - c) suspension of the Market Participant from the market;
  - d) exclusion of the Market Participant from the market.
- 87.2 If the disciplinary measure of the pecuniary penalty is adopted and the same has not been paid by the Market Participant within the following six months starting from the date of communication of this disciplinary measure, GME may also suspend the Market Participant from the market until payment of the previously imposed pecuniary penalty has been made.
- 87.3 Once a presumed breach has been detected, GME sends the Market Participant a communication containing:
- a) a description of the presumed breach;
  - b) the setting of a deadline, not less than ten days, for the possible presentation of briefs and documents and for the possible request for a hearing.
- 87.4 If the Market Participant requests a hearing, or if GME deems such a hearing necessary, GME sets the date of the same, promptly notifying the Market Participant thereof. In the event that the Market Participant does not participate in the hearing, and this is not deferred to another date if there are justified reasons, GME proceeds on the basis of the elements acquired. In the event of postponement of the hearing, this cannot in any case take place beyond the tenth day following the date originally set for the same.
- 87.5 GME, on the basis of the elements acquired, adopts any disciplinary measures, i.e. orders the dismissal of the procedure, within thirty days from the hearing or, if the latter has not been requested or has not been deemed necessary by GME, within thirty days from sending the communication referred to in the previous paragraph 87.3.
- 87.6 If the presumed breaches are such as to imminently endanger the correct functioning of the market, GME may suspend the Market Participant from the market as a precautionary measure during the completion of the disciplinary procedure.

87.7 The disciplinary measure, adequately motivated, or the dismissal, is communicated to the Market Participant concerned. Any disciplinary measure adopted is communicated, for information, to the Authority and to the DSOs with which the Market Participant is an enabled user according to what is communicated by each DSO pursuant to the previous Article 24.

**Article 88**  
***Gradualness of disciplinary measures***

88.1 In cases where the breaches are due to the Market Participant's fault, GME may adopt the following disciplinary measures:

- a) private written reminder;
- b) suspension from the market, for a period of no less than five days and no more than one month. In the event of a recurrence, suspension from the market is ordered for a period of one month.

88.2 In the event that the breaches referred to in the previous paragraph 88.1 have caused disturbances to the correct functioning of the market, GME may suspend the Market Participant from the market, for a period of not less than one month and not more than one year. In the event of a recurrence, suspension from the market is ordered for a period of one year.

88.3 In cases where the breaches are due to wilful misconduct by the Market Participant, GME may adopt the following disciplinary measures:

- a) suspension from the market for a period of no less than six months and no more than eighteen months. In the event of a recurrence, suspension from the market is ordered for a period of eighteen months.
- b) exclusion from the market.

88.4 In cases where the breaches referred to in the previous paragraph 88.3 have caused disturbances to the correct functioning of the market, GME may adopt the following disciplinary measures:

- a) suspension from the market for a period of no less than eighteen months and no more than three years. In the event of a recurrence, suspension from the market is ordered for a period of three years;
- b) exclusion from the market.

88.5 As an alternative to the disciplinary measure of suspension from the market referred to in the previous paragraphs 88.1, letter b), 88.2, 88.3, letter a), and 88.4, letter a), GME may apply a pecuniary penalty of not less than three thousand Euro and not more than ten thousand Euro, determined on the basis of the extent and severity of the damage resulting from the breach. If the Market Participant has not

paid the pecuniary penalty within six months starting from the date of communication of this disciplinary measure, GME may also suspend the Market Participant from the market until the date of the occurred payment of the pecuniary penalty previously adopted.

**Article 89**  
***Suspension for default of communication obligations and for non-payment of the fee***

- 89.1 In addition to the cases provided for in the previous Article 83 and Article 88, GME suspends the Market Participant from the market, or applies the pecuniary penalty referred to in the previous Article 88, paragraph 88.5, in the following cases:
- a) in the event that the Market Participant fails to comply with the notification obligation referred to in the previous Article 19, paragraph 19.1, or the information communicated pursuant to the previous Article 19, paragraph 19.1 does not allow GME to find the Market Participant, or the latter fails to provide the information or documentation required pursuant to the previous Article 18, paragraph 18.2. The suspension is ordered until the date of receipt by GME of the communication referred to in the previous Article 19, paragraph 19.1, or of the information or documentation referred to in the previous Article 18, paragraph 18.2, or until the date on which the Market Participant becomes available again on the basis of the information communicated pursuant to the previous Article 19, paragraph 19.1;
  - b) in the event that the Market Participant does not fulfil the obligation to pay the fees referred to in the previous Article 7 according to the provisions of the previous Article 80. The suspension is ordered until the date of fulfilment of these obligations by the Market Participant and in any case for a period not exceeding six months, after which the exclusion of the Market Participant from the market is ordered.

**Article 90**  
***Publicity of disciplinary measures***

- 90.1 GME informs anonymously of the adoption of the disciplinary measures referred to in the previous Article 87, paragraph 87.1, letters, b), c) and d), publishing the same, with the exception of their confidential parts, on its website, after at least thirty days from the communication of the disciplinary measure to the Market Participant concerned, unless the matter has been proposed to the Arbitration Board. In the latter case, the adoption of the disciplinary measure is only made public if confirmed by the Arbitration Board.

**Article 91**  
***Appeal against refusal of admission to the MLF and against disciplinary***

## ***measures***

- 91.1 Except as provided in the following Article 99, against the refusal of admission to the market, or against the disciplinary measures referred to in the previous Article 87, paragraph 87.1, the Market Participant may appeal to the Arbitration Board. The arbitration proceeding must be promoted, under penalty of forfeiture, within thirty days of the communication of the relative refusal provision or of the disciplinary measure.

## **CHAPTER II COMPLAINTS**

### ***Article 92***

#### ***Method of sending and minimum content of complaints about the outcome of the validity check, the adequacy check of offers, the results of the markets, and the operations for determining economic items***

- 92.1 Complaints relating to the outcome of the controls and checks referred to in the previous Article 31, Article 33, Article 46, Article 48, Article 58, and Article 60, to the results of each of the markets in which the MLF is divided, as well as to the operations for determining the economic items referred to in the previous Article 69, are sent, under penalty of inadmissibility, electronically, within the timings indicated in this Chapter and using the appropriate forms available in GME's computer system.
- 92.2 Each complaint must include, under penalty of inadmissibility, the indication of the following elements:
- a) identification code of the disputed offer, as assigned by GME's IT system, or another reference that allows its unambiguous identification;
  - b) decision of GME, subject of the complaint;
  - c) a brief description of the grounds for the complaint.

### ***Article 93***

#### ***Contesting the outcome of the validity check and the adequacy check of offers***

- 93.1 The Market Participant can dispute the outcome of the checks and verifications referred to in the previous Article 31, Article 33, Article 46, Article 48, Article 58, and Article 60, by sending a communication to GME within 60 minutes of GME's decision.

**Article 94**  
**Contesting market results**

- 94.1 The Market Participant may contest the results of each market in which the MLF is divided, with regard to the results of the accepting process of offers and of determination of prices at which these offers are valued, by sending a communication to GME within 60 minutes of decision by GME.

**Article 95**  
**Disputing operations for determining economic items**

- 95.1 The Market Participant may dispute the results of the operations for determining the economic items referred to in Title IV, Chapter I by sending a communication to GME within 16:00 of the second working day following the one on which such results have been communicated to the Market Participant.

**Article 96**  
**Disputing invoicing and settlement operations**

- 96.1 The Market Participant may dispute the outcome of the invoicing procedures referred to in Title IV, Chapter II, or the determinations referred to in Title V, Chapter II by sending a communication to GME, under penalty of inadmissibility, according to the methods and within the timings defined in the Technical Rules.
- 96.2 In the case referred to in the previous paragraph 96.1, GME undertakes the actions according to the methods and timings indicated in the Technical Rules. On any sums due to the Market Participant as a result of complaints, default interest is recognised to the extent indicated in the previous Article 85.

**Article 97**  
**Verification of complaints**

- 97.1 GME will notify the Market Participant concerned of the outcome of the verification of the complaints referred to in the previous Article 93, Article 94, Article 95, and Article 96 within 16.00 of the second working day following the deadline for submitting the complaint.
- 97.2 In the event that a complaint referred to in the previous Article 93 and Article 94, is accepted by GME, since the subject of the complaint is an error or omission



attributable to GME, GME itself pays the Market Participant concerned a compensation amount equal to a maximum of Euro three thousand.

- 97.3 The acceptance of the compensation amount recognised by GME, pursuant to the previous paragraph 97.2, implies the Market Participant's waiver of the dispute resolution remedies provided for in the following Chapter III of this Title.
- 97.4 The indemnity limit established in the previous paragraph 97.2 applies, with reference to the complaints indicated therein and to any disputes deriving from them, also to the determinations resulting from the arbitration procedures referred to in the following Article 98 and Article 99, paragraph 99.2.
- 97.5 In the event that a complaint referred to in the previous Article 95 is accepted, GME will make the consequent adjustments.
- 97.6 In the event that a complaint referred to in the previous Article 96 is accepted, GME will make the consequent adjustments according to the provisions of the Technical Rules.
- 97.7 The acceptance of a complaint does not change the results of the market session to which it refers.

### **CHAPTER III DISPUTES**

#### ***Article 98 Arbitration Board***

- 98.1 Except as provided in the following Article 99, paragraph 99.1, any dispute arising between GME and Market Participants relating to the interpretation and application of the Regulations and of the Technical Rules is resolved by an Arbitration Board.
- 98.2 The Arbitration Board consists of three members, one of whom is appointed by GME, one appointed by the Market Participant. and a third one, acting as President, appointed by mutual agreement by the arbitrators appointed by the parties, or in case of disagreement, by the President of the Court of Rome, pursuant to article 810 of the Code of Civil Procedure.
- 98.3 The Arbitration Board decides according to the applicable laws and the arbitration proceeding is performed according to the provisions contained in articles 806 and following of the Code of Civil Procedure.
- 98.4 The Arbitration Board is based in Rome at the headquarters of GME.

- 98.5 If the Market Participant does not accept the outcome of the verification of the complaints referred to in the previous Article 97, the same may appeal to the Arbitration Board. In such cases, the arbitration proceeding must be initiated, under penalty of forfeiture, within thirty days of communication of the outcome of the disputed checks.

**Article 99**  
**Dispute resolution**

- 99.1 In addition to the cases referred to in the previous Article 83, paragraph 83.3, disputes concerning non-payment, even partial, of the following items are subject to the exclusive jurisdiction of the Italian judge
- a) the fees referred to in the previous Article 7, paragraph 7.1;
  - b) the amounts referred to in the previous Article 87, paragraph 87.1, letter b);
  - c) the amount referred to in the previous Article 88, paragraph 88.5.
- 99.2 Without prejudice to the provisions of the previous paragraph 99.1, alternatively to the provisions of the previous Article 98, upon request of one of the interested parties, disputes between GME and Market Participants and between Market Participants are resolved through the recourse to arbitration procedures regulated by the Authority pursuant to article 2, paragraph 24, letter b) of law no. 481 of 14 November 1995.

**TITLE VII  
FINAL PROVISIONS**

***Article 100  
Operation of the computer system***

- 100.1 In the event of technical malfunctions of the IT system, GME may suspend, postpone or close in advance a market sitting or a session.
- 100.2 In order to guarantee and safeguard the correct technical functioning, as well as an efficient use of GME's information system, and, in general, the regular functioning of the market, GME may impose limits on the entry, cancellation and modification of trading offers, as well as limit the number of connections of each Market Participant or specific categories of Market Participants to GME's information system.



## ***Annex A***

### ***Market admission application form***

**Application for market admission,  
referred to in article 12, paragraph 12.1, letter a), of the local flexibility market Regulations**

The undersigned .....  
(*first name and surname*)  
born in ....., on .....,  
resident in..... (prov. ....), .....  
(*address*)  
Tax Code/Passport no.(\*) ....., VAT no.....,  
telephone number ....., certified e-mail address .....,  
e-mail address.....,

*or*

The company/*other* .....  
(*trade name or company name*)  
with registered office in ....., (prov. ....), .....  
(*address*)  
Tax Code ....., VAT no. ....,  
telephone number ....., certified e-mail address.....,  
e-mail address .....,  
in the person of ....., as .....,  
(*legal representative or subject with the necessary powers*)

**WHEREAS**

- the organisation and management methods of the local flexibility market (hereinafter: MLF) are defined in the local flexibility market Regulations approved with resolution of 3 August 2023 no. 372/2023/R/eel of the Regulatory Authority for Energy, Networks and the Environment (hereinafter: the Regulations);
- the Technical Rules referred to in article 4 of the Regulations are published on the *website* of GME and enter into force from the date of publication;

All this considered,

the undersigned.....

*or*

the company/*other* .....  
in the person of ..... as.....,  
(*legal representative or subject with the necessary powers*)

**REQUESTS**

pursuant to article 12 of the Regulations, the admission to the local flexibility market through the procedure set out in article 14 of the Regulations.

For this purpose, it attaches the documentation referred to in article 13 of the Regulations, which constitutes an integral part of this application, as well as a signed copy of the market participation contract for the local flexibility market referred to in article 12, paragraph 12.1, letter b), of the Regulations, according to the form annexed hereto.

The undersigned.....

*or*

The company/*other* .....

in the person of ..... as.....,  
*(legal representative or subject with the necessary powers)*

**DECLARES**

- 1) to comply with the rules set out in the Regulations and in the Technical Rules, which it declares to know and accept without any conditions or reservations;
- 2) to be equipped with adequate professionalism and competence in the use of telematic systems and of the security systems relating to them, or to have employees or auxiliaries equipped with such professionalism and competence;
- 3) that the person to refer to for any communications is:

Mr./Mrs./Ms. ....

*(First Name and*

- telephone number.....;
- e-mail address.....;

- 4) that the subject/s appointed to access GME's IT system on behalf of the applicant is/are:

Mr./Mrs./Ms. ....

*(First Name and*

- Tax Code/Passport number(\*) .....
- date of birth .....
- nationality (\*\*).....
- telephone number .....
- mobile number.....;
- e-mail address .....

- job title:  user  viewer

[to be repeated for each subject referred to in this point 4]

\*\*\*\*

pursuant to EU Regulation 679/2016, and the subsequent amendments and additions, the personal data indicated in this application for admission will be processed, for the execution of the obligations deriving from itself and for the execution of the obligations deriving from the Regulations, by means of IT support, in order to guarantee the confidentiality and security of the data, as indicated in the information provided pursuant to articles 13 and 14 of the afore-mentioned EU Regulations 679/2016 and published on the GME website at the page <http://www.mercatoelettrico.org/It/GME/Info/Privacy.aspx>. The applicant takes note of the afore-mentioned information and gives their consent to the processing and communication of personal data to third parties in the manner and for the purposes indicated in the information itself in compliance with the current legislation.

**(\*) The passport number can only be indicated as an alternative to the tax code for foreign citizens not resident in Italy who do not have a tax code.**

**(\*\*) Mandatory field only for subjects for which the passport number has been indicated.**

*Place, date*

.....

Signature

.....



## ***Annex B***

### ***Market participation contract***



**Market participation contract,  
referred to in article 12, paragraph 12.1, letter b), of the local flexibility market  
Regulations**

BETWEEN

Gestore dei Mercati Energetici S.p.A., with registered office in Rome, Viale Maresciallo Pilsudski n. 122/124, Tax Code and VAT no. 06208031002 (hereinafter: GME),

AND

..... /the company/other .....  
(first name and surname) (trade name or company name)  
resident/with registered office in ....., Prov. ....., .....  
(address)  
Tax Code....., VAT no. ...., in the person of .....,  
as ..... (hereinafter: the Contracting Party);

GME and the Contracting Party, hereinafter referred to individually as the "Party" and jointly as the "Parties",

WHEREAS THAT

- A. GME is the joint-stock company - established pursuant to article 5, paragraph 1, of Italian Legislative Decree 16 March 1999, no. 79 (hereinafter: Italian Legislative Decree no. 79/99) - which organises and manages, among other aspects, the Local Flexibility Market (hereinafter: the Market) aimed at enabling distribution system operators (hereinafter: DSO) to procure local ancillary services;
- B. the DSOs are the companies referred to in article 9 of Italian Legislative Decree no. 79/99 which are entrusted, under concession, with the distribution activity meaning both the transport activity and the electricity transformation on medium and low voltage distribution networks for deliveries to end customers;
- C. GME has prepared the local flexibility market Regulations approved with resolution of 3 August 2023 no. 372/2023/R/eel of the Regulatory Authority for Energy, Networks and the Environment (hereinafter: the Regulations);
- D. the DSOs that make use of the Market are indicated in the Technical Rules referred to in article 4 of the Regulations;
- E. pursuant to article 12, paragraph 12.1, letter b), of the Regulations, the party intending to participate in the market submits to GME a signed copy of the "Market Participation Contract" (hereinafter: the Contract);
- F. the Technical Rules are published on the *website* of GME and enter into force from the date of publication;

- G. pursuant to and for the purposes of the Regulations, GME is the counterparty of the Market participants in the Market.

NOW THEREFORE,

the Parties agree and stipulate the following.

*Article 1*

**Subject of the Contract and value of the recitals**

1.1 This Contract defines:

- a) the rights and obligations of the Contracting Party towards GME;
- b) the conditions under which GME undertakes to provide the services relating to trading in the Market (hereinafter: the Services);

1.2 The premises to this Contract form an integral and substantial part of it.

*Article 2*

**Obligations of the Contracting Party**

2.1 The Contracting Party declares to know and accept, without any conditions or reservations, the Regulations, as resulting from the legislation in force. The Contracting Party also declares that it is familiar with GME's IT support system (hereinafter: the System), in its current configuration, or in any case that it undertakes to understand it.

2.2 The Contracting Party undertakes to:

- a) comply with the Regulations and the Technical Rules and to keep up to date with any changes to these documents. It is understood that if the Contracting Party does not intend to accept any amendments and additions to the Regulations and to the Technical Rules, the Contracting Party itself will have the right to withdraw from this Contract, by sending notice according to the methods provided and to the address indicated in article 9 below, paragraph 9.6. In any case, the withdrawal will only be effective after the Contracting Party has fulfilled the obligations deriving from participation in the Market. If fifteen days have elapsed from the legal publication of such amendments and additions, without the Contracting Party having communicated its intention to withdraw from this Contract, the amendments themselves will be considered tacitly accepted. Without prejudice to everything performed for the purposes of the effectiveness of the withdrawal, pending the afore-mentioned term, the execution of negotiations on the Market by the Contracting Party will be understood as implicit acceptance of the new conditions. The afore-mentioned variations can never constitute a reason that can justify the failure of the Contracting Party to fulfil the obligations assumed on the Market;
- b) be equipped with adequate technological systems for the performing of the trading activity, which are compatible with the System, and it must also update them as a result of any changes made by GME to the System;

- c) be equipped with adequate technological systems for the performing of the activities relating to the invoicing of the economic items of the Market, compatible with the System and suitable for ensuring a correct, timely and secure exchange of data and information transmitted electronically, in the manner and within the timings envisaged by the Regulations and by the Technical Rules;
- d) acquire personnel with adequate professionalism and competence in the use of the technological systems referred to in the previous letter b);
- e) join the payment settlement service and the guarantee systems referred to in Title V of the Regulations;
- f) inform GME promptly and, where possible, in adequate time so that GME itself, in order to guarantee the regular functioning of the Market, can implement any necessary corrective actions, regarding any operational issue or anomaly deriving from problems of a technical nature, or any other event that has led or may lead to the non- or incorrect provision of the Services. In particular, the Contracting Party undertakes to notify GME, as quickly as possible and in the forms provided for in article 9, paragraph 9.6 below, of the occurrence of events, even if only potentially dangerous for the integrity and security of the System (such as, purely by way of example, the theft of confidential documentation relating to access to the System or unauthorised access to the Contracting Party's premises where such documentation is kept);
- g) cooperate with GME, or with third parties designated by the latter, also allowing access of their employees or auxiliaries to their premises, in order to allow the implementation of all interventions on the equipment (*hardware* and *software*) used by the Contracting Party, which are necessary to ensure the regular functioning of the Market. It is understood that GME is responsible, pursuant to article 2049 of the Italian Civil Code, for any damages caused during the implementation of such interventions;
- h) respect the property rights of GME on the data transmitted through the System and on the trademarks it registers or uses, as well as the property rights of GME itself or of third party suppliers on the *software* programs used for the provision of the Services;
- i) keep the devices referred to in article 4, paragraph 4.1 below private and confidential, and use them, or allow their use by specifically appointed people, exclusively for the accessing and performing of trading activities on the Market. The Contracting Party therefore assumes all responsibility for unauthorised access to the Market by third parties and undertakes to indemnify GME from any damages or danger to the integrity or security of the System that may occur due to the negligence of the Contracting Party or of its personnel in the custody of the afore-mentioned devices;
- j) promptly ask GME to disable the devices referred to in the previous letter i) and to allocate new or different devices in all cases where it has reason to believe that unauthorised people may make improper use of them;
- k) indemnify and hold GME harmless from any damages or cost it may suffer, also as a result of actions brought by third parties, as a result of acts or behaviours put in place by the Contracting Party itself, as well as by any of its auxiliaries, appointees and collaborators, in breach of this Contract, of the Regulations, of the Technical Rules, as well as of any other legislative or regulatory provision, or of deeds and provisions issued by GME or by competent authorities.

**Article 3**  
**GME services**

- 3.1 The Services will be provided by GME to the Contracting Party in accordance with this Contract, with the Regulations and with the Technical Rules. GME's obligations relating to the provision of the Services constitute obligations of means.
- 3.2 GME will provide the Contracting Party with the necessary collaboration for the Contracting Party to access the System, in compliance, in particular, with what is indicated in the Technical Rules. It is understood that the implementation of the activities and the provision of the tools necessary for the access are the sole responsibility and will be fully borne by the Contracting Party.
- 3.3 GME has the right to modify the technical, functional, administrative and operational procedures for provision of the Services, as a result of modifications or additions to the Regulations or of the Technical Rules.
- 3.4 Without prejudice to the provisions of the Regulations and of the Technical Rules, if the provision of the Services is interrupted, suspended, delayed or in any case subject to anomalies due to technical reasons concerning the System, GME undertakes to do what is necessary to resolve such problems. It is understood that if the afore-mentioned events are attributable to technical reasons concerning the equipment (hardware or software) used by the Contracting Party to access the System, the Contracting Party will be required to eliminate the related causes as quickly as possible. GME and the Contracting Party undertake, within the scope of their respective competences, to collaborate in order to identify the causes of the interruptions, suspensions, delays or anomalies and to restore the functionality of the System as soon as possible.
- 3.5 GME is responsible for the correct processing and transmission of data and information entered by third parties in the System or formed on the Market. GME and the Contracting Party acknowledge that GME's obligations do not include checking the truthfulness, accuracy and completeness of the data and information provided by third parties, which are made available to the Contracting Party as part of the provision of the Services.
- 3.6 GME and the Contracting Party acknowledge that GME cannot be held responsible for faults or malfunctions of the telecommunications lines (for example, telephone lines), as well as of the *Internet* access.
- 3.7 The Contracting Party acknowledges that GME has the right to make use of third parties designated by GME itself for the provision of the Services, being understood that, in any case, the contractual relationship exists exclusively between the Contracting Party and GME.
- 3.8 GME undertakes to respect the Contracting Party's property rights on the data transmitted through the System and on the registered or used trademarks of which GME has become aware.
- 3.9 GME undertakes to indemnify and hold the Contracting Party harmless from any damages or cost suffered by the Contracting Party, including as a result of actions brought by third parties, as a result of acts or behaviour by GME or of its auxiliaries, appointees or collaborators, for the management and the provision of the Services in breach of this Contract, of the Regulations, of the Technical Rules, as well as of any other legislative or regulatory provision applicable to this Contract.

**Article 4**  
**How to access the System**

- 4.1 For the purposes of accessing the System, the Contracting Party is required to use the technical security devices indicated by GME such as, for example, a user code, with a combined password, smart card or other strong authentication tools.
- 4.2 Access to the System takes place in accordance with the provisions of the Technical Rules.

**Article 5**  
**Fee**

- 5.1 The Contracting Party shall pay the fees established by GME pursuant to article 7 of the Regulations for the Services provided in execution of this Contract, according to the methods defined in articles 71 and 73 of the Regulations.
- 5.2 In the event of total deactivation of the System, such as to prevent the Contracting Party from performing trading on the Market, the fees referred to in the previous paragraph 5.1 are reduced in proportion to the period in which this deactivation occurred.

**Article 6**  
**Limitation of liability, force majeure and unforeseeable circumstances**

- 6.1 Without prejudice to the Regulations, GME, in the provision of the Services, is liable for contractual and non-contractual damages exclusively insofar as these constitute an immediate and direct consequence of its conduct determined by wilful misconduct or negligence and, in the latter case, are foreseeable at the date of signing this Contract. The Parties mutually agree that there will be no compensation or indemnity obligation for damages that are an indirect or unforeseeable consequence of GME's conduct including, by way of example, damages deriving from the loss of business opportunities or customers or from the loss of profits.
- 6.2 The Contracting Party shall notify GME, under penalty of forfeiture, of any claim for compensation relating to the provision of the Services within and no later than fifteen working days from the day on which the Contracting Party became aware, or should have become aware using ordinary diligence, of the occurrence of the harmful event, contextually providing a precise indication of the circumstances in which the harmful event and the damages occurred. The related supporting documentation must be communicated to GME no later than twenty working days from the day on which the Contracting Party became aware, or should have known using ordinary diligence, of the occurrence of the harmful event.
- 6.3 There will be no liability of GME and of the Contracting Party for breaches due to force majeure, unforeseeable circumstances, or events beyond their control such as, by way of example, wars, riots, earthquakes, floods, fires, strikes, interruptions of the supply of electricity or of the supply of dedicated data transmission lines forming part of the System, when such interruptions are exclusively attributable to the behaviour of third parties.

- 6.4 GME will not be liable for any damages suffered by the Contracting Party and/or by third parties deriving from any requests made by the DSOs to cancel, or to suspend, or to revoke the session held or in progress.
- 6.5 GME has the faculty, in cases of force majeure and unforeseeable circumstances, and generally in all cases in which the Contracting Party's activity is potentially harmful to the integrity or to the security of the System, to suspend access to the System itself, without the need for prior communication of the circumstances leading to the suspension.

### ***Article 7*** **Duration**

- 7.1 This Contract is deemed to be finalised upon its signature by the Contracting Party and its receipt, in the original version, by GME and it has an indefinite duration. The effectiveness of the Contract is subject to GME's positive verification of the completeness and correctness of the documentation sent by the Contracting Party and of the existence of the requirements for admission of the Contracting Party to the Market. GME will inform the Contracting Party of the outcome of these checks pursuant to article 14 of the Regulations.
- 7.2 This Contract will cease to produce its effects upon the occurrence of one of the following events:
- a) exclusion of the Contracting Party from the Market;
  - b) total deactivation of the System due to changes in the applicable regulations;
  - c) withdrawal by the Contracting Party from this Contract.
- 7.3 Termination of the Contract pursuant to this article will not in any way prejudice any other right to which a Party is entitled under this Contract or under generally applicable laws, nor will it affect any right or obligation of a Party which has already arisen on the date of termination.

### ***Article 8*** **Resolution**

- 8.1 For any reason, any loss of the status of Market participant, as acquired pursuant to article 14 of the Regulations, constitutes grounds for legal termination of this Contract pursuant to article 1456 of the Italian Civil Code, without prejudice to GME's rights to withhold the fixed fee referred to in article 7, paragraph 7.1, letter b), of the Regulations as indemnity for and without prejudice to any further right to compensation for any greater damage.

### ***Article 9*** **General clauses**

- 9.1 The invalidity or nullity of one or more of the clauses of this Contract will not compromise the validity of the remaining clauses, which will in any case remain in full force and effect.
- 9.2 This Contract and the rights and obligations of the Parties hereunder may not be transferred to third parties except in the cases expressly provided for in this Contract.

9.3 Without prejudice to the provisions of the previous article 6, paragraph 6.2, failure to exercise or delay in exercising one of the rights due to a Party under this Contract cannot be considered as a waiver of such rights.

9.4 Without prejudice to the provisions of the previous article 2, paragraph 2.2, lett. a), any modification to the Contract must take place in writing.

9.5 For the purposes referred to in this Contract, the Parties elect their domicile at the following addresses:

- Gestore dei Mercati Energetici S.p.A., Viale Maresciallo Pilsudski n. 122/124 - 00197 Rome;
- .....  
(address)

9.6 Any communication or notification to be made pursuant to this Contract must be made in writing and delivered by hand, also by courier, or sent by registered letter with acknowledgement of receipt, or by electronic message with acknowledgement of receipt or by certified mail, to following addresses:

- Gestore dei Mercati Energetici S.p.A, Viale Maresciallo Pilsudski n. 122/124 - 00197 Rome, *adresse-mail*: [info@mercatoelettrico.org](mailto:info@mercatoelettrico.org); [gme@pec.mercatoelettrico.org](mailto:gme@pec.mercatoelettrico.org);
- .....  
(address)  
certified e-mail address....., e-mail *address*.....;

9.7 The communications will be considered received on the date of signing the receipt of successful delivery, if performed by hand delivery, or when they reach the recipient's address, if performed by registered letter with acknowledgement of receipt, or on the date of receipt of the message of successful delivery, if sent by e-mail or on the date of receipt of the message of successful delivery, if sent by certified e-mail.

**Article 10**  
**Applicable law**

10.1 This contract is regulated by the Italian law.

**Article 11**  
**Disputes**

11.1 Any dispute that may arise between GME and the Contracting Party in relation to this Contract will be resolved according to the provisions contained in Title VI of the Regulations, which are deemed to be fully referred to and transcribed herein.

the Contracting Party

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The following clauses of the Contract are specifically approved, pursuant to and for the purposes of articles 1341 and 1342 of the Italian Civil Code: Article 2.2 (a) (Regulations and Technical Rules and their amendments); Article 2.2 (k) (Indemnification); Articles 3.5 and 3.6 (Limitation of Liability); Article 6 (Limitation of responsibilities, forfeiture, suspension of the service); Article 7 (Termination of the effects of the Contract); Article 8 (Termination); Article 9.2 (Prohibition of assignment); Article 10 (Applicable law); Article 11 (Disputes).

the Contracting Party

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Rome, (*date*)