



INTEGRATED TEXT OF THE ELECTRICITY MARKET RULES

approved with the Ministerial Decree of December 19, 2003,
as subsequently amended and supplemented

() Please note that this translation is provided for convenience only. In case of discrepancies, the Italian text shall govern.*

CONTENTS

TITLE I GENERAL PROVISIONS

- Article 1 Text and Annexes
- Article 2 Definitions
- Article 3 General Principles and Amendments to the Rules
- Article 4 Technical Rules
- Article 5 Units of Measurement and Rounding off
- Article 6 Access to GME's Information System
- Article 7 Fees for Services Provided by GME
- Article 8 Market Information
- Article 9 Communication and Publication of Data and Information
- Article 10 Security of Access

TITLE II ADMISSION TO THE MARKET

- Article 11 Requirements for Admission to the Market
- Article 12 Market Participation Application and Market Participation Agreement
- Article 13 Documents to Be Enclosed to the Market Participation Application
- Article 14 Admission Procedure
- Article 15 Admission of Terna, of Gestore dei Servizi Energetici-GSE SpA and of Acquirente Unico to the Market
- Article 16 Register of Market Participants
- Article 17 Data and Information for Participation in the Market
- Article 18 Verifications
- Article 19 Notification Obligations
- Article 20 Exclusion from the Market on Request

TITLE III OPERATION OF THE ELECTRICITY MARKET (ME)

- Article 21 Electricity Market Structure and Applicable Period
- Article 22 Definitivity of Transactions

SECTION I OPERATION OF THE DAY-AHEAD MARKET (MGP), THE INTRA-DAY MARKET (MI) AND THE ANCILLARY SERVICES MARKET (MSD)

- Article 23 Geographical and Virtual Zones
- Article 24 Data and Information on Offer Points
- Article 25 Solar Time and Daylight-Saving Time
- Article 26 Demand Bids, Supply Offers and Offer Points
- Article 27 Bid/Offer Submission
- Article 28 Minimum Contents of Bids/Offers
- Article 29 Validation of Bids/Offers
- Article 30 Technical Adequacy of Bids/Offers
- Article 31 Unavailability of Power Grid Assets
- Article 32 Suspension of the MGP, MI and MSD
- Article 33 Emergency Conditions procedures in the MGP, MI and MSD
- Article 34 Assignment of Coefficients of Priority to Predefined Bids/Offers [repealed]

SUBSECTION I DAY-AHEAD MARKET (MGP)

- Article 35 Purpose of the MGP
- Article 36 Periods for Submission of Bids/Offers
- Article 37 Preliminary Market Information
- Article 38 Demand Bids and Supply Offers
- Article 39 Priority Order of Bids/Offers
- Article 40 Step-Up and Step-Down Margins for the MGP
- Article 41 Technical Adequacy Requirements of Bids/Offers Submitted into the MGP
- Article 42 Results of the MGP and Preliminary Hourly Injection or Withdrawal Schedules
- Article 43 Schedules Submitted through the OTC Registration Platform (PCE)
- Article 44 Valuing of Grid and Market Constraints in the MGP

SUBSECTION II INTRA-DAY MARKET (MI)

- Article 45 Purpose of the MI
- Article 46 Periods for Submission of Bids/Offers
- Article 47 Preliminary Market Information
- Article 48 Demand Bids and Supply Offers
- Article 49 Priority Order of Bids/Offers
- Article 50 Step-Up and Step-Down Margins for the MI
- Article 51 Technical Adequacy Requirements of Bids/Offers in the MI
- Article 52 Results of the MI and Updated Hourly Injection or Withdrawal Schedules
- Article 53 Notification of Updated Hourly Injection or Withdrawal Schedules
- Article 54 Valuing of Grid and Market Constraints in the MI
- Article 55 Valuing of Non-Arbitrage Fees in the MI

SUBSECTION III *ANCILLARY SERVICES MARKET (MSD)*

- Article 56 Purpose of the MSD
- Article 57 Periods for Submission of Bids/Offers
- Article 58 Demand Bids and Supply Offers
- Article 59 Results of the MSD
- Article 60 Publication of Data and Notifications to Market Participants

SECTION I-BIS *OPERATION OF THE DAILY PRODUCTS MARKET (MPEG)*

- Article 60 bis Subject of the MPEG
- Article 60 ter MPEG's products
- Article 60 quarter Market sessions
- Article 60 quinquies Procedures for the conclusion of negotiations
- Article 60 sexes Trading offers
- Article 60 septies Booking of margins of electricity accounts of the PCE
- Article 60 octies Validation and adequacy verifications of the bid/offers on the MPEG
- Article 60 nonies Continuous trading
- Article 60 decies Recording of net positions on the PCE
- Article 60 undecies Information and results

SECTION II *OPERATION OF THE FORWARD ELECTRICITY MARKET (MTE)*

- Article 61 Purpose of the MTE
- Article 62 Types of Tradable Contracts
- Article 63 Market Sessions
- Article 64 Conclusion of Contracts
- Article 65 Bids/Offers
- Article 66 Validation and Adequacy Verifications in the Trading Period
- Article 67 Continuous Trading
- Article 68 Cascading
- Article 69 Registration of the Net Delivery Position onto the PCE
- Article 70 Information and Results

SECTION III *PLATFORM FOR PHYSICAL DELIVERY OF FINANCIAL CONTRACTS CONCLUDED ON IDEX*

- SUBSECTION I** *SCOPE OF APPLICATION*
- Article 70 bis Objective Scope of Application
 - Article 70 ter Subjective Scope of Application

- SUBSECTION II** *PROCEDURES AND TIME LIMITS FOR PHYSICAL DELIVERY*
- Article 70 quater Execution of Physical Delivery
 - Article 70 quinquies Validation and Adequacy Verifications

TITLE IV *BILLING AND INVOICING OF PAYABLES AND RECEIVABLES ARISING IN THE ME*

- SECTION I** *BILLING OF PAYABLES AND RECEIVABLES ARISING IN THE ME*
- Article 71 Billing of Accepted Bids/Offers
 - Article 72 Daily Billing in the MPE
 - Article 73 Payables and Receivables Pertaining to Terna

<i>SECTION II</i>	<i>INVOICING OF PAYABLES AND RECEIVABLES ARISING IN THE ME</i>
Article 74	Invoicing Period
Article 75	Invoicing
Article 76	Invoice Contents
Article 77	Application of Fees for Services Provided by GME
<i>TITLE V</i>	<i>GUARANTEE SYSTEMS, SETTLEMENT OF PAYMENTS AND DEFAULT IN THE ENERGY MARKETS</i>
<i>SECTION I</i>	<i>GUARANTEE SYSTEMS</i>
Article 78	Treasury Services
Article 79	Financial Guarantees of Market Participants
Article 80	Amount of the Guarantee
Article 81	Available Amount of the Guarantee for Purposes of Adequacy Verification in the ME
<i>SECTION II</i>	<i>SETTLEMENT OF PAYMENTS IN THE ME</i>
Article 82	Clearing
Article 83	Payments from Market Participants to GME
Article 84	Payments from Market Participants to Terna
Article 85	Payment of Fees
Article 86	Payments from GME to Market Participants
Article 87	Payments from Terna to Market Participants
<i>SECTION III</i>	<i>DEFAULT IN THE ME</i>
Article 88	Cases of Default by the Market Participant
Article 89	Management of Default
Article 90	Suspension of the Market Participant
Article 91	Default Interest and Penalties
Article 92	Default by the Bank Issuing the Guarantee
Article 93	Closing of the Positions of the Market Participant
<i>TITLE VI</i>	<i>GREEN CERTIFICATES MARKET (MCV) [repealed]</i>
<i>SECTION I</i>	<i>GENERAL PROVISIONS [repealed]</i>
Article 94	Market Participants [repealed]
Article 95	Access to the MCV Information System [repealed]
Article 96	Access of GME to the Green Certificates Registry [repealed]
Article 97	Green Certificates Admitted to Trading [repealed]
Article 98	Trading Formalities [repealed]
Article 99	Information for the MCV [repealed]
Article 100	Invoicing of Fees [repealed]
<i>SECTION II</i>	<i>TRADING [repealed]</i>
Article 101	Submission of Trading Orders [repealed]
Article 102	Verification of Orders [repealed]
Article 103	Execution of Orders [repealed]
Article 104	Registration of Executed Orders [repealed]
Article 105	Flow of Information [repealed]
<i>SECTION III</i>	<i>GUARANTEES [repealed]</i>
Article 106	Guarantees [repealed]
<i>SECTION IV</i>	<i>INVOICING AND SETTLEMENT OF PAYMENTS IN THE MCV [repealed]</i>
<i>SUBSECTION I</i>	<i>INVOICING IN THE MCV [repealed]</i>
Article 107	Invoicing Period [repealed]
Article 108	Invoicing [repealed]
<i>SUBSECTION II</i>	<i>SETTLEMENT OF PAYMENTS IN THE MCV [repealed]</i>
Article 109	Payments from Market Participants to GME [repealed]

Article 110 Payments from GME to Market Participants [repealed]

TITLE VII PENALTIES, COMPLAINTS AND DISPUTES IN THE MARKET

SECTION I BREACHES AND PENALTIES

- Article 111 Breaches of the Rules and Technical Rules
- Article 112 Penalties
- Article 113 Graduation of Penalties
- Article 114 Suspension for Non-Fulfillment of Notification Obligations and Non-Payment of Fees
- Article 115 Publication of Penalties
- Article 116 Challenging Denial of Admission to the Electricity Market and Penalties

SECTION II COMPLAINTS PERTAINING TO THE MARKET

SUBSECTION I COMPLAINTS PERTAINING TO THE MPE

- Article 117 Submission Formalities and Minimum Complaint Contents
- Article 118 Complaints about Results of Validation and Technical Adequacy Verification of Bids/Offers
- Article 119 Complaints about Market Results
- Article 120 Complaints about Billing Procedures
- Article 121 Complaints about Invoicing and Settlement Procedures
- Article 122 Complaint Resolution

SUBSECTION II COMPLAINTS PERTAINING TO THE MTE

- Article 123 Submission Formalities and Minimum Complaint Contents
- Article 124 Complaints about Results of Validation and Technical Adequacy Verification of Bids/Offers
- Article 125 Complaints about the results of the MTE
- Article 126 Complaints about Billing Procedures
- Article 127 Complaints about Invoicing and Settlement Procedures
- Article 128 Complaint Resolution

SUBSECTION III COMPLAINTS PERTAINING TO THE MCV [repealed]

- Article 129 Submission Formalities and Minimum Complaint Contents [repealed]
- Article 130 Complaint Resolution [repealed]

SECTION III DISPUTES IN THE MARKET

- Article 131 Court of Arbitration
- Article 132 Settlement of Disputes

TITLE VIII FORWARD CONTRACTS AND DERIVATIVES

- Article 133 Forward Contracts and Derivatives

TITLE IX TRANSITORY AND FINAL PROVISIONS

SECTION I TRANSITORY PROVISIONS

- Article 134 Transitory Provisions Pertaining to Submission of Bids/Offers into the MGP (repealed)
- Article 135 Transitory Provisions Pertaining to Guarantees, Billing, Invoicing of Payables and Receivables, and Settlement of Payments

SECTION II FINAL PROVISIONS

- Article 136 Functioning of the Information System
- Article 137 Awardees of Contracts for Provision of Services to the Electricity Market

ANNEXES

- Annex 1 “Modello di domanda di ammissione al mercato”
(Market Participation Application)
- Annex 2 “Contratto di adesione al mercato”
(Market Participation Agreement)
- Annex 3 “Modello di Fideiussione - Mercato Elettrico”
(Bank Guarantee – Electricity Market)
- Annex 4 “Modello di lettera di aggiornamento della fideiussione – Mercato Elettrico”
(Updating of Bank Guarantee – Electricity Market)
- Annex 5 “Modello di Fideiussione – Mercato Elettrico a Pronti”
(Bank Guarantee – Spot Electricity Market)
- Annex 4 “Modello di lettera di aggiornamento della fideiussione - Mercato Elettrico a Pronti”
(Updating of Bank Guarantee – Spot Electricity Market)
- Annex 7 “Modello di Fideiussione - Mercato Elettrico a Pronti e Piattaforma Conti Energia”
(Bank Guarantee – Spot Electricity Market and OTC Registration Platform)
- Annex 8 “Modello di lettera di aggiornamento della fideiussione - Mercato Elettrico a Pronti e Piattaforma Conti Energia”
(Updating of Bank Guarantee – Spot Electricity Market and OTC Registration Platform)

TITLE I GENERAL PROVISIONS

Article 1 **Text and Annexes**

- 1.1 These Electricity Market Rules (hereafter the “Rules”) and the documents attached hereto, which are an integral and essential part hereof, contain the rules governing the operation of: i) the Electricity Market, adopted in accordance with Article 5 of Legislative Decree no. 79 of 16 March 1999, Law no. 2 of 28 January 2009, Article 30 of Law no. 99 of 23 July 2009 and Annex A to the Decision of *Autorità per l’Energia Elettrica e il Gas* (AEEG) no. 111/06, as subsequently amended and supplemented.

Article 2 **Definitions**

- 2.1 For the purposes of these Rules:

- a) **Accepted Bid/Offer** shall mean a technically adequate bid/offer for which the Market Participant acquires the right to receive the requested service and the obligation to supply the offered service, at prices established in accordance herewith;
- b) **Acquirente Unico** (AU - Single Buyer) shall mean the company referred to in Article 4 of Legislative Decree 79/99;
- c) **AEEGSI** shall mean *Autorità per l’Energia Elettrica, il Gas e il Sistema Idrico* (Electricity, Gas and Water system Regulator), which was set up in compliance with Law no. 481 of 14 November 1995;
- d) **Ancillary Services Market** (MSD - *Mercato del Servizio di Dispacciamento*) shall mean the venue where Terna procures resources for its dispatching service; it consists of the scheduling stage of the Ancillary Services Market (ex-ante MSD) and of the Balancing Market (MB);
- e) **Applicable Period** shall mean the period of time to which a single bid/offer submitted into the Electricity Market shall refer;
- f) **Authorised Offer Point** shall mean an offer point authorised by Terna to provide dispatching services by means of bids/offers submitted into the MSD;
- g) **Balanced Bids/Offers** shall mean zero-priced supply offers and non-price-dependent demand bids submitted in each sitting of the MI also by different Market Participants, provided that they refer to the same applicable period and to offer points belonging to the same geographical or virtual zone and that their quantities balance out and are identified as mutually balanced by an appropriate alphanumeric code chosen by Market Participants;
- h) **Balancing** shall mean the activity consisting in maintaining the equilibrium between electricity injections into and withdrawals from the grid;
- i) **Billing** shall mean the determination of the value of payables and receivables;
- j) **Borsa Italiana S.p.A.** shall mean the company managing regulated markets and authorised by *Commissione Nazionale per le Società e la Borsa (Consob)* to operate the exchange market and the exchange market of financial instruments, as per Article 1, para. 2 f) and i) of Legislative Decree no. 58 of 24 February 1998 (as subsequently amended and supplemented) and whose organisational and

- operational rules are laid down in *Regolamento dei mercati organizzati e gestiti da Borsa Italiana* approved by a resolution of Consob;
- k) **CC&G** shall mean *Cassa Compensazione e Garanzia S.p.A.*, the company managing the clearing and guarantee systems for transactions on financial instruments, as per Articles 69 and 70 of Legislative Decree no. 58 of 24 February 1998, and whose organisational and operational procedures are approved by *Banca d'Italia* in consultation with Consob;
 - l) **Check Price of the MTE** shall mean the price determined by GME for the purposes of technical adequacy verifications in the MTE;
 - m) [*repealed*];
 - n) **Constrained Zone** (or point of limited production) shall correspond to what is specified in the Dispatching Rules;
 - o) **Continuous Trading** shall mean the trading based upon automatic matching of demand bids with supply offers (or buy orders with sell orders), with continuous entry of new bids/offers or orders during the trading sessions; **Contractual Positions** shall mean the set of purchase and sale transactions that the Market Participant has concluded in the MTE and involving the same type of contracts;
 - p) **Conventional Price** shall mean the unit electricity price which is defined in the Technical Rules and which is conventionally assigned to non-price-dependent demand bids for the purpose of verifying the adequacy of financial guarantees;
 - p bis) **Decoupling** shall mean the non-performance of the *market coupling* on one or more inter-border interconnections with respect to which the *market coupling* is operating;
 - q) **Cumulated Final Hourly Injection or Withdrawal Schedule for each Offer Point** (or supply point) shall mean the cumulated updated hourly injection or withdrawal schedule as modified as a result of the MSD;
 - r) **Cumulated Preliminary Hourly Injection or Withdrawal Schedule for each Offer Point** shall mean the hourly schedule obtained as the sum of the preliminary hourly schedules pertaining to bids/offers accepted in the MGP and of the hourly schedules arising from purchase and sale contracts made off the exchange, as modified by the results of the MGP;
 - s) **Cumulated Updated Hourly Injection or Withdrawal Schedule for each Offer Point** shall mean the cumulated preliminary hourly injection or withdrawal schedule as modified as a result of the MI;
 - t) **Day-Ahead Market** (MGP - *Mercato del Giorno Prima*) shall mean the venue where electricity demand bids and supply offers for each applicable period of the next day are traded;
 - t bis) **Decoupling** shall mean the non-performance of the *market coupling* on one or more inter-border interconnections respect to which the *market coupling* is operating;
 - u) **Delivery Period** shall mean the period during which the electricity underlying the daily products or underlying the forward contracts is injected/withdrawn;
 - v) **Demand Curve** shall mean a segment of a line on the quantity/unit price plane, which refers to an applicable period and which is obtained by cumulating technically adequate bids, ranked in order of non-increasing unit price, beginning with non-price-dependent bids;
 - w) **Dispatching** shall mean the activity consisting in giving instructions for the utilisation and co-ordinated operation of power plants, of the transmission grid and of ancillary services;

- x) **Dispatching Rules** (*Regole di Dispacciamento*) shall mean the rules laid down by AEEG for the transmission and dispatching service in compliance with Article 3, para. 3, of Legislative Decree 79/99, and the dispatching rules laid down by Terna pursuant to Article 3, para. 6, of the same Decree;
- y) **Dispatching User** (or dispatching customer) shall mean the party that has entered into a dispatching service contract with Terna, as defined in the Dispatching Rules;
- z) **Electricity Market** (ME – *Mercato Elettrico*) shall mean the MPE, the MTE and the Platform for Physical Delivery of Financial Contracts concluded on IDEX;
- aa) **Energy Markets** shall mean the Daily Products Market (MPEG), the Day-Ahead Market (MGP – *Mercato del Giorno Prima*), the Intra-Day Market (MI – *Mercato Infragiornaliero*), the Forward Electricity Market (MTE – *Mercato dell'Energia a Termine*) and the Platform for Physical Delivery of Financial Contracts Concluded on IDEX;
- bb) **Exclusion from the Market** shall mean the definitive loss of the status of Market Participant;
- cc) **Final Injection or Withdrawal Schedules** shall mean the injection or withdrawal schedules resulting from the MGP, as modified in the MI and MSD;
- dd) **Forward Contracts** shall mean the contracts admitted to trading in the market and concerning the trading of future supplies of electricity;
- ee) **Forward Electricity Market** with delivery and withdrawal obligation (MTE – *Mercato Elettrico a Termine dell'Energia Elettrica con obbligo di consegna e ritiro*) shall mean the venue where forward contracts are traded;
- ee bis) **Daily Products Market** (MPEG) means the venue for the trading of purchase and sale offers/bids of the daily products;
- ff) [*repealed*];
- gg) **Geographical Zone** shall mean a portion of the power grid where, as defined in the Dispatching Rules;
- hh) **Gestore dei Servizi Energetici-GSE SpA** shall mean the company (*società per azioni*) which was set up under Article 3, para. 4, of Legislative Decree 79/99 and Art. 1, paras. 1 a), b) and c) and 3 of the Decree of the President of the Council of Ministers of 11 May 2004, published in *Gazzetta Ufficiale, Serie Generale* no. 115 of 18 May 2004;
- ii) **GME** shall mean *Gestore dei Mercati Energetici*, the company (*società per azioni*) responsible for the economic management of the Electricity Market under Article 5 of Legislative Decree 79/99;
- jj) [*repealed*];
- kk) **Hourly Injection Schedule** shall mean the hourly diagram which defines, for a given injection or mixed offer point and for each applicable period, the quantities to which the Dispatching Rules apply;
- ll) **Hourly Withdrawal Schedule** shall mean the hourly diagram which defines, for a given withdrawal or mixed offer point and for each applicable period, the quantities of electricity to which the Dispatching Rules apply;
- mm) **Identification Code of the Market and of the Market Sitting** shall mean the alphanumeric code which uniquely identifies a market and a market sitting;
- nn) **Identification Code of the Market Participant** shall mean the alphanumeric code which uniquely identifies a Market Participant in view of participation in the market;
- oo) **Identification Code of the Offer Point** shall mean the alphanumeric code which uniquely identifies an offer point;

- pp) **IDEX** shall mean the segment of the Italian Derivatives Exchange Market - IDEM - organised and managed by Borsa Italiana S.p.A. and where financial electricity derivatives are traded;
- qq) **Injection Point** shall correspond to what is specified in the Dispatching Rules;
- rr) **Intra-Day Market** (*MI - Mercato Infragiornaliero*) shall mean the venue where electricity demand bids and supply offers are traded in view of adjusting the injection and withdrawal schedules defined in the MGP;
- ss) **Law 02/2009** shall mean the law converting Law-Decree 185/2008 on urgent measures for supporting families, work, employment and business and redesigning the national strategic framework to combat the crisis;
- tt) **Law no. 99 of 23 July 2009** shall mean the law concerning provisions on development and internationalisation of companies, as well as on energy matters;
- uu) **Legislative Decree 79/99** shall mean Legislative Decree no. 79 of 16 March 1999 implementing Directive 96/92/EC concerning common rules for the internal market in electricity, published in *Gazzetta Ufficiale* no. 75 of 31 March 1999;
- ww bis) **Market Coupling** shall mean the implicit-auction-based mechanism which - through the co-ordinated operation of the energy markets of two or more interconnected areas - concurrently allocates the inter-border interconnection capacity and defines prices on the respective energy markets. This mechanism is implemented by the GME, in compliance with the regulatory framework time to time in force, through respectively, the determination of the results of the day-ahead market (MGP) and the intraday market (MI), which is carried out simultaneously and in a coordinated manner with the determination of the results of the corresponding day-ahead energy and the intraday markets operated by market operators involved in the Market Coupling;
- vv) **Market** shall mean the electricity market organised and managed by GME;
- ww) **Market Participant** shall mean a natural (individual) or legal person (organisation) including the PA Participant, who is admitted to trade on the Electricity market;
- xx) **Market Session** shall mean the set of activities directly related to receiving and processing bids/offers, as well as determining the corresponding market results;
- zz bis) **[repealed]**
- yy) **Market Zone** shall mean a set of geographical zones and/or virtual zones having the same zonal electricity price in accordance herewith;
- zz) **Merit Order** shall mean the priority order of a set of demand bids or supply offers that is determined on the basis of the offered price and, this being equal, on the basis of other reference parameters as defined herein;
- aaa) **[repealed]**;
- ccc bis) **[repealed]**;
- bbb) **Mixed Offer Point** shall mean one or more physical or virtual points, authorised both for injection and withdrawal;
- ccc) **Multiple Bid/Offer** shall mean a bid/offer consisting of a set of simple bids/offers submitted by the same Market Participant for the same applicable period and referring to the same offer point;
- ddd) **Net Delivery Position** shall mean the sum of the quantities of electricity calculated with reference to each of the hours included in the delivery period of the purchase and sale contracts that the Market Participant has concluded in the MTE;

- eee bis) **MPEG check price** means the parameter determined by GME for the purposes of the adequacy verifications on the MPEG and whose definition criteria are identified in the Technical Rules;
- eee ter) **Price of the MPEG product** means the price specified by the Participant during submission of the offers/bids and corresponding to:
- In the case of "unit differential price" product, the expression of the unit incremental or decremental value with respect to the average price referred to in Article 42, paragraph 42.2, subpara. c) of this Rule, which will be determined at the relevant periods included in the type of daily product being offered on the MPEG;
 - In the case of the "full unit price" product, the minimum unit value expression, or the maximum one, to which the Participant is willing to sell or buy the corresponding product;
- eee) **Offer Point** (or supply point) shall mean the dispatching point as defined by the Dispatching Rules, in respect of which: step-up and step-down margins are communicated by the Dispatching User; quantities of demand bids and supply offers for the purposes of the market are quoted; quantities of injection or withdrawal schedules, implementing purchase and sale contracts made off the exchange, are specified; and cumulated injection or withdrawal schedules are defined;
- fff) **Offer Point for Injection** shall mean one or more injection points;
- ggg bis) **MPEG product settlement Price** means:
- In the case of "unit differential price" product, the algebraic sum of the product price and the average of the prices referred to in Article 42, paragraph 42.2, subpara. c) of this Electricity Market Rules that are determined at the relevant periods included in the daily product type being offered on the MPEG;
 - In the case of "full unit price" product, the price of the product;
- ggg) **Offer Point for Withdrawal** shall mean one or more withdrawal points;
- hhh bis) **Price Coupling of Regions (PCR)** shall mean the cooperation between the operators of the European market for the operational management of the market coupling between the respective Day-Ahead Energy Markets;
- hhh ter) **Daily product** means the types of products listed on the MPEG relating to the trading of electricity whose delivery is carried out at each of the relevant periods, in the trading day, included in the daily product delivery profile traded;
- hhh quater) **Delivery profile** means the base-load or peak-load profile that characterizes the daily product listed on the MPEG;
- hhh) **Order Book** shall mean the on-line summary where orders entered by Market Participants into the market information system are listed and ranked by price and time of entry;
- iii) **OTC Registration Platform** (PCE – *Piattaforma dei Conti Energia a Termine*) shall mean the venue for registering transactions and forward schedules that is organised and managed by GME under Article 17, Annex A, AEEG's Decision 111/06, as subsequently amended and supplemented;
- jjj) **PA Participant** means the public administration referred to in Article 1, paragraph 209 of Law 24 December 2007, n. 244;
- kkk) **PCE Rules** (*Regolamento della PCE*) shall mean the rules governing the operation of the OTC Registration Platform (PCE), adopted by GME under Article 17, Annex A, AEEG's Decision 111/06, as subsequently amended and supplemented;

- lll) **Platform for Physical Delivery of Financial Contracts Concluded on IDEX (CDE)** shall mean the venue for registering transactions corresponding to financial electricity derivatives contracts concluded on IDEX and for which the Participant has requested to exercise the option of physical delivery in the ME;
- mmm) **Point of Interconnection with a Neighbouring Country** shall mean the border with a neighbouring country, i.e. the set of lines interconnecting the national transmission grid (RTN) with each of the countries whose grids are directly connected with the same grid;
- nnn) **Power Grid** shall mean the set of the national transmission grid (RTN) and the other power grids having third-party access obligation and directly connected with the national transmission grid;
- ooo) **Predefined bid/offer** shall mean a simple or multiple bid/offer considered as submitted by a Market Participant in each sitting of the Day-Ahead Market (MGP) and of the ex-ante Ancillary Services Market (ex-ante MSD) in which GME does not receive bids/offers from the same Market Participant;
- ppp) **Preliminary Hourly Injection or Withdrawal Schedules** shall mean the injection or withdrawal schedules resulting from the MGP;
- ppp bis) **Price Coupling of Regions (PCR)** shall mean the cooperation between the operators of the European market for the operational management of the *market coupling* between the respective day-ahead energy markets;
- qqq) **Reference Billing Period** shall mean the period of time taken as a reference for billing payables and receivables resulting from market sessions that are held within the same period;
- rrr) **Reference Price** shall mean the average price per MWh of all transactions made during a market session, weighted for the corresponding quantities;
- sss) **RTN (Rete di Trasmissione Nazionale)** shall mean the national transmission grid as identified in the Decree of 25 June 1999 of the Minister of Industry, Trade and Handicraft, published in *Gazzetta Ufficiale, Serie Generale, Supplemento Ordinario* no. 151 of 30 June 1999 and in subsequent development programmes;
- ttt) **Settlement** shall mean the payment process of transactions concluded on the ME;
- uuu) **Simple Bid/Offer** shall mean a bid/offer that specifies a quantity of electricity offered for purchase or sale and a unit purchasing or selling price, as well as any other information as specified in the Dispatching Rules, and that refers to an offer point, a market and an applicable period;
- vvv) **Sitting** shall mean a period of time within which bids/offers shall be submitted in order to be considered as valid;
- www) **Spot Electricity Market (MPE – Mercato Elettrico a Pronti)** shall mean the MGP, MPEG, MI and MSD;
- xxx) **Step-Down Margin** shall mean the maximum quantity that may be specified in demand bids in respect of the same offer point, for the purpose of verifying the technical adequacy of bids submitted in a market session;
- yyy) **Step-Up Margin** shall mean the maximum quantity that may be specified in supply offers in respect of the same offer point, for the purpose of verifying the technical adequacy of offers submitted in a market session;
- zzz) **Supply Curve** shall mean a segment of a line on the quantity/unit price plane, which refers to an applicable period and which is obtained by cumulating technically adequate supply offers, ranked in order of non-decreasing unit price;
- aaaa) **Suspension from the Market** shall mean the temporary prohibition for a Market Participant to submit bids/offers into the market;

- bbbb) Technically Adequate Bid/Offer* shall mean a valid bid/offer which has been verified successfully as prescribed herein;
- cccc) Terna* shall mean *Terna – Rete Elettrica Nazionale SpA*, i.e. the company (*società per azioni*) resulting from the process of merger of ownership and management/operation of the national transmission grid under Art. 1 of the Decree of the President of the Council of Ministers of 11 May 2004; Terna carries out activities of electricity transmission and dispatching, including the unified management/operation of the national transmission grid;
- dddd) [repealed]*;
- eeee) Trading Period* shall mean the period during which the daily products and the forward contracts are traded;
- ffff) Unavailability of a power grid asset* shall mean the condition where a given asset of the power grid cannot be used by the relevant operator for his/her/its own activities;
- gggg) Updated Injection or Withdrawal Schedules* shall mean the hourly injection or withdrawal schedules resulting from the MGP, as modified in the MI;
- hhhh) [repealed]*;
- iiii) [repealed]*;
- jjjj) Virtual Zone* shall mean an area representative of an interconnection with foreign countries or a limited production pole, as identified by the dispatching rules;
- kkkk) Wholesale Customer* shall mean a party buying and selling electricity, without carrying out activities of electricity generation, transmission and distribution;
- llll) Withdrawal Point* shall correspond to what is specified in the Dispatching Rules.

- 2.2 For the purposes of these Rules, reference shall be made, where applicable, to the definitions of Article 2, para. 2.2 of the Rules Governing the OTC Registration Platform (PCE); the latter rules were adopted by GME in compliance with Article 17, Annex A to AEEG's Decision 111/06, as subsequently amended and supplemented, and were successfully verified by the Director of Markets of AEEG as per Resolution of 7 February 2007, as subsequently amended and supplemented.

Article 3

General Principles and Amendments to the Rules

- 3.1 GME shall exercise its functions in an open and non-discriminatory way.
- 3.2 GME shall put in place an organisational structure suitable for preventing real or potential conflicts of interest and use procedures for monitoring compliance both with these Rules and with the Technical Rules.
- 3.3 In their activities in the market, Market Participants are required to conform to common principles of honesty and good faith.
- 3.4 GME may propose amendments to these Market Rules and notify them to all parties concerned by posting them on its website or by other suitable means, allowing at least fifteen days for the submission of comments, if any. Taking into account the comments received, GME shall then submit the proposed amendments (and their rationale) to the approval of the Minister of Economic Development, who shall decide after hearing the opinion of AEEG.
- 3.5 The procedure referred to in para. 3.4 above shall not apply to urgent amendments to the Rules having the purpose of safeguarding the proper functioning of the market. Any such amendment proposed by GME shall have effect as of the date of its publication on GME's website and promptly submitted to the approval of the Minister of Economic Development, who shall decide after hearing the opinion of AEEG. In case of non-approval, the amendment shall cease to have effect as of the date of notification of the Minister's decision to GME. GME shall timely notify the outcome of the approval procedure to Market Participants by posting it on its website.

Article 4 **Technical Rules**

- 4.1 The implementing and procedural provisions of the Rules shall be set out in the Technical Rules (DTF – *Disposizioni Tecniche di Funzionamento*). In formulating the Technical Rules, GME shall adopt criteria of neutrality, transparency, objectivity and competition between or among Market Participants.
- 4.2 The Technical Rules shall be posted on GME's website and become effective as of the date of their publication.
- 4.3 GME may also make a draft version of the Technical Rules available to interested parties, setting a date by which such parties may submit their comments and suggestions.

Article 5
Units of Measurement and Rounding off

- 5.1 For the purposes of the market:
- a) for electricity, the unit of measurement shall be the MWh, specified with three decimals;
 - b) for monetary quantities, the unit of measurement shall be the Euro, specified with two decimals;
 - c) for the unit price of electricity, the unit of measurement shall be the Euro/MWh, specified with two decimals.
- 5.2 The prices referred to in Article 42, para. 42.2 may be expressed with more than two decimals.
- 5.3 For the purposes of the market, figures shall be rounded off according to the mathematical criterion. In particular, figures shall be rounded up or down to the nearest last decimal allowed and, if the result is halfway, they shall be rounded up.

Article 6
Access to GME's Information System

- 6.1 Access to GME's information system shall take place:
- a) through the Internet;
 - b) by any other means as defined in the Technical Rules.

Article 7
Fees for Services Provided by GME

- 7.1 For services provided by GME in the Electricity Market (ME), Market Participants shall pay an access fee, a yearly fixed fee and a fee for the MWh traded.
- 7.2 **[repealed]**
- 7.3 On a yearly basis, GME shall determine the extent of the fees referred to in para. 7.1 above, with effect as of 1 January of the following year, in such a way as to ensure the economic and financial equilibrium of its operations. The fees shall be published on GME's website.

Article 8
Market Information

- 8.1 The aggregated market data and results shall be of public domain and published on GME's website. Market Participants shall have access to the data and market information that directly concern them.
- 8.2 Unless laws, regulations or other instruments issued by authorities require the disclosure of information:

- a) GME shall hold the data of bids/offers submitted into the MPE confidential until the seventh day following the last day of the sitting of submission of the same bids/offers and anyway, in the case of the MSD, not before Terna has defined the final results of such market. After the expiration of the above time limit, GME shall publish the data on the date, the applicable period, the submitted price, the accepted price, the submitted quantity, the accepted quantity, the Market Participant, the offer point and the identification code of the submitted bids/offers;
- b) GME shall publish the data of bids/offers accepted in the MTE in anonymous form seven days after the last day of trading of the contract to which the same bids/offers refer;
- c) **[repealed]**
- d) the data about the transactions registered for the purposes of physical delivery of financial contracts concluded on IDEX shall be published in anonymous form seven days after the date of their registration.

8.3 GME shall only transmit to Terna the information that is necessary for the proper functioning of the activities for which they are responsible.

Article 9

Communication and Publication of Data and Information

- 9.1 Unless otherwise stated, the communication and publication of data and information provided for herein shall be carried out electronically. In particular:
- a) communication to a Market Participant shall take place by making available data and information in the section of GME's information system whose access is restricted to that Market Participant;
 - b) publication shall take place by making available data and information in the section of GME's information system whose access is non-restricted.
- 9.2 Bids/offers submitted by Market Participants shall be deemed to have been received on the date and at the time recorded by GME's information system. Any other communication shall be deemed to be received:
- a) on the day and at the time of receipt, if it arrives between 08:00 and 17:00 of a working day;
 - b) at 08:00 of the first working day following the day of receipt, if it arrives between 17:00 and 24:00 of a working day, or between 00:00 and 24:00 of a non-working day;
 - c) at 08:00 of the day of receipt, if it arrives between 00:00 and 08:00 of a working day.
- 9.3 For the purpose of determining the time of receipt, the time shall be obtained from GME's records. For electronic communications, the time shall be obtained from GME's information system.

Article 10
Security of Access

- 10.1 Market Participants shall have access to the market through special procedures defined in the Technical Rules. Such procedures shall guarantee the identification of Market Participants and authenticate their transactions.
- 10.2 Market Participants shall treat their access codes and any other data or device required to access GME's information system as confidential.

TITLE II ADMISSION TO THE MARKET

Article 11 Requirements for Admission to the Market

- 11.1 Parties applying for admission to the market shall have adequate experience and competence in the use of information technology or information communication technology systems and related security systems, or have employees or assistants with such experience and competence.
- 11.2 The following parties shall not be admitted to the market:
- a) applicants that have been convicted, with a final judgement (except in cases of rehabilitation/reinstatement) or with a judgement applying the penalty at the request of the parties (except in cases of extinction of the crime), to imprisonment for the crime referred to in Article 501 of the Italian Criminal Code or for one of the violations of the privacy of electronic communications referred to in Articles 617 *quater*, *quinquies*, *sexies* of the Criminal Code, or for computer fraud as per Article 640 *ter* of the Criminal Code, or for fraud against the State or other public body as per article 640, para. 2, no. 1 of the Criminal Code, as well as for income-tax and value-added-tax crimes as per Legislative Decree no. 74 of 10 March 2000;
 - b) parties that have been excluded from the market, during the sixty months preceding the submission of the new application form, except as provided in subparagraph c), and except in cases of exclusion referred to in Article 20;
 - c) parties that have been excluded from the market in respect of which, at the date of submission of the new application, GME still boast an outstanding claim on the same market..
- 11.3 If the party applying for market admission is a legal person, the requirements stated in para. 11.2 above shall refer to the owner, legal representative or duly authorised person.
- 11.4 In the cases where reference is to be made, wholly or in part, to foreign legal systems, GME shall verify compliance with the admission requirements mentioned in paras. 11.2 and 11.3 above based on a substantial equivalence evaluation.

Article 12 Market Participation Application and Market Participation Agreement

- 12.1 The party intending to participate in the market must submit to GME (in accordance with the procedures and within the time limits established in the Technical Rules):
- a) a market participation application (*Domanda di ammissione al mercato*) in the format enclosed hereto (Annex 1) together with the documents indicated in Article 13 below;
 - b) a signed copy of the market participation agreement (*Contratto di adesione al mercato*) in the format enclosed hereto (Annex 2).

Article 13

Documents to Be Enclosed to the Market Participation Application

- 13.1 The market participation application, duly signed by the applicant, shall be accompanied by:
- a) a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000 stating that the party applying for admission to the market or, if such party is a legal person, the parties referred to in Article 11, para. 11.3 above, have not been subject in Italy to measures implying the loss of the qualifications mentioned in Article 11, para. 11.2 a) above, or abroad to measures corresponding to those which would imply the loss of the same qualifications in Italy, or other equivalent documents based on which GME shall carry out a substantial equivalence evaluation;
 - b) if the market participation application is signed by the legal representative or other duly authorised party, a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000, certifying his/her powers of representation, or other equivalent documents based on which GME shall carry out a substantial equivalence evaluation.
- 13.2 If the documents referred to in paras. 13.1 above are already held by GME, the applicant shall be exempted from submitting them, but he/she/it shall submit a declaration indicating this fact and specifying the date when the documents had been originally presented to GME and certifying that the content of such documents is still current.

Article 14

Admission Procedure

- 14.1 GME shall notify the applicant of his/her/its admission to the market or of the rejection of his/her/its application accompanied by the reasons for such rejection within fifteen calendar days of receipt of the application, after verifying fulfilment of the requirements stated in Article 11 above, as well as the validity of the submitted documents. Such notification shall be made in accordance with the modalities and time limits that are defined in the Technical Rules.
- 14.2 For the purpose of verifying fulfilment of the requirements referred to in Article 11.1 above, GME may ask the applicant to provide appropriate documents.
- 14.3 Upon admission, the applicant shall acquire the status of Market Participant.

- 14.4 In the case of incomplete or irregular documents, GME shall - under the modalities and within the time limits defined in the Technical Rules - communicate to the applicant the steps necessary to complete or regularise the documents, as well as the date by which he/she/it shall do so. Such notification shall suspend the time limit referred to in para. 14.1 above, which shall run again from the date upon which GME receives the completed or regularised documents.

Article 15

Admission of Terna, of Gestore dei Servizi Energetici-GSE SpA and of Acquirente Unico to the Market

- 15.1 With exception to Article 14 above, Gestore dei Servizi Energetici-GSE SpA, Terna and Acquirente Unico (AU) are by right attributed the status of Market Participants.
- 15.2 Appropriate agreements between Terna and GME, between Gestore dei Servizi Energetici-GSE SpA, as well as between AU and GME, may provide for specific modalities to guarantee the fulfilment of the obligations arising from participation of Terna, Gestore dei Servizi Energetici SpA and AU in the Electricity Market (ME), as alternatives to the guarantees set forth in Article 79 below and having the same effect as said guarantees.

Article 16

Register of Market Participants

- 16.1 The parties admitted to the market as per Articles 14 and 15 above shall be entered into an appropriate Register of Market Participants (*Elenco degli operatori ammessi al mercato*). The Register shall be created and held by GME in compliance with EU Regulation 679/2016, as subsequently amended and supplemented.
- 16.2 The Register of Market Participants shall include the following data for each Market Participant:
- a) identification code of the Market Participant;
 - b) full name, registered name or company name, place of residence and domicile if different from the place of residence or registered office, taxpayer's code, VAT number, fax and telephone number, e-mail address and the person to whom communications shall be sent and related contact details;
 - c) **[repealed]**
 - d) status of the Market Participant: admitted, active, suspended, pending request for exclusion, excluded;
 - e) identification code of the offer points in respect of which the Market Participant is entitled to submit bids/offers;
 - f) identification code of the forward electricity accounts (*Conti Energia*) on which the Market Participant is entitled to register proposals and transactions of purchase and sale of forward contracts in accordance with the PCE Rules;
 - g) bank details of the Market Participant;
 - h) amount of financial guarantees posted in favour of GME;
 - i) **[repealed]**

- j) taxation scheme applied to the Market Participant.
- 16.3 GME shall make publicly available the following data and information about Market Participants: full name, registered name or company name, place of residence or registered office.
- 16.4 Each Market Participant may have access to his/her/its own data and information contained in the Register of Market Participants.

Article 17
Data and Information for Participation in the Market

- 17.1 For the purpose of submitting bids/offers into the Electricity Market, each Market Participant shall request GME to enter the data and information referred to in Article 16, para. 16.2 g and i) above into the Register of Market Participants.
- 17.2 The insertion of the data and information referred to in Article 16, para. 16.2 h) above shall follow the notifications referred to in Article 79, paras. 79.2, 79.8 and 79.11 and Article 80, paras. 80.5 and 80.9 below.
- 17.3 For the purpose of submitting bids/offers into the MGP and MI, each Market Participant may request the insertion of the data and information referred to in Article 16, para. 16.2 e) above by enclosing a declaration issued by the Dispatching User of the offer point and certifying that the requesting Market Participant is entitled to submit bids/offers for such offer point.
- 17.4 The declaration mentioned in para. 17.3 above may also be made by a Market Participant that has been authorised to submit bids/offers at the offer point and that has also been delegated by the respective Dispatching User to authorise another Market Participant to submit bids/offers for the same point. In this case, the declaration shall be accompanied by a copy of the delegation.
- 17.5 The declarations referred to in paras. 17.3 and 17.4 above shall include at least the following data:
 - a) identification code of the offer point for which the request for insertion is being made;
 - b) date from which the requesting Market Participant is entitled to submit bids/offers for that offer point;
 - c) date until which the requesting Market Participant is entitled to submit bids/offers for that offer point.
- 17.6 If one or both of the dates referred to in para. 17.5 b) and c) above are subsequently modified, the requesting Market Participant shall submit to GME a declaration with the new dates. This declaration shall include:
 - a) identification code of the offer point for which the dates have been modified;
 - b) new date from which the requesting Market Participant is entitled to submit bids/offers for that offer point; and/or

- c) new date until which the requesting Market Participant is entitled to submit bids/offers for that offer point; or
- d) date from which the requesting Market Participant is no longer entitled to submit bids/offers for that offer point.

- 17.7 If the modifications covered by para. 17.6 above are notified to GME by the Dispatching User or by the Market Participant that has been delegated in accordance with para. 17.4 above, GME shall - even failing the declaration of the requesting Market Participant - give effect to the notification.
- 17.8 On receipt of the requests referred to in para. 17.1 above, GME shall update the Register of Market Participants. This modification shall take effect within the second working day following receipt of the request by GME. For the requests referred to in paras. 17.3, 17.4 and 17.6 and the notification referred to in para. 17.7 above, the modification shall take effect within the second working day following receipt of the requests and anyway not prior to the date referred to in paras. 17.5 b) and 17.6 b) above.
- 17.9 To the request for insertion of data and information as per Article 16, para. 16.2 j) above, the Market Participant shall enclose a statement declaring its VAT taxation scheme, in accordance with the provisions of the Technical Rules.
- 17.10 At the request of data and information entry, referred to in Article 16, para. 16.2 g), the Market Participant attaches a declaration authorizing GME to withdraw the amounts due by the Market Participant itself to GME directly from the Market Participant 's bank account, held with financial institution enabled to the SEPA Business to Business Direct Debit payment scheme, as provided in the Technical Rules.

Article 18 **Verifications**

- 18.1 GME shall monitor compliance with the Market Rules and Technical Rules with a view to ensuring the proper functioning of the market according to principles of neutrality, transparency, objectivity and competition between or among Market Participants. To this end, GME may request information or documents concerning the transactions carried out by Market Participants in the market and also convene them for a hearing.
- 18.2 GME shall monitor, on time and in a manner defined by it, the maintenance by the participants of the requirements for admission to the market. To this end, it may require additional documentation or the updating of the documents already submitted.

Article 19 **Notification Obligations**

- 19.1 Market Participants are required to notify GME promptly - and in any case within three working days - of the occurrence of any change in circumstances that may involve the change of any of the data and information referred to in Article 16, para.

16.2 b), g), h) and j) above, that they have declared and have been entered into the Register of Market Participants.

19.2 GME shall update the Register of Market Participants taking into account any of the changes mentioned in para. 19.1 above.

Article 20
Exclusion from the Market on Request

- 20.1 For the purposes of exclusion from the market, Market Participants shall – under the modalities and within the time limits defined in the Technical Rules – deliver or send to GME's registered office an appropriate written request indicating the date from which exclusion is requested.
- 20.2 Exclusion from the market on request shall run from the later of the following dates:
- a) the second working day following receipt by GME of the request referred to in para. 20.1 above;
 - b) the date indicated in the request referred to in para. 20.1 above.
- 20.3 If, on the date indicated in para. 20.2 above, the Market Participant has open contractual positions in the MTE, then the date of exclusion shall run from the working day following the one on which the Market Participant has closed the above positions.
- 20.4 Without prejudice to the provisions of the above paragraphs, the exclusion from the market on request shall not exempt the Market Participant from fulfilling obligations arising from commitments made in the market.
- 20.5 During the period of suspension from the market, the participant cannot request the exclusion under this article.

TITLE III
OPERATION OF THE ELECTRICITY MARKET (ME)

Article 21
Electricity Market Structure and Applicable Period

- 21.1 The Electricity Market (ME) shall consist of the Spot Electricity Market (MPE), the Forward Electricity Market with delivery and withdrawal obligation (MTE), and the Platform for Physical Delivery of Financial Contracts Concluded on IDEX (CDE).
- 21.2 The MPE shall consist of:
- a) the Day-Ahead Market (MGP), where electricity is traded through the submission of supply offers and demand bids. The MGP takes place in a single session relative to the next day;
 - b) the Intra-Day Market (MI), where changes in the electricity quantities negotiated in the MGP are traded through the submission of supply offers and demand bids. The MI takes place in multiple sessions;
 - c) the Ancillary Services Market (MSD), where resources for the dispatching service are procured; the MSD shall consist of the ex-ante MSD and of the Balancing Market (MB).
 - d) Daily Products Market (MPEG), which relates to the electricity trading, through sale and purchase bids/offers. The MPEG may take place in sessions related to each delivery day.
- 21.3 The purpose of the MTE is the trading of future supplies of electricity through the submission of supply offers and demand bids.
- 21.4 The applicable period for the markets referred to in para. 21.1 above shall be equal to one fixed hour.

Article 22
Definitivity of Transactions

- 22.1 Electricity transactions concluded in the MGP, MI and MSD shall be definitive and binding - also for the purposes of the guarantee, clearing, billing and of settlement of payables and receivable arising in the MPE - as of the time in which demand bids and supply offers are accepted in the bidding system under Articles 42 and 52 below.
- 22.1 bis The electricity transactions concluded on the MPEG are considered final and binding also for the purposes of the guarantee, offset and settlement of economic payables and receivable arising in the MPEG, starting from the time when sale and purchase bids/offers has been matched in the bids/offers system set forth in Article 60 nonies.
- 22.2 Forward transactions concluded in the MTE shall be definitive and binding - also for the purposes of the guarantee, clearing, billing and settlement of payables and receivables arising the MTE – as of the time in which bids/offers are matched in the bidding system under Article 67 below.

22.3 Transactions registered for the purpose of physical delivery of financial contracts concluded on IDEX shall be definitive and binding - also for the purposes of the guarantee, clearing, billing and settlement of payables and receivable arising in the ME – as of the time in which they are registered as per Article 70 *quater* below.

SECTION I
OPERATION OF THE DAY-AHEAD MARKET (MGP), THE INTRA-DAY MARKET (MI)
AND THE ANCILLARY SERVICES MARKET (MSD)

Article 23
Geographical Zones and Virtual Zones

23.1 Terna shall notify GME of the geographical zones and virtual zones characterising the MGP, MI and MSD markets. GME shall post such zones on its website.

23.1 *bis* [repealed]

Article 24
Data and Information on Offer Points

24.1 GME shall receive from Terna the following data and information concerning each offer point, in respect of which bids/offers may be submitted into the MGP, MI and MSD markets:

- a) identification code of the offer point;
- b) authorisations, if any, for submitting bids/offers into the markets, in respect of the offer point;
- c) identity of the Dispatching User for the offer point;
- d) priority order.

24.2 For the purpose of submitting bids/offers into the MGP, MI and MSD markets, the data and information referred to in para. 24.1 above shall take effect within the second working day following receipt.

Article 25
Solar Time and Daylight-Saving Time

25.1 The procedures for defining the applicable period during the passage from solar time to daylight-saving time and from daylight-saving time to solar time shall be described in the Technical Rules.

Article 26
Demand bids, Supply Offers and Offer Points

26.1 In the MGP, MI and MSD markets, the quantities and related unit prices shall refer to electricity.

26.2 The quantities of electricity specified in demand bids and supply offers shall take only values higher than or equal to zero. The indication of the price for the bids submitted on the MGP and MI is optional. The unit prices specified in the demand bids and supply offers must be:

- a) greater than 0 €/MWh and less than or equal to 3,000 €/MWh for purchase offers. For such offers, the indication of a price equal to 0 €/MWh equivalent to the non-indication of the price, which gives top priority to the offer price;
- b) greater than or equal to zero and less than or equal to 3,000 €/MWh for sale offers.

- 26.3 The unit prices specified in the bids/offers must be included within the limits shown in the Technical Rules.
- 26.4 The quantities of electricity specified in injection and withdrawal schedules shall refer to offer points.
- 26.5 [repealed]
- 26.6 Each demand bid or supply offer submitted into the MGP, MI and MSD shall be consistent with the injection or withdrawal capability of the offer point to which the bid/offer refers and correspond to the actual willingness to inject or withdraw electricity at the offer point.

26.7repealed

- 26.8 More operators may submit offers/bids referred to the same offer point in the MGP and MI.

Article 27
Bid/Offer Submission

- 27.1 Bids/offers may be submitted into the MGP and MI by:
- a) completing the appropriate forms available in GME's information system;
 - b) sending a file, via GME's information system, in the format that is defined in the Technical Rules.
- 27.1 *bis* In the MSD, bids/offers may be submitted in accordance with the modalities stated in para. 27.1 b) above.
- 27.2 If, during a sitting of the MGP, MI or MSD, GME receives a valid bid/offer from a Market Participant in accordance with the modalities indicated in para. 27.1 a) above, in respect of a given offer point, such bid/offer shall replace all bids/offers submitted by the same Market Participant in respect of the same offer point and the same applicable period that GME has previously received during the same market sitting, including - only in the MGP - any predefined bid/offer submitted in respect of that offer point. By submitting bids/offers in accordance with the modalities referred to in para. 27.1 b) above, Market Participants may - under the modalities specified in the Technical Rules - replace or integrate their bids/offers submitted in respect of the same offer point and the same applicable period that GME has previously received during the same market sitting, including - only in the MGP and MSD - any predefined bid/offer submitted in respect of that offer point.
- 27.3 A valid bid/offer may be replaced by a new bid/offer until the end of the corresponding sitting of the MGP, MI or MSD. For the purpose of defining the priority order, reference shall be made to the time of submission of the last modification received.
- 27.4 A valid bid/offer submitted by a Market Participant may be revoked until the end of the market sitting for which it has been submitted. The revocation of a predefined bid/offer shall also have effect in all the markets whose sittings are still open.

Article 28
Minimum Contents of Bids/Offers

- 28.1 Bids/offers submitted into the MGP, MI or MSD shall contain at least following data:
- a) identification code of the Market Participant submitting the bid/offer;
 - b) identification code of the market and of the market sitting to which the bid/offer refers;
 - c) identification code of the offer point to which the bid/offer refers;
 - d) applicable period to which the bid/offer refers;
 - e) type of bid/offer (demand bid/supply offer);
 - f) where applicable, whether the bid/offer is a predefined or balanced bid/offer;
 - g) offered quantity;
 - h) unit price for the offered quantity.
- 28.2 The maximum number of simple bids/offers making up a multiple bid/offer shall be defined in the Technical Rules. For the purpose of determining the market results, each multiple bid/offer shall be considered as a set of simple bids/offers.

Article 29
Validation of Bids/Offers

- 29.1 Within the time period established in the Technical Rules, GME shall check the validity of each bid/offer received. Within the same time period, GME shall notify the Market Participant involved of the outcome of the validation and of the reasons for a possible negative outcome.
- 29.2 Any bid/offer received shall be considered as valid if it satisfies the following requirements:
- a) the Market Participant has not been suspended at the time of receipt of the bid/offer;
 - b) the Market Participant is entitled to submit bids/offers for the offer point;
 - c) the bid/offer has been submitted in compliance with the modalities referred to in Article 27, para. 27.1 above;
 - d) the bid/offer carries all the data referred to in Article 28, para. 28.1 above;
 - e) the bid/offer has been received within the time period defining the duration of the market sitting, as indicated in the Technical Rules;
 - f) the offer point is authorised for the market to which the bid/offer refers;
 - g) for offers submitted into the MGP and MI, the quoted price is within the limits shown the previous Article 26, para. 26.2;
in the case of bids/offers submitted into the MSD, any checks as provided in the Dispatching Rules shall not be performed.

Article 30
Technical Adequacy of Bids/Offers

- 30.1 GME shall verify the technical adequacy of valid bids/offers at the end of the market sitting.
- 30.2 A valid bid/offer shall be technically adequate if it satisfies the following requirements:
- a) the Market Participant has not been suspended;
 - b) the bid/offer is guaranteed as specified in Article 81 below;
 - c) the bid/offer fulfils the requirements specified for the individual markets and the individual types of bids/offers referred to in Articles 41 and 51 below, respectively;
 - d) in the case of bids/offers submitted into the MSD, the bid/offer has been possibly validated as provided in the Dispatching Rules.
- 30.3 For the purpose of verifying compliance with the specific requirements referred to in Articles 41 and 51 below, GME shall use the step-up and step-down margins notified for each offer point under Articles 40 and 50 below.
- 30.4 The margins in respect of the offer points shall be notified according to the same procedures as those referred to in Article 27 above.

Article 31
Unavailability of Power Grid Assets

- 31.1 Market Participants shall retain the rights and obligations that they have acquired in the MGP, MI or MSD, even in the event of unavailability of power grid assets due to actions of grid operators, owners or third parties or to orders of public authorities or *force majeure*.

Article 32
Suspension of the MPE

- 32.1 In the event of any exceptional circumstances as defined in the Dispatching Rules, GME shall, at the request of Terna, suspend the MGP, MI or MSD.
- 32.2 GME shall notify AEEG and the Ministry of Economic Development of any suspension of the MGP, MI or MSD.

Article 33
Emergency Conditions procedures in the MGP, MI and MSD

- 33.1 Emergency conditions shall be the following:
- a) the case where GME is not able to publish the preliminary information referred to in Article 37, para. 37.1, subpara. a) or Article 47, para. 47.1, subpara. a), b) and
 - b) the case where GME is not able to receive the bids/offers submitted by Market Participants according to the modalities referred to in Article 27, para. 27.1 above, due to malfunctioning of its telecommunications systems;

- c) the case where GME is not able to determine the results of a market session owing to, among others, malfunctioning of its information system;
- d) the case where GME is not able to communicate the results of a market session to Market Participants owing to, among others, malfunctioning of its information system or telecommunication systems.

33.2 If the case referred to in para. 33.1 b) above occurs, GME shall - in accordance with the modalities stated in the Technical Rules - notify Market Participants and Terna of the occurrence of the emergency condition and of the new closing time for the market sitting; such time shall not exceed the time limit defined in the Technical Rules. If, by the new closing time for the market sitting, the emergency condition persists, GME shall suspend the market and apply the provisions laid down in the Dispatching Rules.

33.3 If the cases referred to in para. 33.1 c) and d) above occur, GME shall - in accordance with the modalities stated in the Technical rules - suspend transactions in the MGP, MI or MSD, notify Terna and Market Participants of the occurrence of the emergency condition and apply the provisions laid down in the Dispatching Rules.

33.4 The communication procedures to be adopted by GME in the case referred to in para. 33.1 a) above shall be defined in the Technical Rules.

Article 34
Assignment of Coefficients of Priority to Predefined Bids/Offers [repealed]
[repealed]

SUBSECTION I
DAY-AHEAD MARKET (MGP)

Article 35
Purpose of the MGP

35.1 GME shall be the counterparty of Market Participants in the electricity purchase and sale contracts made in the MGP.

35.2 In the MGP, electricity demand bids and supply offers shall be selected for the applicable periods of the calendar day following the one in which the market sitting closes. The provisions laid down in the Dispatching Rules shall apply to accepted bids/offers for injections or withdrawals of electricity.

Article 36
Periods for Submission of Bids/Offers

- 36.1 The MGP sitting shall:
- a) open at least nine calendar days before the day to which bids/offers refer;
 - b) close on the calendar day preceding the day to which bids/offers refer.
- 36.2 The opening and closing hours of the MGP sitting shall be defined in the Technical Rules.
- 36.3 After the close of the session of a sitting of the MGP, the GME reserves the right to reopen the MGP sitting in the case of *Decoupling* or in other cases identified in the Technical Rules.
- 36.4 The GME announces the reopening of the sitting referred to in Paragraph 36.3 to the operators as defined in the Technical Rules.

Article 37
Preliminary Market Information

- 37.1 At least thirty minutes before the closure of the MGP sitting, GME shall receive from Terna and publish the following data:
- a) admissible hourly electricity transmission capacity limits between geographical zones and virtual ones, in which there are points offer, communicated by Terna to the GME, against which operators can report offers. It is understood that these limits and the relative timing of the publication do not concern the inter-border interconnection capacity subject to allocation by *Market Coupling*;
 - b) [repealed];
 - c) [repealed];
 - d) estimated hourly electricity demand by geographical zone.
- 37.2 The data and information mentioned in para. 37.1 above shall refer to the overall values of the system.

Article 38
Demand Bids and Supply Offers

- 38.1 Market Participants may submit simple, multiple or predefined bids/offers into the MGP.
- 38.2 In the MGP, Market Participants may submit supply offers only in respect of offer points for injection or mixed offer points and demand bids only in respect of offer points for withdrawal or mixed offer points. A same multiple bid/offer may specify only supply offers or only demand bids, with the exception of bids/offers in respect of mixed offer points, for which multiple bids/offers may specify both demand bids and supply offers.
- 38.3 Supply offers express the willingness to sell a quantity of electricity not exceeding the quantity quoted in the offer at a unit price not lower than the offer price. Demand bids express the willingness to purchase a quantity of electricity not exceeding the quantity quoted in the bid at a unit price not exceeding the bid price, where quoted.

- 38.4 For the purpose of determining the market results as set forth in Article 42 below, the quantities specified in supply offers or demand bids may also be partially accepted.
- 38.5 A supply offer submitted into the MGP, if accepted, implies the commitment to inject into the grid, in the applicable period, the quantities of electricity specified in such offer or part of them in the case of partial acceptance; such quantities shall be valued at prices not lower than the unit prices specified for each quantity in the same offer.
- 38.6 A demand bid submitted into the MGP, if accepted, implies the commitment to withdraw from the grid, in the applicable period, the quantities of electricity specified in such bid or part of them in the case of partial acceptance; such quantities shall be valued at prices not exceeding the unit prices specified for each quantity in the same bid.

Article 39
Priority Order of Bids/Offers

- 39.1 Supply offers shall be ranked in non-decreasing price order from the lowest-priced offers to the highest-priced ones. Demand bids shall be ranked in non-increasing price order from the non-price-dependent bids to the lowest-priced ones.
- 39.2 If supply offers and demand bids have the same price, the priority order referred to in Article 24, para. 24.1 d) above shall apply.
- 39.3 If, as a result of the application of paras. 39.1 and 39.2 above, bids/offers have equal priority, then:
- a) predefined bids/offers shall have a lower priority than bids/offers submitted during the market sitting. The priority order among the predefined bids/offers is the chronological order of receipt of bids/offers;
 - b) for bids/offers submitted during a market sitting, the priority order shall correspond to the chronological order of receipt of bids/offers;
 - c) [repealed]

Article 40
Step-Up and Step-Down Margins for the MGP

- 40.1 Before the closure of the MGP sitting, GME shall receive from Dispatching Users the step-down margins for the MGP, in respect of each withdrawal offer point belonging to a geographical zone and not authorised for the MSD. The values of the step-up margins in respect of such points shall be equal to zero.
- 40.2 The quantities specified in the margins may only have values greater than or equal to zero.
- 40.3 Before the closure of the MGP sitting, GME shall receive from Terna: i) the step-up margins for the MGP, in respect of each injection offer point; ii) the step-down margins in respect of each withdrawal offer point belonging to a geographical zone

and authorised for the MSD or belonging to a virtual zone; and iii) the step-up and step-down margins in respect of each mixed offer point. The values of the step-down margins in respect of each injection offer point and of the step-up margins in respect of each withdrawal offer point belonging to a geographical zone and authorised for the MSD or belonging to a virtual zone shall be equal to zero.

- 40.4 If the Dispatching User or Terna fail to supply the data referred to in paras. 40.1 and 40.3 above, respectively, GME shall use the latest values of the step-up and step-down margins for the MGP that it has received.
- 40.5 If the Dispatching User or Terna have never provided the data referred to in paras. 40.1 and 40.3 above, respectively, GME shall assign the values of the step-up and step-down margins for the MGP in accordance with the procedure specified in the Technical Rules.

Article 41

Technical Adequacy Requirements of Bids/Offers Submitted into the MGP

- 41.1 For the purposes of Article 30, para. 30.2 c) above, the provisions contained in this Article shall apply.
- 41.2 Supply offers submitted into the MGP in respect of offer points for injection or mixed offer points shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-up margin for the MGP specified for the same offer point and applicable period; such margin shall be decreased by the sum of the electricity quantities specified in the other supply offers that have been submitted in respect of the same offer point and the same applicable period, that have a higher priority and that have already been verified to be technically adequate.
- 41.3 Demand bids submitted into the MGP in respect of offer points for withdrawal or mixed offer points shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-down margin for the MGP specified for the same offer point and applicable period; such margin shall be decreased by the sum of the electricity quantities specified in the other demand bids that have been submitted in respect of the same offer point and the same applicable period, that have a higher priority and that have already been verified to be technically adequate.
- 41.4 If a supply offer or demand bid submitted in respect of an offer point and of an applicable period does not meet the requirements specified in paras. 41.2 and 41.3 above, then such offer or bid shall be considered to be technically adequate, but only for a quantity of electricity equal to the step-up or step-down margin, after decreasing such margin by the sum of the quantities of electricity specified in the other supply offers or demand bids, which have been submitted in respect of the same offer point and of the same applicable period, which have a higher priority and which have already been verified to be technically adequate.

Article 42

Results of the MGP and

Preliminary Hourly Injection or Withdrawal Schedules

- 42.1 The provisions of this Article shall apply to each applicable period for which bids/offers are accepted in the MGP.
- 42.2 GME shall identify a market solution related to the accepted bids/offers as well as the corresponding prices of valuing by using the PCR algorithm, according to the procedures and criteria defined in the Technical Rules. In particular, it is identified a market solution among all the solutions developed by the PCR algorithm within the time limits for its processing, shared within the PCR and shown in the Technical Rules. The solution detected is that where the net value of the resulting transactions, on a daily basis on all energy markets involved in the **Market Coupling** is maximum and ensures that:
- a) energy flows between geographical and/ or virtual areas comply with the transmission constraints between these same geographical and/or virtual areas, provided that the amount of electricity, subject of the accepted supply offers is equal to the amount of electricity specified in the accepted demand bids;
 - a bis) the amount of electricity, subject of the accepted supply offers is equal to the amount of electricity specified in the accepted demand bids, taking into account imports and exports towards the neighboring markets where the Market Coupling is active;
 - b) the price of valuing of electricity in each geographical or virtual zone is such as that the following is accepted:
 - all bids/offers whose bid price is less than said valuing price and exclusively supply offers having a bid price not exceeding said valuing price;
 - with reference only to mixed offer points and points of withdrawal localized in virtual zones, all the bids whose bid price is higher than said valuing price and exclusively demand bids having a bid price not less than said valuing price;
 - c) the price of valuing of electricity purchased in respect of offer points for withdrawal belonging to geographical zones is a single one and, in particular, equal to the average of the prices referred to in subpara. b) above, weighted for the electricity quantities specified in demand bids in respect of offer points for withdrawal belonging to the relevant geographical zones and is such as that, with reference to said offer points, they are accepted all the bids whose bid price is higher than said valuing price and exclusively demand bids having a bid price not less than said valuing price;
 - d) [repealed];
 - e) [repealed];
 - f) the balance arising from the difference between the total countervalue of bids/offers accepted on offer points for withdrawal belonging to geographical areas valued at the price referred to in subparagraph c) and their countervalue valued at the price referred to in subparagraph b) does not exceed the minimum and maximum limits specified in the Technical Rules;
 - g) the order of priority of offers/bids referred to in Article 39 is complied with, consistently with the other provisions of this Article.
- 42.3 For the purposes of para. 42.2 above, consideration shall also be given to the quantities corresponding to injection and withdrawal schedules for which

registration on the OTC Registration Platform (PCE) has been requested. Such schedules, to which the priorities specified in the Dispatching Rules shall apply, shall be regarded as supply offers and demand bids with the quantities and prices that have been submitted into the MGP, in accordance with the PCE Rules.

- 42.3 *bis* For the purposes of the provisions of para. 42.2 above, in the case of *Market Coupling*, consideration shall be given to the demand bids and supply offers relating to the energy markets involved in *Market Coupling*, as well as, limited to such bids/offers, to the rules of determination of results adopted in the corresponding energy markets. In the event occurrence of a risk of non-performance of the *Market Coupling (decoupling)*, or if *decoupling* with one or all of the energy markets involved in the Market Coupling is confirmed, the GME inform operators of that fact, as specified in the Technical Rules .
- 42.4 For the purposes of para. 42.2 b) above, the net value of transactions is defined as the difference between the overall value of accepted demand bids and the overall value of accepted supply offers. Such overall values shall be determined by valuing the amount of electricity specified in each accepted bid/offer, or the accepted amount in case of partial acceptance of a bid/offer, at the price specified in that bid/offer. The quantities specified in non-price-dependent demand bids shall be conventionally valued at a price that GME shall establish under the provisions of the Technical Rules, in such a way as to guarantee the maximum price priority of the same bids/offers.
- 42.5 Within the time limit defined in the Technical Rules, GME shall identify the accepted bids/offers and the corresponding prices of valuing in accordance with the modalities specified in this Article, and define:
- a) the preliminary hourly injection or withdrawal schedules;
 - b) the prices of valuing of electricity, determined without taking into account transmission capacity constraints between geographical and/or virtual zones;
 - c) the prices of valuing of accepted supply offers in each market zones and accepted demand bids.
- 42.6 Within the time limit referred to in para. 42.5 above, GME shall publish the following data and information:
- a) the prices mentioned in para. 42.5 b) and c) above;
 - b) for each geographical zone, the overall quantities of electricity covered by the accepted supply offers and demand bids;
 - c) the demand curve and the supply curve for each market zone;
 - d) [repealed].
- 42.7 Within the time limit referred to in para. 42.5 above, GME shall communicate to each Market Participant that has submitted bids/offers into the MGP and only in respect of such bids/offers:

- a) the preliminary hourly injection or withdrawal schedules mentioned in para. 42.5 a) above, in respect of the bids/offers submitted by the Market Participant and accepted;
- b) the accepted bids/offers, specifying the accepted electricity quantity;
- c) the bids/offers that have been rejected as being technically inadequate as a result of the verifications made under Article 30, para. 30.2 above, with an explanation of the reasons for such rejection;
- d) the billed payables and receivables as per Article 71, para. 71.1 a) below.

42.8 After the MGP, GME shall communicate to the Dispatching User of each offer point and to Terna the relevant cumulated preliminary hourly injection or withdrawal schedule of the unit, including the schedules of the purchase and sale contracts made off the exchange in respect of the same offer point.

Article 43
Schedules Submitted through the
OTC Registration Platform (PCE)

- 43.1 Without prejudice to the provisions of paras. 43.2 and 43.3 below, the physical balance arising on each electricity account under the PCE Rules shall correspond to:
- a) a purchase from the MGP by the Participant holding the electricity account, if the physical balance is lower than zero;
 - b) a sale in the MGP by the Participant holding the electricity account, if the physical balance is greater than zero.
- 43.2 In accordance with para. 43.1 a) above, in order to assign a purchase to a Participant holding an electricity account and also being an Electricity Market Participant, such purchase shall be verified to be technically adequate in accordance with Article 81 below. If the purchase is not technically adequate, Terna shall become the counterparty of such purchase towards GME.
- 43.3 If a physical balance other than zero arises on an electricity account whose holder is not an Electricity Market Participant, Terna shall become the counterparty of GME for the related purchase or sale, as specified in para. 43.1 above.
- 43.4 Bids/offers accepted under paras. 43.1, 43.2 and 43.3 above shall be valued at the price specified in Article 42, para. 42.2 c) above.
- 43.5 The fee per MWh traded, which is referred to in Article 7, para. 7.1 above, shall be applied to bids/offers accepted under paras. 43.1, 43.2 and 43.3 above.
- 43.6 The procedures and time limits for billing and invoicing of payables and receivables and for settlement of payments in respect of bids/offers accepted in accordance with the above paragraphs shall be defined in the Technical Rules.

Article 44
Valuing of Grid and Market Constraints in the MGP

- 44.1 Where the MGP has been split into two or more zones, GME shall pay Terna, if positive, and Terna shall pay GME, if negative, the net margins deriving from the difference between the amounts debited to purchasing Market Participants and those credited to selling Market Participants.

SUBSECTION II INTRA- DAY MARKET (MI)

Article 45 Purpose of the MI

- 45.1 GME shall be the counterparty of Market Participants for electricity purchase and sale contracts made in the MI.
- 45.2 In the MI, electricity demand bids and supply offers shall be selected for the applicable periods of the calendar day of trading. For the purposes of injection or withdrawal of electricity pertaining to accepted bids/offers, the provisions contained in the Dispatching Rules shall apply.
- 45.3 The MI shall take place in multiple sessions to be defined in the Technical Rules.

Article 46 Periods for Submission of Bids/Offers

- 46.1 The opening and closing hours of each sitting of the MI shall be defined in the Technical Rules.

Article 47 Preliminary Market Information

- 47.1 Before the closure of each sitting of the MI, GME shall receive from Terna and publish the following data:
- a) electricity transfer margins, with respect to the admissible hourly transmission capacity limits between geographical zones, which remain available upon the closing of the MGP or in the previous session of the MI;
 - b) electricity transfer margins, with respect to the admissible hourly transmission capacity limits for each of the points of interconnection with neighbouring countries, which remain available after the closing of the MGP or in the previous session of the MI;
 - c) hourly electricity export capacity from constrained zones, which remains available upon the closing of the MGP or in the previous session of the MI.
- 47.2 The data mentioned in para. 47.1 above shall refer to the overall values of the system.

Article 48
Demand Bids and Supply Offers

- 48.1 In each sitting of the MI, Market Participants may submit simple, multiple and balanced bids/offers.
- 48.2 In each sitting of the MI, Market Participants may submit supply offers/demand bids in respect of offer points for injection and withdrawal, as well as mixed offer points. A same multiple bid/offer may specify both supply offers and demand bids.
- 48.3 For the purpose of determining the market results in accordance with Article 52 below, demand bids and supply offers may also be partially accepted.
- 48.4 Supply offers express the willingness to sell or resell a quantity of electricity not exceeding the quantity quoted in the offer at a unit price not lower than the price indicated in the offer.
- 48.5 Demand bids express the willingness to purchase or repurchase a quantity of electricity not exceeding the quantity quoted in the bid at a unit price not higher than the price possibly quoted in the bid.
- 48.6 A supply offer submitted into the MI, if accepted, implies the commitment to increase the injection of electricity into the grid or to decrease the withdrawal of electricity from the grid, at a given offer point and in a given applicable period, by the quantities of electricity specified in the offer, or part of them in case of partial acceptance, with respect to the quantities specified in the preliminary injection or withdrawal schedules (as modified in the previous sessions of the MI), valued at prices not lower than the unit prices specified for each quantity in the same supply offer.
- 48.7 A demand bid submitted into the MI, if accepted, implies the commitment to decrease the injection of electricity into the grid or to increase the withdrawal of electricity from the grid, at a given offer point and in a given applicable period, by the quantities of electricity specified in the demand bid, or part of them in case of partial acceptance, with respect to the quantities specified in the preliminary injection or withdrawal schedules (as modified in the previous sessions of the MI), valued at prices not higher than the unit prices specified for each quantity in the same demand bid.

Article 49
Priority Order of Bids/Offers

- 49.1 If prices are equal, priority shall be given to bids/offers that Market Participants have specified as balanced bids/offers.
- 49.2 Without prejudice to what is stated in para. 49.1 above, where two or more supply offers or demand bids have the same price, they shall be ranked according to the priority order specified in Article 39, para. 39.2 above.

Article 50
Step-Up and Step-Down Margins for the MI

- 50.1 Before the closure of each sitting of the MI, GME shall receive from Dispatching Users the data concerning the step-down margins for the corresponding session of the MI, in respect of each withdrawal offer point belonging to a geographical zone and not authorised for the MSD.
- 50.2 If the Dispatching User fails to provide the data indicated in para. 50.1 above, GME shall determine the values of the step-down margins for each session of the MI according to the criteria specified in the Technical Rules.
- 50.3 Without prejudice to para. 50.1 above, before the closure of each sitting of the MI, GME shall receive from Terna the data concerning the step-up and step-down margins for the corresponding session of the MI , in respect of each offer point.
- 50.4 If Terna fails to provide the data referred to in para. 50.3 above, GME shall determine the values of the step-up and step-down margins for the MI according to the criteria specified in the Technical Rules.

Article 51
Technical Adequacy Requirements of Bids/Offers in the MI

- 51.1 For the purposes of Article 30, para. 30.2 c) above, the provisions of this Article shall apply to each session of the MI.
- 51.2 Supply offers submitted in each session of MI, in respect of an offer point and an applicable period, shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-up margin for the corresponding session of the MI, specified for the same offer point and applicable period; such margin shall be decreased by the sum of the electricity quantities specified in the other supply offers that have been submitted, in the same sitting, in respect of the same offer point and applicable period, that have a higher priority and that have already been verified to be technically adequate.
- 51.3 Demand bids submitted in each sitting of the MI, in respect of an offer point and an applicable period, shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-down margin for the corresponding session of the MI, specified for the same offer point and applicable period; such margin shall be decreased by the sum of the electricity quantities specified in the other demand bids that have been submitted, in the same sitting, in respect of the same offer point and applicable period, that have a higher priority in the merit order and that have already been verified to be technically adequate.
- 51.4 In each sitting of the MI, each set of balanced bids/offers, identified by the same alphanumeric code chosen by Market Participants, shall be considered as technically adequate if:
- a) the single bids/offers satisfy the requirements set forth in paras. 51.2 and 51.3 above;
 - b) the single bids/offers refer to the same applicable period and the same geographical or virtual zone;
 - c) the sum of the electricity quantities specified in supply offers is equal to the sum of the electricity quantities specified in demand bids, taking into account a tolerance margin specified in the Technical Rules.
- 51.5 If one or more bids/offers in the set of balanced bids/offers are found to be technically inadequate, such inadequacy shall extend to the entire set of balanced bids/offers.
- 51.6 In each sitting of the MI, if a supply offer or demand bid submitted in respect of an offer point and of an applicable period does not meet the requirements specified in paras. 51.2 and 51.3 above, then such offer or bid shall be considered to be technically adequate, but only for a quantity of electricity equal to the step-up or step-down margin, after decreasing such margin by the sum of the quantities of electricity specified in the other supply offers or demand bids, which have been submitted in the same session in respect of the same offer point and the same applicable period, which have a higher priority and which have already been verified to be technically adequate.

Article 52
Results of the MI and Updated Hourly Injection or Withdrawal Schedules

- 52.1 The provisions stated in this Article shall apply to each applicable period for which bids/offers are accepted in the MI.
- 52.2 In each session of the MI, GME shall identify a market solution related to the accepted offers/bids and the corresponding valorization prices at which the net value of the transactions on all electricity markets involved in the Market Coupling is maximum and which guarantees that:
- a) electricity flows between geographical and/or virtual zones respect the transmission constraints between the same areas;
 - a bis) the amount of electricity specified in accepted supply offers/bids is equal to the amount of electricity specified in the accepted demand offers/bids, taking into account the imports and exports to bordering markets with which Market Coupling is active;
 - b) the price of valuing of electricity in each geographical or virtual zone is such that they are accepted:
 - all offers/bids whose offer/bid price is lower than said valuation price and exclusively offers/bids having an offer/bid price not exceeding said valuation price;
 - all offers/bids whose offer/bid price is higher than said valuation price and exclusively offers/bids having the offering/bidding price not less than said valuation price;
 - c) **[repealed]**
 - d) **[repealed]**
 - e) consistently with the other provisions of this Article, it's complied with the order of priority of offers/bids referred to in Article 49.
- 52.2 bis For the purposes of the provisions of the paragraph 52.2 above, for sessions, identified in the Technical Rules, for which it's executed the Market Coupling, consideration shall be given to the offers/bids related to the electricity markets involved in the same Market Coupling and the inter-boarder interconnection capacity made available by the Transmission System Operators, as well as, limited to such offers/bids, the rules for determining the results adopted on the corresponding electricity markets. In the event occurrence of a risk related ok non-performance of the Market Coupling (decoupling), or if decoupling with one or all of the electricity markets involved in the same Market Coupling is confirmed, GME shall inform the market operators of that fact, as specified in the Technical Rules.
- 52.3 For the purposes of para. 52.2 above, the net value of transactions shall mean the difference between the overall value of accepted demand bids and the overall value of accepted supply offers. Such overall values shall be determined by valuing the quantity of electricity specified in each accepted bid/offer, or the accepted quantity in case of partial acceptance of the bid/offer, at the price specified in the bid/offer itself. The quantities specified in non-price-dependent demand bids shall be valued at a conventional price set by GME in such a way as to guarantee the maximum price priority of the same bids/offers.
- 52.4 For each demand bid accepted in the MI, in respect of an offer point for withdrawal, GME shall determine the non-arbitrage fee that the Market Participant submitting such bid shall pay if negative, or receive, if positive; such fee shall be equal to the product between the accepted quantity and the difference between the related

price indicated in Article 42, para. 42.2 b) above and the price indicated in Article 42, para. 42.2 c) above.

- 52.5 For each supply offer accepted in the MI, in respect of an offer point for withdrawal, GME shall determine the non-arbitrage fee that the Market Participant submitting such offer shall pay, if positive, or receive, if negative; such fee shall be equal to the product between the accepted quantity and the difference between the related price indicated in Article 42, para. 42.2 b) above and the price indicated in Article 42, para. 42.2 c) above.
- 52.6 The preliminary hourly injection or withdrawal schedules, as modified by the bids/offers accepted in the MI, shall constitute the updated hourly injection or withdrawal schedules for each offer point and for each Market Participant.

Article 53

Notification of Updated Hourly Injection or Withdrawal Schedules

- 53.1 For each session of the MI, after determining the updated hourly injection or withdrawal schedules, GME shall publish the following data and information:
- a) the prices of valuing of electricity determined without considering transmission constraints between geographical and/or virtual zones;
 - b) the prices of valuing of accepted bids/offers in each market zone;
 - c) the overall electricity quantities of accepted demand bids and supply offers in respect of each geographical zone;
 - d) the demand curve and the supply curve of each market zone.
- 53.2 For each session of the MI, after determining the updated hourly injection or withdrawal schedules, GME shall communicate the following data to each Market Participant that has submitted bids/offers into the MI and only in respect of such bids/offers:
- a) the accepted bids/offers, specifying the accepted electricity quantity;
 - b) the updated hourly injection or withdrawal schedules referred to in Article 52, para. 52.6 above, related to the bids/offers submitted by the Market Participant and accepted;
 - c) the bids/offers which have been rejected as being technically inadequate as a result of the verifications set forth in Article 30 above, with the reasons for such rejection;
 - d) the billed payables and receivables as per Article 71, para. 71.1 b) below.
- 53.3 After each session of the MI, GME shall notify the Dispatching User of each offer point and Terna of the cumulated updated injection or withdrawal schedule for that offer point.

Article 54

Valuing of Grid and Market Constraints in the MI

- 54.1 Where the MI has been split into two or more zones, GME shall pay Terna the net margins deriving from the difference between the amounts debited to purchasing Market Participants and the amounts credited to selling Market Participants.

Article 55
Valuing of Non-Arbitrage Fees in the MI

- 55.1 GME shall pay Terna, if the amount is positive, or Terna shall pay GME, if the amount is negative, the net margins resulting from the difference between the amounts debited and the amounts credited to Market Participants as set forth in Article 52, paras. 52.4 and 52.5 above.

**SUBSECTION III
ANCILLARY SERVICES MARKET (MSD)**

**Article 56
Purpose of the MSD**

- 56.1 In the MSD, Terna shall enter into purchase and sale contracts for the purpose of procuring resources for its dispatching service.
- 56.1 *bis* The MSD shall consist of the ex-ante MSD and of the MB, which may take place in multiple sessions, in accordance with the Dispatching Rules.
- 56.2 In the ex-ante MSD and in the MB, supply offers and demand bids shall be submitted and selected under the criteria defined in the Dispatching Rules. For the purposes of injection and withdrawal of electricity as a result of the acceptance of bids/offers, the provisions laid down in the Dispatching Rules shall apply.
- 56.3 In the MSD, the applicable period shall be defined in the Dispatching Rules.

**Article 57
Periods for Submission of Bids/Offers**

- 57.1 The timetable for the activities pertaining to the sessions of the ex-ante MSD and of the MB shall be specified in the Technical Rules in accordance with the provisions of the Dispatching Rules.

**Article 58
Demand Bids and Supply Offers**

- 58.1 In the MSD, bids/offers may only be submitted in respect of authorised offer points and only by the respective Dispatching Users.
- 58.2 In the ex-ante MSD, predefined bids/offers shall be submitted under the procedures specified in the Dispatching Rules.

**Article 59
Results of the MSD**

- 59.1 GME shall notify Terna of the bids/offers received in the MSD for each offer point and applicable period.
- 59.2 Terna shall notify GME of the accepted bids/offers, as well as of any other information as provided in the Dispatching Rules.
- 59.3 For each demand bid accepted in the MSD in respect of offer points for withdrawal, GME shall determine the non-arbitrage fee that the Market Participant submitting such bid shall pay, if the amount is negative, or receive, if the amount is positive;

such fee shall be equal to the product between the accepted quantity and the difference between the related price specified in Article 42, para. 42.2 b) above and the price specified in Article 42, para. 42.2 c) above.

- 59.4 For each supply offer accepted in the MSD in respect of offer points for withdrawal, GME shall determine the non-arbitrage fee the Market Participant submitting such offer shall pay, if the amount is positive, or receive, if the amount is negative; such fee shall be equal to the product between the accepted quantity and the difference between the related price specified in Article 42, para. 42.2 b) above and the price specified in Article 42, para. 42.2 c) above.

Article 60

Publication of Data and Notifications to Market Participants

- 60.1 When the results of the MSD are known, GME shall publish at least the following data and information for each geographical zone and for each hour:
- a) the overall quantities of accepted demand bids and supply offers;
 - b) the average hourly value of the prices of accepted demand bids and supply offers, as well as the price of the lowest-priced demand bid and the price of the highest-priced supply offer that have been accepted.
- 60.2 When the results of the MSD are known, GME shall notify the following data to each Market Participant that has submitted bids/offers and only in respect of such bids/offers:
- a) the accepted bids/offers, specifying at least the amount of the accepted quantity;
 - b) the final hourly injection or withdrawal schedules;
 - c) the billed payables and receivables, as set forth in Article 71, para. 71.1 c) below.
- 60.3 When the results of the MSD are known, GME shall notify the cumulated final hourly injection or withdrawal schedule of the unit to the Dispatching User of each authorised offer point.
- 60.4 GME shall notify each Market Participant of any other information as provided in the Dispatching Rules.

SECTION I-BIS

OPERATION OF THE DAILY PRODUCTS MARKET (MPEG)

Article 60 bis

Subject of the MPEG

- 60 bis.1 On the MPEG, Participants buy and sell daily products with the obligation of delivery of electricity.
- 60 bis.2 GME is the counterparty of the Market Participants for transactions concluded in the MPEG.

60 bis.3 GME, as a qualified market participant, in accordance with Annex A to Resolution No. 111/06 of AEEGSI and subsequent amendments, is the holder of an energy account on the PCE through which it registers onto the PCE the net delivery position, corresponding to the purchase and sale transactions concluded by the Participant in the MPEG, in the manner set in this Section.

Article 60 ter
MPEG's products

60 ter.1 On the MPEG, the following daily products may be listed:

- a) "unit differential price" product;
- b) "full unit price" product.

The price associated with the the bids/offers submitted for each of the two products is equivalent to the price defined in the previous Article 2, para. 2.1, subpara. eee ter).

60 ter.2 For each of the daily products traded on the MPEG, GME may list the following delivery profiles:

- a) Baseload, listed for all calendar days, whose underlying is the electricity to be delivered in all relevant periods pertaining to the day subject of trading;
- b) Peak Load, listed for the days from Monday to Friday, whose underlying is the electricity to be delivered irrelevant periods from the ninth to the twentieth belonging to the day subject of trading.

60 ter.3 GME shall identify in the Technical Rules the daily products and the corresponding delivery profiles that are subject to trading on the MPEG.

60 ter.4 The duration of the trading period of each product referred to in this Article is defined in the Technical Rules.

60 ter.5 The amount of product underlying each daily product is set by GME in an amount equal to 1 MW multiplied by the number of hours underlying the same product.

Article 60 quater
Market sessions

60 quater.1 GME shall publish on its website the calendar of the days and times of the market sessions. GME may change such hours, also in relation to specific types of contracts, in order to ensure orderly trading, giving timely information to the Participants.

60 quater.2 GME reserves the right to terminate or suspend the market sessions, notifying the Participants.

Article 60 quinquies
Procedures for the conclusion of negotiations

60 quinquies.1 Trading on the market takes place on a continuous basis.

60 quinquies.2 GME shall organize a trading book for each listed daily product and for each delivery

60 quinquies.3 The minimum tradable quantity is equal to 1 (one) product as defined in the Article 60 ter, paragraph 60 ter. 5 above.

Article 60 sexies
Trading offers

60 sexies.1 The trading offers shall be submitted in the manner defined in the Technical Rules and contain at least the following information:

- a) the delivery profile of the product;
- b) the number of products;
- c) the type of operation (purchase or sale);
- d) the price.

60 sexies.2 Participants must submit buy and sale offers/bids with the price indication with reference to:

- a) for the "unit differential price" products, the minimum and the maximum price limit published before the opening of each session;
- b) for the "full unit price" products, a minimum price limit of 0 €/MWh and a maximum price limit equal to + 3,000 €/MWh price.

60 sexies.3 Participants may not submit offers without price indication.

60 sexies.4 In each trading book, the offers/bids are listed, on the basis of the price, in descending order for buy offers/bids and in ascending order offers for sale offers/bids. For the same price, it applies the time priority of placing the offer.

60 sexies.5 The trading offers shall be sent based on one of the categories shown in the Technical Rules.

60 sexies.6 During the market session, Participants can change or cancel the offers/bids not yet matched. Offers/bids modified lose the time priority previously acquired.

60 sexies.7 Offers/bids shall be posted in the book without specifying the proposing Participant, thus ensuring anonymity.

Article 60 septies
Booking of margins of electricity accounts of the PCE

60 septies.1 For the submission of the offers/bids on the MPEG, the Participant that is enabled to record transactions on the PCE on his/her/its energy accounts makes the reservation of the margins of PCE electricity accounts via the computer system of the electricity market, according to procedures specified in the Technical Rules.

60 septies.2 Margins booked under the previous paragraph 60 septies.1 are updated following the submission of the trading offers/bids referred to in Article 60 sexies, as well as at the conclusion of the transactions in compliance with Article 60 nonies, according the procedures provided in the Technical Rules.

60 septies.3 Margins booked under the previous paragraph 60 septies.1 and not yet committed to offers/bids submitted or transactions already completed during the session may be modified or revoked by the Participants as specified in the Technical Rules.

Article 60 octies
Validation and Adequacy Verifications of the bids/offers on the MPEG

60 octies.1 Any bid/offer shall be considered valid and adequate if it satisfies the following requirements:

- a) the Market Participant is not suspended from the ME and the PCE;
- b) the bid/offer contains all the information referred to in Article 60 sexies, paragraph 60 sexies.1;
- c) the price indicated in the bid/offer is within the limits referred to in Article 60 sexies, paragraph 60 sexies.2;
- d) the amount of the bid/offer is less than or equal to the value of the margins booked and not yet committed as per Article 60 septies;
- e) the bid/offer is guaranteed in accordance with Article 81.

60 octies.2 The GME's information system returns the results of the validation and appropriateness checks of the trading bids/offers referred to in paragraph 60 octies.1 and:

- a) in case of failure, it rejects the placing of offers/bids in its trading book
- b) in the case of success, it enters the offers/bids in its trading book.

Article 60 nonies
Continuous trading

60 nonies.1 During continuous trading, the conclusion of the transaction takes place via automatic buy and sale bids/offers matching, already checked as valid and adequate under the former Article 60 octies, on the book and ranked under the priority criteria referred to in paragraph 60 sexies.4 above.

60 nonies.2 A buy bid/offer will be matched, within the capacity, with one or more sale bids/offers having a price lower than or equal to the one of the offer/bid entered,.

60 nonies.3 A sale offer/bid will be matched, within the capacity, with one or more purchase bids/offers having a price greater or equal to the one of the offer/bid entered.

60 nonies.4 Consistent with the procedures for submission of offers/bids referred to in Article 60 sexies, paragraph 60 sexies.5, the partial execution of the offer/bid ,turns into the creation of an offer/bid for the non-executed quantity that shall remain posted on the book with the price and time priority of the original bid/offer.

60 nonies.5 Purchase and sale offers/bids will never match, if they are submitted by the same Participant.

60 nonies.6 For each transaction concluded under terms of paras. 60 nonies.2 and 60 nonies.3, the matching price is the one of the offer/bid having time priority.

Article 60 decies
Recording of net positions on the PCE

60 decies.1 At the end of each trading MPEG session, GME shall determine, for each Participant, the net delivery position onto the PCE, for all the applicable periods included in the relevant daily product traded.

60 decies.2 For each applicable period, the net delivery position is the sum of the purchase and sale transactions, concluded on the MPEG.

60 decies.3 For the purpose of calculating the net position for delivery, the purchase transactions are considered to have a negative sign and the sale transactions have a positive sign.

60 decies.4 The net delivery position for each hour belonging to the day object of delivery, shall be registered by GME onto the PCE, in the manner and the terms defined in the Technical Rules.

60 decies.5 Registration of the transaction onto the PCE under this Article involves the rights and obligations under the PCE Rules related to the Participants holding electricity accounts and the dispatchment users of the offer points involved in the electricity accounts.

Article 60 undecies
Information and results

60 undecies.1 At the end of each trading session of the MPEG, GME shall public in each delivery profile of the daily traded products, at least the following data and information:

- a) the minimum and maximum price;
- b) the reference price of the session;
- c) the volume traded in the session.

SECTION II
OPERATION OF THE FORWARD ELECTRICITY MARKET (MTE)

Article 61
Purpose of the MTE

61.1 In the MTE, Participants purchase and sell forward electricity contracts with delivery obligation.

61.2 GME is the counterparty of Market Participants for transactions concluded in the MTE.

61.3 As Qualified Market Participant in accordance with Annex A to AEEGSI's Decision 111/06, as subsequently amended and supplemented, GME shall hold a forward electricity account on the PCE, through which it shall register onto the PCE the net delivery position, corresponding to the purchase and sale transactions that the Market Participant has concluded in the MTE, according to the modalities defined in this Section.

Article 62
Types of Tradable contracts

- 62.1 The types of tradable contracts shall be as follows:
- a) Base-Load: the underlying of this contract is the electricity to be delivered in all the applicable periods of the days belonging to the delivery period;
 - b) Peak-Load: the underlying of this contract is the electricity to be delivered in the applicable periods from the ninth to the twentieth day of the days belonging to the delivery period, excluding Saturdays and Sundays;
- 62.2 The tradable contracts shall have a delivery period equal to the calendar month, the quarter and the year.
- 62.3 The duration of the trading period for each contract mentioned in the above paragraph shall be defined in the Technical Rules.
- 62.4 With reasonable advance, GME shall publish a calendar with the types of tradable contracts and the related trading and delivery periods.
- 62.5 The quantity of electricity underlying each contract determined by GME shall be equal to 1 MW multiplied by the hours underlying the same contract.

Article 63
Market Sessions

- 63.1 GME shall publish the calendar of the days and hours of the market sessions on its website. GME may change such hours taking into account, *inter alia*, the specificity of some types of contracts with a view to ensuring an orderly trading activity. GME shall timely notify Market Participants of such changes.
- 63.2 GME reserves the right to close or suspend the market sessions, notifying Market Participants thereof.

Article 64
Conclusion of contracts

- 64.1 Trading in the market shall take place on a continuous basis.
- 64.2 GME shall organise an order book for each type of contract and each delivery period.

64.3 The minimum tradable quantity shall be equal to 1 (one) contract, as defined in Article 62, para. 62.5 above.

Article 65
Bids/Offers

65.1 Bids/offers shall be submitted in accordance with the modalities defined in the Technical Rules. They shall contain at least the following data:

- a) type and period of delivery of the contract;
- b) number of contracts;
- c) type of transaction (purchase or sale);
- d) price.

65.2 Market Participants may also submit bids/offers without a price limit.

65.3 Market Participants shall not:

- a) submit bids/offers with a price limit equal to zero or with a negative price limit;
- b) submit demand bids or supply offers without a price limit, if supply offers or demand bids with a price limit are present in the order book, respectively.

65.4 In each order book, demand bids shall be ranked in decreasing price order and supply offers in increasing price order. If bids/offers have the same price, they shall be ranked by time of entry. Bids/offers without a price limit shall have a maximum price priority.

65.5 During the market session, Market Participants may modify or cancel the bids/offers that have not yet been matched. The modified bids/offers shall lose the time priority that they have previously acquired.

65.6 Bids/offers shall be posted in the order book without specifying the proposing Market Participants, thereby ensuring their anonymity.

Article 66
Validation and Adequacy Verifications in the Trading Period

66.1 A demand bid/supply offer shall be deemed to be valid and adequate, if it meets the following requirements:

- a) the Market Participant is entitled to register transactions in the forward electricity accounts that he/she/it holds on the PCE;
- b) the Market Participant has not been suspended from the ME and from the PCE;
- c) the price limit and the quantities specified in the bid/offer fall within the limits identified in the Technical Rules. GME may modify such limits in order to ensure an orderly trading activity, notifying Market Participants thereof;
- d) it is guaranteed in compliance with Article 81 below.

66.2 For the purposes of the verification referred to in para. 66.1 d) above, if a bid/offer is submitted without a specified price, its price shall be deemed to be equal to the

price of the best proposals of opposite sign that are present in the order book, until the bid/order is exhausted.

- 66.3 GME's information system shall return the results of the validation and technical adequacy verifications of the bids/offers referred to in para. 66.1 above and:
- a) in case of negative outcome, it shall reject the entry of bids/offers into the order book, specifying the reasons for such rejection;
 - b) in case of positive outcome, it shall enter the bids/offers into the order book.

Article 67
Continuous Trading

- 67.1 During continuous trading, contracts shall be concluded through automatic matching of bids/offers already verified to be adequate and of opposite sign that are present in the order book and ranked under the priority criteria referred to in Article 65, para. 65.4 above.
- 67.2 The entry of a demand bid with a price limit shall determine the matching of the bid (until it is exhausted) with one or more supply offers having a price lower than or equal to the one of the entered proposal.
- 67.3 The entry of a supply offer with a price limit shall determine the matching of the offer (until it is exhausted) with one or more demand bids having a price higher than or equal to the one of the entered offer.
- 67.4 The entry of a bid/offer without a price limit shall determine the matching of the bid/offer until it is exhausted with one or more bids/offers of opposite sign that are present in the order book upon entry of such bid/offer.
- 67.5 If a bid/offer with a price limit is partially executed, its non-executed part shall create a bid/offer that shall remain posted in the order book with the same price and time priority as the original bid/offer. The partial execution of a bid/offer without a price limit shall cause the cancellation of the bid/offer limited to its non-executed quantity.
- 67.6 Bids/offers of opposite sign shall not be matched, if they are submitted by the same Market Participant.
- 67.7 For each contract concluded under paras. 67.2 and 67.3 above, the price shall be the one of the bid/offer having time priority.
- 67.8 GME may allow each Market Participant to register in the market the forward contracts that he/she/it has concluded off the market, under the modalities and within the time limits established in the Technical Rules.
- 67.9 The bids/offers mentioned in para 67.8 above shall be valid if they meet all the requirements of Article 66 above, as well as any additional requirements as may be specified in the Technical Rules.

- 67.10 At the end of the continuous trading period, GME may determine a reference price, as well as a closing price in accordance with the modalities indicated in the Technical Rules.
- 67.11 Non-matched bids/offers shall be deleted from the order book at the end of the market session, unless otherwise specified by the Market Participant.

Article 68
Cascading

- 68.1 Forward contracts of a duration of more than one month shall - at the end of their trading period - be governed by the cascading mechanism, in accordance with the modalities and time limits indicated in the Technical Rules.
- 68.2 The cascading mechanism shall not apply to monthly contracts, which are governed by the provisions of Article 69 below.

Article 69
Registration of the Net Delivery Position onto the PCE

- 69.1 At the end of the last trading session of monthly contracts, GME shall determine the net delivery position of each Market Participant for all the hours of the month included in the delivery period of such contracts.
- 69.1**bis** The Market Participant may - under the procedures and within the time limits established in the Technical Rules - request the registration of the net delivery position on the PCE even earlier than the time limit referred to in the above paragraph.
- 69.2 For each hour, the net delivery position shall be given by the sum of purchase and sale transactions concluded in the MTE.
- 69.3 For the purpose of computing the net delivery position, purchase transactions shall be considered to have a negative sign, while sale transactions shall be considered to have a positive sign.
- 69.4 GME shall register onto the PCE the net delivery position for each hour belonging to the month of delivery, under the modalities and within the time limits defined in the Technical Rules.
- 69.5 The registration of the net delivery position shall be admitted if the following requirements are met:
- a) the Market Participant has not been suspended from the ME and the PCE;
 - b) it is guaranteed in compliance with Article 81 below;
 - c) the Market Participant is entitled to register transactions on the forward electricity accounts that he/she/it holds on the PCE;
 - d) it satisfies the adequacy verifications referred to in Article 35 of the PCE Rules.

- 69.6 GME's information system shall return the results of the validation and adequacy verifications referred to in para. 69.5 above, and:
- a) in case of negative outcome, it shall reject the registration of the net delivery position, specifying the reasons for the rejection and activating the procedure covered by para. 69.7 below, as well as the default procedure covered by Title V, Section III below;
 - b) in case of positive outcome, it shall permit the registration of the net delivery position, causing the registration onto the PCE of corresponding transactions on the forward electricity accounts indicated by the Market Participant and having GME as counterparty.
- 69.7 In case of failed (partial or total) registration of the net delivery position onto the PCE, GME shall - at the end of the delivery period - assign to the Market Participant a transaction of opposite sign in the MTE; this transaction shall have:
- a) a quantity equal to the electricity that has not been registered onto the PCE;
 - b) a price equal to the average of the PUN (*Prezzo Unico Nazionale* - National Single Price) of the hours belonging to the month of delivery, weighted for the hourly quantities that have not been registered onto the PCE.
- 69.8 The registration of transactions onto the PCE under this Article shall cause the Market Participants holding the electricity accounts and the Dispatching Users of the offer points associated with the electricity accounts to acquire the rights and obligations covered by the PCE rules.

Article 70
Information and results

- 70.1 For each trading session and each contract, GME shall publish at least the following data and information:
- a) minimum and maximum prices;
 - b) reference price of the session;
 - c) volume traded in the session.

SECTION III
PLATFORM FOR PHYSICAL DELIVERY OF
FINANCIAL CONTRACTS CONCLUDED ON IDEX

SUBSECTION I SCOPE
OF APPLICATION

Article 70 bis
Objective Scope of Application

- 70 bis.1 The provisions of this Section shall govern the procedures and time limits for execution of financial electricity derivatives contracts concluded on IDEX, for which the Participant, at the end of the trading period, has requested to exercise the option of physical delivery of the electricity underlying the same contract in the ME.

- 70 *bis.2* Physical delivery in the ME shall be allowed only in respect of financial derivatives contracts having a monthly trading period, in compliance with the time limits and procedures for exercising the option of physical delivery laid down in the Rules of CC&G and in the Rules of the markets organised and managed by Borsa Italiana, in accordance herewith.
The request for exercising the delivery option shall be made on IDEX and then notified to GME through IDEX, as agreed by Borsa Italiana, CC&G and GME.
- 70 *bis.3* The physical delivery of financial contracts concluded on IDEX shall be governed by the remaining provisions hereof, where consistent and not in conflict with this Section.

Article 70 *ter*
Subjective Scope of Application

- 70 *ter.1* ME Participants holding electricity accounts on the PCE may request physical delivery in the ME.

SUBSECTION II
PROCEDURES AND TIME LIMITS FOR PHYSICAL DELIVERY

Article 70 *quater*
Execution of physical delivery

- 70 *quater.1* Physical delivery of the electricity underlying contracts for which the Participant has exercised the option shall take place by registering a transaction of a sign corresponding to the contracts delivered on the electricity accounts that the same Participant holds on the PCE, in accordance with the procedures and time limits established in the Technical Rules.
- 70 *quater.2* The transaction mentioned in para. 70 *quater.1* above shall cover a volume of electricity corresponding - in each of the hours included in the delivery period - to the number of financial electricity derivatives purchase or sale contracts concluded on IDEX for which the Participant has requested to exercise the option of physical delivery.
- 70 *quater.3* The registration of the transaction for the purposes of delivery shall take place at the price of settlement of the financial derivatives contracts having a monthly delivery period, as identified by CC&G and notified to GME, in accordance with the procedures and within the time limits established in the Technical Rules.
- 70 *quater.4* GME shall be the counterparty of Participants for the purchases and sales valued in accordance with para. 70 *quater.3* above, corresponding to transactions registered in the ME for the purposes of delivery.

Article 70 quinquies
Validation and Adequacy Verifications

- 70 quinquies.1 The registration of a transaction for the purposes of delivery as per Article 70 *quater* above shall be admitted only if the following requirements are met:
- a) the Participant has not been suspended from the ME and PCE;
 - b) it is guaranteed as per Article 81 below;
 - c) the Participant is entitled to register transactions on the electricity accounts that he/she/it holds on the PCE;
 - d) it satisfies the adequacy requirements referred to in Article 35 of the PCE Rules.
- 70 quinquies.2 If the verifications referred to in para. 70 *quinquies.1* are not successful, GME shall not allow the registration of the transaction.
- 70 quinquies.3 The registration of a transaction in accordance with this Section shall involve the rights and obligations referred in the PCE Rules for the holders of the electricity accounts, as well as for the dispatching users of the offer points associated with the electricity accounts.
- 70 quinquies.4 GME reserves the right to limit the acceptance of requests to exercise the option of delivery, if doing so is inconsistent with its available financial resources, by defining for each month a maximum limit to the net balance between the purchase and sale transactions that may be registered under this Article, in accordance with the modalities established in the Technical Rules.
- 70 quinquies.5 With regard to the registration of transactions made in accordance with this Section, no complaints as per Title VII below and Title VI of the PCE Rules shall be allowed.

TITLE IV
BILLING AND INVOICING OF PAYABLES AND RECEIVABLES ARISING IN THE ME

SECTION I
BILLING OF PAYABLES AND RECEIVABLES ARISING IN THE ME

Article 71
Billing of Accepted Bids/Offers

- 71.1 At the end of each session of the markets making up the ME, GME shall determine the payables and receivables pertaining to each accepted bid/offer. In particular, GME shall determine the values of:
- a) the preliminary hourly injection or withdrawal schedules resulting from the MGP;
 - b) the changes to the preliminary hourly injection or withdrawal schedules resulting from the MI;
 - c) the bids/offers accepted in the MSD pursuant to Article 59, para. 59.2 above;
 - d) the bids/offers accepted in the MTE pursuant to Article 67 above.
 - e) the settlement price determined on the basis of the bids/offers matched on the MPEG and described in Article 60 nonies, paragraph 60 nonies.6 exclusively for the "full unit price" products. Regarding the "unit differential price" products, the settlement price is determined at the closure of the corresponding session of the MGP.
- 71.2 At the end of each session in the MPE, GME shall determine, for each applicable period and separately for the set of offer points available to each Market Participant:
- a) the sum of payables for all bids/offers accepted in the MGP and the MI;
 - b) the sum of payables for all bids/offers accepted in the MSD;
 - c) the sum of receivables for all bids/offers accepted in the MGP and the MI;
 - d) the sum of receivables for all bids/offers accepted in the MSD.
- 71.3 At the end of each session of the MTE, GME shall determine the following payables and receivables, increased by VAT (where applicable), and notify each Participant thereof:
- a) the purchases concluded under Article 67 above;
 - b) the sales concluded under Article 67 above;
 - c) the purchases concluded by GME under Article 93 below;
 - d) the sales concluded by GME under Article 93 below.
- 71.3 bis At the end of each session of the MPEG exclusively for the "full unit price" products, or at the end of the corresponding session of the MGP for the "unit differential price" products, GME shall determine the corresponding settlement price and shall inform each Participant about the following payoffs, increased by VAT, where applicable:
- a) purchases concluded under the former Article 60 nonies;
 - b) sales concluded under the former Article 60 nonies.

71.4 At the end of each invoicing period, GME shall determine the value of the purchases and sales attributed to each Market Participant by GME itself under Article 93 below and notify each Market Participant thereof.

71.4 *bis* At the end of each session for physical delivery of financial contracts concluded on IDEX as per Title III, Section III above, GME shall determine the following payables and receivables, increased by VAT (where applicable), and notify them to each Participant that has exercised the option of physical delivery in respect of financial electricity derivatives contracts concluded on IDEX:

- a) the value of purchase transactions registered as per Title III, Section III above;
- b) the value of sale transactions registered as per Title III, Section III above.

Article 72 **Daily Billing in the MPE**

72.1 For each day, after valuing the amounts and sums referred to in Article 71 above, increased by VAT (where applicable), GME shall determine for each Market Participant and separately for the set of offer points:

- a) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 a) above;
- b) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 b) above;
- c) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 c) above;
- d) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 d) above.

72.2 On a daily basis, GME shall notify the Market Participant of the amounts referred to in para. 72.1 above.

Article 73 **Payables and Receivables Pertaining to Terna**

73.1 For each applicable period, GME shall determine the payables and receivables pertaining to Terna and notify Terna thereof. In particular, GME shall determine the values of:

- a) the margins relative to the MGP referred to in Article 44 above;
- b) the margins relative to the MI referred to in Article 54 above;
- c) the margins relative to the MI referred to in Article 55 above.

SECTION II **INVOICING OF PAYABLES AND RECEIVABLES ARISING IN THE ME**

Article 74 **Invoicing Period**

74.1 The invoicing period for the billed payables and receivables arising in the ME shall be specified in the Technical Rules.

Article 75 Invoicing

75.1 For each invoicing period, according to the modalities and within the time periods specified in the Technical Rules, GME shall:

- a) issue invoices for the amounts specified in Article 72, para 72.1 a) and Article 71, para. 71.3 a), para. 71.3 bis a) and para. 71.4 as well as para. 71.4 bis a) above to each Market Participant in debit towards GME, for all the applicable periods included in the invoicing period;
- b) notify each Market Participant in credit towards GME of the amounts referred to in Article 72, para. 72.1 c), Article 71, para. 71.3 b), para. 71.3 bis b) and para. 71.4 as well as para. 71.4 bis b) above, for all the applicable periods included in the invoicing period;
- c) notify Terna of the amounts relative to the margins referred to in Article 73 above for all the applicable periods included in the invoicing period, for invoicing purposes;
- d) issue invoices to each Market Participant for the fees due for the MWh traded as per Article 7, para. 7.1 above.

75.2 *[repealed]*

75.3 Following the notifications covered by para. 75.1 b) above, Market Participants shall issue invoices to GME for the specified amounts.

75.4 The time periods and formalities for issuing invoices to GME, as set forth in para. 75.3 above, for the purposes of the clearing referred to in Article 82 below, shall be specified in the Technical Rules.

75.5 The invoices and notifications referred to in paras. 75.1 and 75.3 above shall be provided to Market Participants by electronic means according to the modalities set forth in the Technical Rules.

75.6 The time limits and modalities of invoicing concerning the defaulting Market Participant under Article 88, para. 88.2 a) below shall be defined in the Technical Rules.

Article 76 Invoice Contents

76.1 For each applicable period included in the invoicing period and for each session of the markets making up the MGP, MI and MSD, the invoices and notifications referred to in Article 75, paras. 75.1 and 75.3 above, shall include at least the following data, where applicable:

- a) the quantities of electricity relative to accepted bids/offers;
- b) the price at which the quantities mentioned in subpara. a) above are valued;
- c) the type of contract traded;
- d) the taxes applied;

e) the total amount.

76.2 For each applicable delivery period included in the invoicing period and for each session of the MTE and the MPEG, the invoices and notifications referred to in Article 75, paras. 75.1 and 75.3 above, shall include at least the following data, where applicable:

- a) the type of traded contracts;
- b) the quantities of electricity pertaining to the transactions concluded;
- c) the price at which the contracts mentioned in subpara. a) above are valued;
- d) the taxes applied;
- e) the total amount.

76.2 *bis* For each applicable period included in the invoicing period and for each session of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above, the invoices and notifications referred to in Article 75, paras. 75.1 a) and b) above shall include at least the following data, where applicable:

- a) the quantities of electricity for purchases and sales pertaining to the registered transactions;
- b) the price at which the quantities mentioned in subpara. a) above are valued;
- c) the taxes applied;
- d) the total amount.

76.3 The provisions of paras. 76.1 and 76.2 above shall not apply to the invoices mentioned in Article 75, para. 75.1 d) above.

76.4 The invoices referred to in Article 75, para. 75.1 d) above shall include at least the following data:

- a) the quantities of electricity relative to accepted bids/offers;
- b) the fees applied for the MWh traded;
- c) the taxes, where applied;
- d) the total amount.

Article 77

Application of Fees for Services Provided by GME

77.1 The access fee, referred to in Article 7, para. 7.1 above, shall be invoiced in accordance with the modalities and within the time limits defined in the Technical Rules increased by VAT, where applicable.

77.2 The yearly fixed fee, referred to in Article 7, para. 7.1 above, shall be invoiced in accordance with the modalities and within the time limits defined in the Technical Rules and increased by VAT, where applicable.

TITLE V
GUARANTEE SYSTEMS, SETTLEMENT OF PAYMENTS
AND DEFAULT IN THE ENERGY MARKETS

SECTION I GUARANTEE
SYSTEMS

Article 78
Treasury Services

78.1 GME shall entrust its treasury services to a leading bank or financial institution.

Article 79
Financial Guarantees of Market Participants

79.1 Market Participants shall post financial guarantees which may be cumulated with one another, to cover their obligations arising in the energy markets or on the PCE, in the form of first-demand bank guarantees in accordance with the provisions of this Article.

Market Participants wishing to trade in the energy markets or on the PCE shall post financial guarantees in the form of bank guarantees in the format of Annex 3 hereto. For the purpose of submitting adequate bids/offers into the MPE only, Market Participants shall post financial guarantees in the form of bank guarantees in the format of Annex 5 or, alternatively or cumulatively, in the format of Annex 3 hereto. For the purpose of submitting adequate bids/offers into the MPE only or requests for registrations onto the PCE, Market Participants shall post financial guarantees in the form of bank guarantees in the format of Annex 7 or, alternatively or cumulatively, in the format of Annex 3 hereto.

First-demand bank guarantees shall be issued by banks which are members of the professional association referred to in Article 13 of Legislative Decree no. 385 of 1 September 1993 and which have a long-term rating attributed by at least one of the following companies: Standard & Poor's Rating Services, Moody's Investor Service and Fitch. The rating shall not be lower than BBB- on Standard & Poor's or Fitch's scale or Baa3 on the scale of Moody's Investor Service.

Alternatively to or cumulatively with the guarantees posted in the form of bank guarantees, Market Participants may post guarantees in the form of a non-interest bearing cash deposit to be made into the account held by GME with the bank in charge of its treasury services.

79.2 Market Participants that have posted guarantees in the form of bank guarantees as per Annexes 3, 5 and 7 hereto or in the form of a deposit may allocate the amount of such guarantees under the modalities defined in the Technical Rules.

79.2 bis The PA Market Participants shall post guarantees exclusively in the form of non-interest bearing cash deposit to be provided to the bank account held by GME with the bank in charge of GME's treasury services referred to in Article 78.

79.3 In the case of a bank guarantee, if the bank issuing the guarantee is subject to control as per Art. 2359, paras. 1 and 2, of the Italian Civil Code and does not meet

the requirements set forth in para. 79.1 above, then the guarantee issued by such bank shall be supported by a statement issued by its controlling company. In such statement, the controlling company, which shall meet the requirements specified in paras. 79.1 above, shall undertake the following obligations:

- a) if a change takes place in the structure of the company and such change is such as to involve the loss of control as per art. 2359, paras. 1 and 2 of the Italian Civil Code, then the company shall timely notify GME thereof;
- b) if, when receiving a request for redeeming the bank guarantee, the issuing bank is in default or in the position referred to in subpara. a) above, then the company shall guarantee the fulfilment of the obligation undertaken by its controlled company.

79.4 If the bank issuing the guarantee or the controlling company that has issued the statement mentioned in para. 79.3 above no longer meets one or both of the requirements specified in para. 79.1 above, or if the controlling company loses the control of the bank issuing the bank guarantee as per art. 2359, paras. 1 and 2, of the Italian Civil Code, then the bank guarantees issued by such bank shall remain valid until the end of the time period specified in the Technical Rules.

79.5 The bank guarantee and the statement mentioned in para. 79.3 above shall be submitted to the bank in charge of treasury services referred to in Article 78 above.

79.6 By the end of the working day following the one on which the bank guarantee and the statement mentioned in para. 79.3 above have been submitted, the bank in charge of treasury services shall verify whether the guarantee is complete and conforms to the format attached hereto, whether it has been issued by a bank meeting the requirements specified in para. 79.1 above and whether the statement issued by the controlling company has the content referred to in paras. 79.3 a) and b) above.

79.7 Within the time period specified in para. 79.6 above, the bank in charge of treasury services shall notify the Market Participant and GME of any deficiencies noted upon the verification of the submitted bank guarantee or of the statement mentioned in para. 79.3 above.

79.8 If the verification has a positive outcome, the bank in charge of treasury services shall notify GME, within the time period specified in para. 79.6 above, of the amount covered by the bank guarantee and of the start of the period of validity of the guarantee and of the statement mentioned in para. 79.3 above.

79.9 The Market Participant may dispute the results of the verification carried out by the bank in charge of treasury services by filing an appeal with the Court of Arbitration pursuant to Article 131 below.

79.10 The amount covered by the bank guarantee and by the statement referred to in para. 79.3 above shall be valid and effective only from the second working day following the day on which GME has received the notification referred to in para. 79.8 above.

79.11 The amount guaranteed by the non-interest-bearing cash deposit shall be valid and effective only from the second working day following the one on which such deposit

has been credited to GME's bank account with the bank in charge of treasury services. The deposit shall be deemed to have been credited to GME's bank account on the date and at the time recorded by the information system of the bank in charge of GME's treasury services.

Article 80
Amount of the Guarantee

- 80.1 The amount of the guarantee (whether a bank guarantee or a cash deposit) taken into consideration for the adequacy verification - as per Article 30, para. 30.2 b), Article 66, para. 66.1 d), Article 60 octies, para 60 octies 1 e) and Article 69, para. 69.5 b) above and the provisions of Article 81 below - shall be determined by the Market Participant on the basis of the bids/offers that he/she/it wishes to submit into the Electricity Market or of the registrations that he/she/it wishes to make onto the PCE.
- 80.2 The Market Participant that has posted bank guarantees in accordance with Annex 3 may at any time request the modification of the guaranteed amount, by submitting an updating letter in the format of Annex 4 hereto or a new bank guarantee to the bank in charge of treasury services. The Market Participant that has posted bank guarantees in accordance with Annex 5 or Annex 7 may at any time request the modification of the guaranteed amount or of the period of validity and effect of the guarantee, by submitting an updating letter in the format of Annex 6 and Annex 8 hereto, respectively, or a new bank guarantee to the bank in charge of treasury services.
- 80.3 By the end of the working day following the presentation of the letter updating the bank guarantee, the bank in charge of treasury services shall verify whether the letter conforms to the specified format.
- 80.4 Within the time limit specified in para. 80.3 above, the bank in charge of treasury services shall notify the Market Participant and GME of any deficiencies noted upon the verification of the submitted updating letter.
- 80.5 If the verification has a positive outcome, the bank in charge of treasury services shall notify GME, within the time limit referred to in para. 80.3 above, of the new guaranteed amount and of the date from which the new value shall apply.
- 80.6 The new bank guarantee and the updating letter shall be verified according to the provisions contained in Article 79 above.
- 80.7 Without prejudice to para. 80.8 below, the modification of the guaranteed amount shall take effect from the later of the following dates:
- a) the second working day following the one on which GME has received the notification referred to in para. 80.5 above;
 - b) the date indicated in the notification referred to in para. 80.5 above.
- 80.8 If the request for modification referred to in para. 80.2 above concerns a reduction of the amount guaranteed by the bank guarantee, or the advance of the period of validity and effect thereof, in the case of bank guarantees submitted in the format

of Annex 5 or Annex 7 hereto, the acceptance of such request shall be subject to a verification by GME. GME shall verify whether the requesting Market Participant is in debit towards GME. If the Market Participant is not in debit, GME shall notify the Market Participant of the immediate validity of the requested modifications for the purposes of the adequacy verifications.

- 80.9 The Market Participant may at any time request the modification (increase or decrease) of the amount of the guarantee posted in the form of a cash deposit. The Market Participant may ask for refund (even partial) of the deposited amount provided that, by doing so, the Market Participant's position is entirely guaranteed. If the Market Participant requests an increase of the amount of the guarantee, it shall deposit the related amount into the account held by GME with the bank in charge of its treasury services. After verifying whether the Market Participant's deposit has been credited to its bank account, GME shall modify the guaranteed amount with validity and effect from the second working day following the one on which such deposit has been credited. The amount so credited shall be deemed to have been received on the date and at the time recorded by the information system of the bank in charge of treasury services.

Article 81

Available Amount of the Guarantee for Purposes of Adequacy Verification in the ME

- 81.1 GME shall determine and update the available amount of the guarantee in accordance with the modalities and time limits defined in the Technical Rules.
- 81.2 If the guarantee, updated under the modalities indicated in the Technical Rules, is not sufficient, the Market Participant shall adjust the guaranteed amount in accordance with the modalities and within the time limits defined in the Technical Rules. Pending the adjustment of the guaranteed amount, the Market Participant:
- a) shall not be allowed to conclude negotiations in the MTE;
 - b) shall make transactions in the MGP, MI and MPEG only if they give rise to Market Participant's receivables;
 - c) may only register sale transactions for the purposes of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above.
- 81.3 If the Market Participant does not adjust the guaranteed amount as per para. 81.2 above, GME shall apply the default procedure referred to in Section III below.
- 81.4 After the submission of bids/offers into the ME and upon registration of the net delivery position onto the PCE pursuant to Article 69 above, as well as upon the request for registration of transactions as per Article 70 *quinquies* above, GME shall verify the technical adequacy with respect to the available amount of the guarantee in accordance with the modalities defined in the Technical Rules.
- 81.5 GME shall determine and update the available amount of the guarantee and carry out the adequacy verifications under the following principles:
- a) the guaranteed amount of Market Participants is decreased by 3% to cover default interest and penalties applied in case of late payment or redemption of the guarantees;

- b) the guaranteed amount of Market Participants having users authorised to submit bids/offers into the MTE is further decreased by an amount whose value is defined in the Technical Rules;
- c) the bids/offers submitted into the MGP, MI and MPEG are adequate if the guarantees totally cover the payables arising therefrom;
- d) the demand bids and supply offers submitted into the MTE are adequate if the guarantees partially cover the payables/receivables arising therefrom;
- e) if the registration of the net delivery position onto the PCE concerns a purchase, it is adequate if the guarantees totally cover the related value;
- f) if the net delivery position cannot be registered onto the PCE as per Article 69, para. 69.5 above, GME may decrease the available amount of the guarantee;
- g) the registration of a purchase transaction for the purposes of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above is adequate if the related value is totally covered.

81.6 For the purposes of the technical adequacy verifications in the MTE, GME may define:

- a) the relevant check price for each contract traded in the MTE; this price is daily determined on the basis of bids/offers submitted and/or concluded in the MTE; GME may determine the MTE check price also on the basis of procedures that involve Market Participants;
- b) a parameter α , which is determined on the basis of the volatility of the prices of the traded contracts;
- c) a parameter β , which is determined on the basis of the correlation between the prices of the base-load and peak-load contracts;
- d) a parameter γ , which is determined on the basis of the correlation of prices between the different delivery periods.

81.6 bis For the purposes of the adequacy verifications on the MPEG, GME defines the check price parameter.

81.7 The values of the parameters α , β and γ shall be defined in the Technical Rules.

81.8 The amounts referred to in the above paragraphs, which shall be taken into consideration upon the technical adequacy verification, shall not include the fees specified in Article 7, para. 7.1 above.

SECTION II SETTLEMENT OF PAYMENTS IN THE ME

Article 82 Clearing

82.1 The *settlement* period on the ME is defined by GME in the Technical Rules.

82.2 For each *settlement* period and each Market Participant, GME shall determine the net financial position of debit or credit towards GME, in accordance with the modalities and within the time limits specified in the Technical Rules.

82.3 GME shall communicate to each Market Participant, according to the formalities and within the time periods specified in the Technical Rules, the results of the determination of the amounts referred to in para. 82.2 above, which form the basis for making payments according to the provisions and within the time periods specified in Article 83 and 86 below.

Article 83
Payments from Market Participants to GME

- 83.1 As a result of the determinations referred to in Article 82 above:
- a) non PA Market Participants, debtors of GME shall settle with the bank in charge of GME's treasury services the amounts due to GME, notified by GME under Article 82, para. 82.3 above), according to the procedures and within the time limits specified in the Technical Rules.
 - b) GME satisfy its receivables due by debtors PA Market Participants in accordance with the procedures and within the time limits defined in the Technical Rules utilising their available cash deposit provided as per Article 79, para.79.2 bis above, until reaching the amount of such receivables.
- 83.2 If the payment of the amount due is non settled with the bank in charge of GME's treasury services in accordance with the modalities referred to in para. 83.1 above, Market Participants qualifying as debtors towards GME may pay the amount due, after adding to such amount the default interest to be determined under the criteria indicated in Article 91 below and a penalty equal to one per cent of the amount due, according to the provisions and within the time periods specified in the Technical Rules.
- 83.3 If the bank in charge of treasury services does not settle the payment of the amount due in accordance with the modalities set out in para. 83.2 above, GME shall apply the default procedure referred to in Section III below.

Article 84
Payments from Market Participants to Terna

- 84.1 Payments from Market Participants that qualify as debtors towards Terna shall be made under the procedures and within the time limits established by Terna itself.

Article 85
Payments of Fees

- 85.1 The amounts specified in Article 75, para. 75.1 d) and Article 77 above shall be paid in accordance with the procedures and within the time limits specified in the Technical Rules.

Article 86
Payments from GME to Market Participants

- 86.1 Payments to Market Participants that qualify as creditors towards GME as a result of the determinations referred to in Article 82 above, shall be made according to the provisions of this Article.
- 86.2 After receiving the payments referred to in Article 83, para. 83.1 above, GME shall make payments to Market Participants that qualify as creditors towards GME after the determinations referred to in Article 82 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 86.3 After receiving the payments referred to in Article 83, para. 83.2 above, GME shall make payments to Market Participants that qualify as creditors towards GME after the determinations referred to in Article 82 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 86.4 After receiving the payments referred to in Article 83, para. 83.3 above, GME shall make payments to Market Participants that qualify as creditors towards GME after the determinations referred to in Article 82 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 86.5 If, by its own fault, GME fails to make payments to creditor Market Participants within the time periods provided for in this Article, GME shall pay interest to such Market Participants at the rate posted on GME's website.

Article 87
Payments from Terna to Market Participants

- 87.1 Payments in favour of Market Participants that are creditors towards Terna shall be made according to the procedures and within the time periods established by Terna itself.

SECTION III
DEFAULT IN THE ME

Article 88
Cases of Default by the Market Participant

- 88.1 A Participant of the MPE or a Participant that has registered transactions for the purposes of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above shall be in default, if he/she/it:
- a) does not adjust the guarantee as per Article 81 above;
 - b) has not made the payments to GME in accordance with Article 83, para. 83.2 above.
- 88.2 A Participant of the MTE shall be in default, if
- a) he/she/it has not adjusted the guarantee as per Article 81 above;
 - b) at the end of the trading period, as a result of the technical adequacy verifications made under Article 69, para. 69.5 above, he/she/it cannot register the net delivery position onto the PCE;
 - c) he/she/it has not made payments to GME as per Article 83, para. 83.2 above.

Article 89
Management of Default

- 89.1 In the cases of default referred to in Article 88, paras. 88.1 and 88.2 a) and c) above, GME
- a) shall suspend the Market Participant from the Electricity Market;
 - b) shall redeem the guarantees posted under Section I of this Title;
 - c) shall close all the contractual positions of the defaulting Market Participant in the MTE under Article 93 below;
 - d) may register the net delivery position onto the PCE even for the applicable periods in respect of which the delivery has not yet been made under Article 69 above.
- 89.2 If the guarantees redeemed in compliance with para. 89.1 b) above are insufficient to cover the debit of the defaulting Market Participant or if the bank issuing the guarantee defaults on its obligations under Article 92 below, GME shall contribute to covering the debits of the defaulting Market Participants or the default by the bank issuing the guarantee by utilising its own funds, up to a maximum amount to be established on a year-by-year basis and allocated for such purpose. This amount shall be established by the Minister of Economic Development at the proposal of GME and posted on GME's website.
- 89.3 If the own funds utilised by GME as per para. 89.2 above are insufficient to cover the debits of the defaulting Market Participants or the default by the bank issuing the guarantee, GME shall - for the uncovered portion - resort to the risk pooling mechanism defined by AEEGSI.
- 89.4 GME shall initiate the ordinary judicial proceedings needed to recover the amounts due by the defaulting Market Participant or by the bank issuing the guarantee. The possibly recovered amounts shall be allocated to the refund of the portion of debits covered by the risk pooling mechanism.
- 89.5 In the cases of default covered by Article 88, para. 88.2 b) above, GME
- a) may reduce the available amount of the guarantee under Article 81, para. 81.5 f) above;
 - b) shall assign to the Market Participant a transaction in the MTE under Article 69, para. 69.7 above;
 - c) shall apply a penalty of 2 euro/MWh for each MWh underlying the net delivery position not registered onto the PCE. The allocation of the payments resulting from the application of the penalty shall be established by a resolution of AEEGSI.

Article 90
Suspension of the Market Participant

- 90.1 GME reserves the right of revoking the suspension of the Market Participant referred to in Article 89, para. 89.1 above, if the same Participant posts valid and effective additional guarantees, except as provided in para. 90.2 below.
- 90.2 Six months after the suspension of the Market Participant, GME shall exclude the same Participant from the market.

Article 91
Default Interest and Penalties

- 91.1 In case of redemption of the guarantees, the amount owed by the Market Participant in debit shall be increased by a penalty equal to one per cent, by default interest as specified in para. 91.2 below, as well as by the related redemption fees, if the guarantee has been posted in the form of a bank guarantee.
- 91.2 Default interest shall be determined by applying the legal interest rate to the amount owed by the Market Participant for a number of days equal to:
- a) the number of days of late payment, if the Market Participant pays within the time limits specified in Article 83, para. 83.2;
 - b) the number of days elapsing from the deadline specified in Article 83, para. 83.1 above to the day on which the bank issuing the guarantee pays GME the amount of the redeemed guarantee, if the bank guarantee is redeemed.
- 91.3 The payment of the penalty of one percent shall not apply to the Market Participants specified in Article 15, in the cases of late payment referred to in Article 83, para. 83.2 above, or of failure to make the payment.

Article 92
Default by the Bank Issuing the Guarantee

- 92.1 If the guarantee has been posted in the form of a bank guarantee and, after receiving a request for redemption of the bank guarantee, the bank issuing the guarantee fails to make the consequent payment within the time limit indicated therein, the other bank guarantees issued by the same bank shall remain valid until the time limit established in the Technical Rules.
- 92.2 If, after receiving a request for redemption of the bank guarantee, the bank issuing the guarantee fails to make the consequent payment within the time limit indicated therein, GME shall not accept any new bank guarantee issued by the same bank for the purposes of Article 79 above. If the bank issuing the guarantee fulfils its guaranteed obligation after the time limit indicated therein, GME may not accept the new bank guarantees issued by the same bank for the purposes of Article 79 above, up to a maximum period of twelve months from the date of the late fulfilment.

Article 93
Closing of the Positions of the Market Participant

- 93.1 In the case of default referred to in Article 88, paras. 88.2 a) and c) above, GME shall close all the contractual positions of the defaulting Market Participant through transactions of opposite sign with the same Participant and conclude transactions in the MTE or MGP, in accordance with the modalities and time limits defined in the Technical Rules.

TITLE VI
GREEN CERTIFICATES MARKET (MCV)
[repealed]

SECTION I GENERAL
PROVISIONS *[repealed]*

Article 94
Market Participants
[repealed]

Article 95
Access to the MCV Information System
[repealed]

Article 96
Access of GME to the Green Certificates Registry
[repealed]

Article 97
Green Certificates Admitted to Trading
[repealed]

Article 98
Trading Formalities
[repealed]

Article 99
Information for the MCV
[repealed]

Article 100
Invoicing of Fees
[repealed]

SECTION II
TRADING
[repealed]

Article 101
Submission of Trading Orders
[repealed]

Article 102
Verification of Orders
[repealed]

Article 103
Execution of Orders
[repealed]

Article 104
Registration of Executed Orders
[repealed]

Article 105
Flow of Information
[repealed]

**SECTION III
GUARANTEES**
[repealed]

Article 106
Guarantees
[repealed]

**SECTION IV
INVOICING AND SETTLEMENT OF PAYMENTS IN THE MCV**
[repealed]

**SUBSECTION I
INVOICING IN THE MCV**
[repealed]

Article 107
Invoicing period
[repealed]

Article 108
Invoicing
[repealed]

**SUBSECTION II SETTLEMENT OF
PAYMENTS IN THE MCV** [repealed]

Article 109
Payments from Market Participants to GME
[repealed]

Article 110
Payments from GME to Market Participants
[repealed]

**TITLE VII
PENALTIES, COMPLAINTS AND DISPUTES IN THE MARKET**

**SECTION I BREACHES AND
PENALTIES**

***Article 111
Breaches of the Rules and Technical Rules***

- 111.1 The following behaviours shall be considered as breaches of the Rules and of the Technical Rules:
- a) negligence, imprudence and unskilfulness in the use of the systems of communication and submission of bids/offers;
 - b) vexatious use of the complaint procedures defined in Section II below of this Title;
 - c) disclosure to third parties of confidential information related to the Market Participant or third Market Participants, in particular as regards the codes of access to GME's information system, any other data pertaining to such access and the contents of bids/offers submitted by third Market Participants to GME, except in the fulfilment of obligations arising from laws, regulations or decisions of competent authorities;
 - d) any attempt to access restricted areas of GME's information system;
 - e) any use for fraudulent purposes of the systems of communication and submission of bids/offers;
 - f) any other conduct contrary to common principles of honesty and good faith referred to in Article 3, para. 3.3 above.

***Article 112
Penalties***

- 112.1 If the breaches referred to in Article 111 above are shown to exist, GME may - respecting the principles of impartiality and equality of treatment and bearing in mind the seriousness of the breach and any previous occurrences - impose the following penalties on Market Participants on the basis of the scale referred to in Article 113 below:
- a) a private written notice of the violation;
 - b) a financial penalty;
 - c) the suspension of the Market Participant from the market;
 - d) the exclusion of the Market Participant from the market.
- 112.1 bis If it's taken the penalty and it has not been paid by the participant within six months from the date of notice of such penalty, GME may also suspend the participant from the market until the full payment of the fine previously implemented.
- 112.2 In case of suspension or exclusion from the market, the Market Participant involved may - under the supervision of GME - close any transaction still in progress and carry out any other transaction unavoidably connected with the same.

- 112.3 If a breach is identified, GME shall serve a notice to the Market Participant. The notice shall include:
- a) a description of the alleged breach;
 - b) a deadline of at least ten days for the Market Participant to possibly submit pleadings and documents and request a hearing.
- 112.4 If the Market Participant requests a hearing or if GME deems it necessary, GME shall set the date of the same and promptly notify the Market Participant thereof. If the Market Participant does not appear at the hearing and the hearing is not postponed to another date for justified reasons, GME shall make a decision on the basis of the collected evidence. In case of postponement of the hearing, this cannot in any case take place after the tenth day following the date originally set for the same.
- 112.5 Based on the collected evidence, GME shall impose a penalty or dismiss the case 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 the notice referred to in paragraph 112.3.
- 112.6 Where the alleged breaches are such as to seriously threaten the proper operation of the market, GME shall, on a precautionary basis, suspend the Market Participant from the market for the period of time necessary to examine the case.
- 112.7 The penalty, properly supported, or the decision to dismiss the case shall be notified to the Market Participant concerned. Any penalty implemented shall be notified to the Ministry of Economic Development.

Article 113
Graduation of Penalties

- 113.1 Where the breaches are due to the fault of the Market Participant, GME may impose the following penalties:
- a) a private written notice of the violation;
 - b) suspension from the market for a minimum period of five days and a maximum period of one month. In case of recurrence of the violation, the suspension from the market shall be of one month.
- 113.2 If the breaches mentioned in para. 113.1 above have caused disturbances to the proper functioning of the market, GME may suspend the participant from the market for a minimum period of one month and a maximum period of one year. In case of recurrence of the violation, the suspension from the market shall be of one year.
- 113.3 If the breach is due to the intentional wrongdoing of the Market Participant, GME may impose the following penalties:
- a) suspension from the market for a minimum period of six months and a maximum period of eighteen months. In case of recurrence of the violation, the suspension from the market shall be of eighteen months.
 - b) exclusion from the market.

- 113.4 If the breaches mentioned in para. 113.3 above have caused disturbances to the proper functioning of the market, GME may impose the following penalties:
- a) suspension from the market for a minimum period of eighteen months and a maximum period of three years. In case of recurrence of the violation, the suspension from the market shall be of three years.
 - b) exclusion from the market.
- 113.5 As an alternative to the suspension from the market referred to in paras. 113.1 a), 113.2, 113.3 a) and 113.4 a), GME may impose a financial penalty of a minimum of fifty thousand/00 Euro and of a maximum of one hundred million/00 Euro, determined based on the size and severity of the damage resulting from the breach. If the participant has failed to make the payment of the penalty within six months from the date of notice of such disciplinary measure, GME may also suspend the participant from the market until the date of payment of the penalty previously implemented.

Article 114
Suspension for Non-Fulfilment of Notification Obligations
and Non-Payment of Fees

- 114.1 Apart from the cases provided for in Articles 90 and 113 above, GME shall suspend the Participant from the market or impose the financial penalty referred to in Article 113, para. 113.5 in the following cases:
- a) where the Market Participant does not fulfil his/her/its obligation of notification as per Article 19, para. 19.1 above or the information disclosed pursuant to Article 19, paragraph 19.1 does not allow GMW to find the Participant or the latter does not supply the information or the documents required pursuant to Article 18, paragraph 18.2 above. The suspension shall have effect until the date on which GME receives the notice in Article 19, paragraph 19.1 above or the information or document in Article 18, paragraph 18.2 above or until the date on which the participant can be found based on the information disclosed pursuant to Article 19, paragraph 19.1 above;
 - b) where the Market Participant fails to pay the fees specified in Article 7, paras. 7.1 and 7.2 above, according to the provisions of Article 75, para. 75.1 d), Article 77 and Article 100 above. The suspension shall have effect until the date on which the Market Participant fulfils such obligation and, anyway, for a period not exceeding six months; if, upon the expiration of such period, the Market Participant has not paid the fees, the Market Participant shall be suspended from the market.
- 114.2 At the request of Terna, GME shall suspend the Market Participant from the market, if the same Market Participant defaults towards Terna.
- 114.3 Article 114, para. 114.1 b) shall not apply to the Market Participants referred to in Article 15 above.

Article 115
Publication of Penalties

- 115.1 GME shall announce anonymous the implementation of the disciplinary measures referred to in Article 112, paragraph 112.1, subparagraphs b), c) and d), by publishing the same, with the exception of the confidential parts, on its website, after at least thirty days from the notification of the disciplinary measure to the participant concerned, unless the case has been brought forward to the Arbitration Board. In the latter case, the implementation of the disciplinary measures is made public only if confirmed by the Arbitration Board.

Article 116
Challenging Denial of Admission to the ME and Penalties

- 116.1 Without prejudice to Article 132 below, the applicant or Market Participant may file an appeal with the Court of Arbitration against the denial of admission to the market or the penalties imposed under Article 112, para. 112.1 above. The arbitration procedure shall - under penalty of lapse - be initiated within thirty days from the related notice of the relevant denial measure or the penalty.

SECTION II
COMPLAINTS PERTAINING TO THE MARKET

SUBSECTION I COMPLAINTS
PERTAINING TO THE MPE

Article 117
Submission Formalities and Minimum Complaint Contents

- 117.1 Complaints relating to the MPE shall be submitted, under penalty of inadmissibility, in electronic form within the time limits set forth in this Section and using the appropriate forms available in GME's information system.
- 117.2 All complaints shall include, under penalty of inadmissibility, the following elements:
- a) identification code of the disputed bid/offer, as assigned by GME's information system;
 - b) decision of GME which is being disputed;
 - c) concise description of the grounds for the complaint.

Article 118
Complaints about Results of Validation
and Technical Adequacy Verification of Bids/Offers

- 118.1 The Market Participant may dispute the results of the validation and verifications referred to in Articles 29 and 30 above, by sending a notification to GME by 16:00 of the second working day following the one on which such results are notified to the Market Participant.

118.2 The Participant may dispute the results of the checks and verifications referred to in Article 60 ocities, by sending a notification to GME within 60 minutes from the decision of GME.

Article 119
Complaints about Market Results

119.1 The Market Participant may dispute the results of each of the markets making up the MPE, namely the results of the process of acceptance of bids/offers and of determination of the prices at which they have been valued, by sending a notification to GME by 16:00 of the second working day following the one on which such results are notified to the Market Participant.

119.2 The Market Participant may dispute the outcome of the MPEG, namely the results of the process of acceptance of bids/offers and those determining the unit differential price to which such offers/bids are valued, by sending a notice within 60 minutes from the decision of GME.

Article 120
Complaints about Billing Procedures

120.1 The Market Participant may dispute the results of the billing process referred to in Title IV, Section I above, by sending a notification to GME by 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 121
Complaints about Invoicing and Settlement Procedures

121.1 The Market Participant may dispute the results of the invoicing procedures referred to in Title IV, Section II, or the settlement determinations referred to in Title V, Section II, by sending a notification to GME within the limits defined in the Technical Rules.

121.2 In the case referred to in paragraph 121.1 above, GME shall undertake the actions in accordance with the procedures and within the time limits specified in the Technical Rules. Default interest shall be paid on the amounts payable after complaint resolution; the extent of the interest shall be calculated according to the provisions of Article 91 above.

Article 122
Complaint Resolution

122.1 GME shall notify the Market Participant concerned of the outcome of the verifications of the complaints specified in Articles 118, 119, 120 and 121 above, by 16:00 of the second working day following the deadline for submission of such complaints.

- 122.2 Where the Market Participant brings a complaint as specified in Articles 118 and 119 above, in respect of a bid/offer that has been deemed to be invalid, inadequate or rejected in the MGP or MI, and such complaint is upheld because GME is responsible for errors or omissions, and such bid/offer would have been accepted in the absence of GME's disputed decision, then GME shall only pay to such Market Participant a compensation equal to the product, if positive, between the quantity specified in the bid/offer and:
- a) the difference between the balancing-up charges, determined under the applicable provisions, and the price resulting from the market to which the bid/offer refers, if the complaint refers to a demand bid;
 - b) the difference between the price resulting from the market to which the bid/offer refers and the balancing-down charges, determined under the applicable provisions, if the complaint refers to a supply offer and for a maximum amount of EUR one hundred thousand/00..
- 122.3 Where a complaint brought as specified in Articles 118 and 119 above, in respect of a bid/offer that has been deemed to be invalid, inadequate or rejected in the MSD, is upheld because GME is responsible for errors or omissions, and such bid/offer would have been accepted in the absence of GME's disputed decision, then GME shall only pay to the Market Participant concerned a compensation equal to the damage actually incurred and adequately documented by the Market Participant. Anyway, the compensation shall not exceed five per cent of the additional amounts that would have accrued from such bid/offer in the Electricity Market in the absence of such errors or omissions and for a maximum amount of EUR one hundred thousand/00.
- 122.3 bis If a dispute referred to in Article 118 and Article 119, relating to an offer/bid does not proved valid or fair, or not accepted on the MPEP is accepted because the GME's decision disputed appears to have been vitiated by error or omission due to GME, GME itself acknowledges the Participant concerned a sum by way of compensation equal to a maximum of ten thousand euro.
- 122.4 The acceptance of GME's compensation pursuant to paras. 122.2 and 122.3 and 122.3 bis above shall imply the Market Participant's waiver of the dispute settlement remedies referred to in Section III below of this Title.
- 122.5 The limits specified in paras. 122.2 and 122.3 and 122.3 bis above shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions resulting from the arbitration procedures referred to in Article 131 and Article 132, para. 132.2 below.
- 122.6 If a complaint brought as specified in Articles 120 and 121 above is upheld, then GME shall make the related adjustments.
- 122.7 The acceptance of a complaint shall not modify the result of the market session to which it refers.

SUBSECTION II COMPLAINTS PERTAINING TO THE MTE

Article 123

Submission Formalities and Minimum Complaint Contents

- 123.1 Complaints relating to the MTE shall be submitted, under penalty of inadmissibility, in electronic form within the time limits set forth in this Subsection and using the appropriate forms available in GME's information system.
- 123.2 All complaints shall include, under penalty of inadmissibility, the following elements:
- a) identification code of the disputed bid/offer, as assigned by GME's information system;
 - b) decision of GME which is being disputed;
 - c) concise description of the grounds for the complaint.

Article 124

Complaints about Results of Validation and Technical Adequacy Verification of Bids/Offers

- 124.1 The Market Participant may dispute the results of the validation and verifications referred to in Article 66 above, by sending a notification to GME within 60 minutes of GME's decision.

Article 125

Complaints about the Results of the MTE

- 125.1 The Market Participant may dispute the results of the MTE, namely the results of the process of acceptance of bids/offers and of determination of the prices at which they have been valued, by sending a notification to GME within 60 minutes of GME's decision.

Article 126

Complaints about Billing Procedures

- 126.1 The Market Participant may dispute the results of the billing process referred to in Title IV, Section I above, by sending a notification to GME by 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 127

Complaints about Invoicing and Settlement Procedures

- 127.1 The Market Participant may dispute the results of the invoicing procedures referred to in Title IV, Section II, or the settlement determinations referred Title V,

Section II, by sending a notification to GME within the limits defined in the Technical Rules.

- 127.2 In the case referred to in paragraph 127.1 above, GME shall undertake the actions in accordance with the procedures and within the time limits specified in the Technical Rules.
Default interest shall be paid on the amounts payable after complaint resolution. The extent of the interest shall be calculated according to the provisions of Article 91 above.

Article 128
Complaint Resolution

- 128.1 GME shall notify the Market Participant concerned of the outcome of the verifications of the complaints specified in this Subsection by 16:00 of the second working day following the deadline for submission of such complaints.
- 128.2 Where the Market Participant brings a complaint as specified in this Subsection and such complaint is upheld because GME is responsible for errors or omissions, then GME shall only pay to such Market Participant a compensation equal to a maximum of ten thousand euro.
- 128.3 The acceptance of GME's compensation pursuant to para. 128.2 above shall imply the Market Participant's waiver of the dispute settlement remedies referred to in Section III below of this Title.
- 128.4 The limit specified in para. 128.2 above shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions resulting from the arbitration procedures referred to in Section III below.
- 128.5 If a complaint brought as specified in Articles 126 and 127 above is upheld, then GME shall make the related adjustments.
- 128.6 The acceptance of a complaint shall not modify the results of the market session to which it refers.

SUBSECTION III COMPLAINTS
PERTAINING TO THE MCV [repealed]

Article 129
Submission Formalities and Minimum Complaint Contents
[repealed]

Article 130
Complaint Resolution
[repealed]

SECTION III DISPUTES IN THE MARKET

Article 131 Court of Arbitration

- 131.1 Without prejudice to the provisions of Article 132, para. 132.1 below, any dispute arising between GME and Market Participants over the interpretation and application of these Rules and the Technical Rules shall be settled by a Court of Arbitration.
- 131.2 The Court of Arbitration shall be composed of three members: one appointed by GME, one appointed by the Market Participant and a third member, acting as President, appointed jointly by the members appointed by the parties or, in case of disagreement, by the President of the Court of Rome, under Article 810 of the Italian Civil Procedure Code.
- 131.3 The Court of Arbitration shall render its decisions in accordance with the applicable laws and the arbitration procedure shall take place in compliance with Article 806 and subsequent Articles of the Civil Procedure Code.
- 131.4 The Court of Arbitration shall be based in Rome at GME's registered office.
- 131.5 If the participant does not accept the result of verification of the complaints referred to in Article 122, Article 128, Article 130 above, he/it/she may bring forward invoking the Arbitration. In such cases, as well as against the verification of the financial guarantees referred to in Article 79, paragraph 79.9 above, or against the outcome of the verification of the updating letter referred to in Article 80, paragraph 80.6 above, the arbitration procedure shall be promoted, under penalty of forfeiture, within 30 days from the notification of the outcome of the checks, subject of the dispute.

Article 132 Settlement of Disputes

- 132.1 In addition to the cases referred to in Article 89, para. 89.4 above, disputes concerning failure to make payments, including partial payments, for the following items shall be subject to the exclusive jurisdiction of Italian judges:
- a) fees referred to in Article 7, paras. 7.1 and 7.2 above;
 - b) amounts referred to in Article 112, para. 112.1 c) above;
 - c) amount referred to in Article 113, para. 113.5 above.
- 132.2 Without prejudice to the provisions of para. 132.1 above, on request of one of the interested parties, disputes between GME and Market Participants and between Market Participants shall be settled through arbitration procedures in accordance with AEEG's provisions.

**TITLE VIII
FORWARD CONTRACTS AND DERIVATIVES**

***Article 133
Forward Contracts and Derivatives***

- 133.1 GME may promote the development of the trading of financial derivatives on the price of electricity.

**TITLE IX
TRANSITORY AND FINAL PROVISIONS**

**SECTION I TRANSITORY
PROVISIONS**

Article 134

***Transitory Provisions Pertaining to Submission of Bids/Offers into the MGP
[repealed]***

Article 135

Transitory Provisions Pertaining to Guarantees

135.1 [repealed].

135.2 The guarantees posted in the form of first-demand bank guarantees in the previous format of Annex 3 to the Integrated Text of the Electricity Market Rules shall continue to produce their effects only for participation in the MPE and until the expiration of their period of validity and effect. The guarantees posted in the form of first-demand bank guarantees in accordance with the previous Annex 5 to the Integrated Text of the Electricity Market Rules shall continue to produce their effects only for participation in the MPE and PCE and until the expiration of their period of validity and effect. The bank guarantees posted in accordance with the previous Annexes 3 and 5 to the Integrated Text of the Electricity Market Rules may be updated in accordance with Article 80, para. 80.2 above, after having being modified to conform to Annexes 5 and 7 hereto under the modalities defined by GME.

135.3 For the purpose of covering obligations acquired after the entry into force hereof, the guarantees posted in the form of first-demand bank guarantees in formats prior to the one of Annex 3 shall be deemed to be valid and effective also for participation in the MTE, only if such formats are modified to conform to Annex 3 hereto under the modalities defined by GME.

**SECTION II FINAL
PROVISIONS**

Article 136

Functioning of the Information System

136.1 GME may suspend, postpone or close in advance a market sitting or session in case of malfunctioning of its information system.

136.2 With a view to guaranteeing and safeguarding the proper technical functioning, as well as an efficient use of GME's information system and, in general, the proper

functioning of the market, GME may impose limits to the submission, cancellation and modification of bids/offers or trading orders, as well as to the number of logons of each Market Participant or of specific categories of Market Participants to GME's information system.

Article 137

Awardees of Contracts for Provision of Services to the Electricity Market

- 137.1 Parties holding service and/or supply contracts for the implementation of GME's information system for the market shall not be admitted to such market for a period a three years running from the later of the following dates:
- a) the date of GME's take-over of the responsibilities specified in Article 1, para. 3 of Legislative Decree 79/99;
 - b) the date of awarding of the contract.



Annex 1

Market Participation Application

Market Participation Application Form
under art. 12, para. 12.1 a), Integrated Text of the Electricity Market Rules

I, the undersigned...
(name and surname)
born in...on.....
residing in...,
(address)
taxpayer's code..., VAT number...
telephone number..., fax number...
e-mail address...

or

The company.../other...
(company name or registered name)
having its registered office in ...
taxpayer's code..., VAT number...
telephone number..., fax number...
e-mail address...
represented by... in his/her capacity of...
(legal representative or duly authorised person)

WHEREAS

- the organisation, management and operation of the Electricity Market Market are governed by the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules");
- the Technical Rules, referred to in article 4 of the Electricity Market Rules, are posted on GME's website and enter into force upon the date of their publication;

NOW, THEREFORE,

I, the undersigned...
or
the company... /other...
represented by... in his/her capacity of...
(legal representative or duly authorised person)

APPLY/APPLIES

for admission to the following market/s under article 12 of the Electricity Market Rules¹ in accordance with the procedure referred to in article 14 of the Electricity Market Rules.

For this purpose, I, the undersigned.../the company... /other... enclose/encloses the documents mentioned in article 13 of the Electricity Market Rules, which shall be an integral part hereof, as well as a signed copy of the Market Participation Agreement referred to in article 12, 12.1 b) of the Electricity Market Rules in the format enclosed thereto.

I, the undersigned ...
or
the company...../other...
represented by... in his/her capacity of...
(legal representative or duly authorised person)

¹ Admission to the electricity market involves the payment of the fees referred to in Article 7, paragraph 7.1 of the Rules.

- 1) declare/s that I/it have/has read and understood the Electricity Market Rules and the Technical Rules and accept/s to be bound thereby without any condition or reservation;
- 2) declare/s that I/it am/is proficient in the use of information and communication (ICT) technologies and related security systems or that I/it rely/relies on ICT-proficient employees or assistants;

;

- 3) designate/s Mr./Mrs.....whose contact data areas contact person for notifications, if any;
- 4) designate/s the following parties to access GME's Information System on my/its behalf:

for the Spot Electricity Market (MPE)

- a. Mr. /Mrs..., born in..., on..., residing in..., taxpayer's code...telephone number...e-mail address...;
- b. ...
- c. ...

for the Forward Electricity Market (MTE)

- a. Mr. /Mrs..., born in..., on..., residing in..., taxpayer's code...telephone number...e-mail address...;
- b. ...
- c. ...

- 5) (*where applicable*) declare/s that my/its identification code, assigned by *Terna*, is as follows:

- pursuant to EU Regulation 679/2016, no. 196, and subsequent amendments and additions, the personal data shown in this application form will be processed electronically while fulfilling the obligations deriving from it and the obligations under the Rules, so as to ensure the confidentiality and the safety of the data, according to the privacy policy issued under Articles 13 and 14 of the aforementioned EU Regulation 679/2016 and posted on the GME's website (<https://www.mercatoelettrico.org/en/GME/Info/Privacy.aspx>). The Applicant notes the above and gives his/her/its consent to the processing and communication to third parties of personal data in the manner and for the purposes shown in the policy in accordance with local regulations.

Place and date

....

Signature

.....



Annex 2

Market Participation Agreement

**Market Participation Agreement Form,
under article 12, para. 12.1 b) of the Integrated Text of the Electricity Market Rules**

BETWEEN

Gestore dei Mercati Energetici S.p.A., with registered office in Viale Maresciallo Pilsudski, 122-124, 00197 Rome, Italy, taxpayer's code and VAT number 06208031002, represented by ..., in his/her capacity of, (hereinafter referred to as "GME"),

AND

(name and surname) ... *the company/other ... (company name or registered name)*,
residing in/with registered office in ... (address),
taxpayer's code ..., VAT number ...,
represented by ..., in his/her capacity of ..., (hereinafter referred to as the "Contracting Party");

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

WHEREAS

- A) GME is the company (*Società per Azioni*) which was set up in accordance with article 5, para. 1 of Legislative Decree no. 79 of 16 March 1999 (hereinafter referred to as Legislative Decree 79/99) and vested with the economic management of the Electricity Market;
- B) *Terna-Rete Elettrica Nazionale S.p.A.* (hereinafter referred to as "Terna") is the company (*Società per Azioni*) which was set up as a result of the merger of ownership and management/operation of the national power transmission grid in accordance with article 1 of the Decree of the President of the Council of Ministers of 11 May 2004, published in *Gazzetta Ufficiale, Serie Generale*, no. 115 of 18 May 2004, and which exercises the activities of transmission and dispatching of electricity, including the unified management and operation of the national power transmission grid;
- C) *Gestore dei Servizi Energetici-GSE S.p.A.* is the company (*Società per Azioni*) which was set up in accordance with article 3, para. 4 of Legislative Decree 79/99 and of article 1, paras. 1 a), b) and c) and 3 of the above-mentioned Decree of the President of the Council of Ministers;
- D) *Acquirente Unico S.p.A.* is the company, established pursuant to art. 4, paragraph 1 of Decree no. 79/99;
- E) Pursuant to article 5, para. 1 of Legislative Decree 79/99 and after hearing the opinion of *Autorità per l'Energia Elettrica e il Gas* (the Italian electricity & gas regulator – now AEEGSI), the Minister of Industry, Trade and Handicraft approved the Integrated Text of the Electricity Market Rules with his Decree of 9 May 2001, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127, dated 4 June 2001 (hereinafter referred to as "Ministerial Decree of 9 May 2001");
- F) Pursuant to article 2, para. 2.3 of the Integrated Text of the Electricity Market Rules referred to in the Ministerial Decree of 9 May 2001 and after hearing the opinion of Electricity and Gas Authority, now AEEGSI, the Minister of Productive Activities approved the amendments to the Integrated Text of the Electricity Market Rules with his Decree of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003 (hereinafter referred to as the "Electricity Market Rules");
- G) Pursuant to article 12, para. 12.1 b) of the Electricity Market Rules, a party wishing to participate in the market shall submit to GME a signed copy of *Contratto di adesione al mercato* (Market Participation Agreement, hereinafter referred to as the "Agreement");
- H) The Technical Rules referred to in article 4 of the Electricity Market Rules shall be published on the website of GME and become effective as of the date of their publication;
- I) For the purposes and effects of the Electricity Market Rules, GME shall be the counterparty of Market Participants in the energy markets;

- J) For the purposes and effects of the Electricity Market Rules, Terna shall be the counterparty of Market Participants in the Ancillary Services Market (MSD);

NOW, THEREFORE,

the Parties agree as follows:

Article 1

Scope of the Agreement and Validity of the Whereas

- 1.1 This Agreement defines:
- a) the Contracting Party's rights and obligations towards GME;
 - b) the terms and conditions on which GME shall provide its services in connection with transactions in the Electricity Market (hereinafter referred to as the "Services").
- 1.2 The Whereas shall be an integral and essential part hereof.

Article 2

Obligations of the Contracting Party

- 2.1 The Contracting Party declares that it is aware of and accepts, without condition or reservation, the rules of the Electricity Market (hereinafter jointly referred to as the "Market") as they result from the applicable legislation. The Contracting Party also declares that it fully understands GME's information system (hereinafter referred to as the System) in its present configuration or that, in any case, it undertakes to do so.
- 2.2 The Contracting Party undertakes:
- a) to comply with the Electricity Market Rules and the Technical Rules and to keep itself updated with any amendments thereto. It is understood that, where the Contracting Party does not intend to accept any amendments to the Electricity Market Rules or to the Technical Rules, it may withdraw herefrom, giving notice according to the procedures and to the address specified in article 9, para. 9.6 below. However, the withdrawal shall have effect only after the Contracting Party has carried out transactions of opposite sign in order to close its contractual positions in the Forward Electricity Market existing upon submission of the request for withdrawal and, in any case, only after the Contracting Party has fulfilled obligations arising from participation in the Market. Fifteen days after the legal publication of such amendments, where the Contracting Party has not given notice of its intent to withdraw herefrom, such amendments shall be assumed to have been tacitly accepted. Except for transactions made to give effect to the withdrawal, any transaction carried out in the Market before the end of the above period shall be understood as tacit acceptance of the new terms and conditions. In no case may such amendments constitute a valid reason for the Contracting Party to default on obligations acquired in the Market;
 - b) to adopt technological systems that are suitable for trading and compatible with the System, as well as to update them as a result of any modification as GME may make to the same System;
 - b *bis*) to adopt technological systems suitable for issuing invoices for the transactions made in the Market, compatible with the System and ensuring a correct, timely and secure exchange of the data and information transmitted electronically, under the procedures and within the time limits specified in the Electricity Market Rules and in the Technical Rules;
 - c) to employ staff with adequate professional skills and competence in the use of the technological systems referred to in subpara. b) above;
 - d) to join the service of settlement of payments and the guarantee systems specified in Title V of the Electricity Market Rules;

- e) to notify GME timely and, where possible, in good time for GME to make any necessary corrective actions for the purposes of guaranteeing the proper functioning of the Market, of any problem or operational malfunction of a technical nature or any other event which has resulted or might result in the failure to provide or incorrect provision of the Services. In particular, the Contracting Party shall notify GME with the maximum speed and according to the procedures specified in article 9, para. 9.6 below, of the occurrence of any event even potentially dangerous for the integrity and security of the System (including but not limited to the theft of confidential documents regarding access to the System or unauthorised access to the Contracting Party's premises where such documents are kept);
- f) to co-operate with GME or with third parties designated by the same, also permitting access of their employees or assistants to the Contracting Party's premises for carrying out any operations on the Contracting Party's hardware and software as may be necessary to ensure the proper functioning of the Market. It is understood that, pursuant to article 2049 of the Italian Civil Code, GME shall be liable for any damage caused upon such operations;
- g) to respect GME's rights of ownership on the data transmitted through the System and on the trademarks registered or used by the same, as well as GME's or third-party suppliers' rights of ownership on the software programmes used for the carrying out of the Services;
- h) to maintain confidentiality and privacy as regards the devices referred to in article 4, para. 4.1 below or permit their use by specifically designated parties solely for access to and trading in the Market. The Contracting Party shall thus be liable for unauthorised access to the Market by third parties and hold GME harmless against any damage or danger to the integrity or security of the System that may result from the negligence of the Contracting Party or of its staff in the safekeeping of such devices.
- i) to timely ask GME to disable the devices referred to in subpara. h) above and to assign new or different devices in all cases where the Contracting Party has reason to believe that unauthorised parties may make an improper use thereof;
- j) to hold GME harmless against any damage or cost as GME may incur, also as a result of actions of third parties, caused by the actions or conduct of the Contracting Party, as well as of its staff members, assistants or consultants, if any, in violation of this Agreement, of the Electricity Market Rules and of the Technical Rules and of any other legislative provisions or regulations, or instruments and provisions issued by GME or competent authorities.

Article 3
Services of GME

- 3.1 The Services shall be supplied by GME to the Contracting Party in compliance with this Agreement, the Electricity Market Rules and the Technical Rules. The obligations of GME as regards the supply of the Services shall constitute “obligations of means”.
- 3.2 GME shall give the Contracting Party the necessary co-operation for access to the System, namely in accordance with what is specified in the Technical Rules. It is understood that the carrying out of activities and the provision of the necessary means of access shall be the exclusive responsibility and at the sole expense of the Contracting Party.
- 3.3 GME may modify technical, functional, operational and administrative procedures for the supply of the Services, as a result of amendments to the Electricity Market Rules or Technical Rules.
- 3.4 Without prejudice to what is provided for in the Electricity Market Rules and Technical Rules, if the supply of the Services is interrupted, suspended, delayed or subject to malfunctions caused by technical problems with the System, GME shall do whatever is necessary to overcome such disservices. It is understood that if the aforesaid events result from technical problems with the hardware or software used by the Contracting Party to access the System, the Contracting Party shall eliminate the relative causes with the maximum speed. GME and the Contracting Party shall co-operate within the scope of their responsibilities to identify the causes of interruptions, suspensions, delays or malfunctions and to restore the proper functioning of the System as soon as possible.
- 3.5 GME shall be responsible for the correct management and transmission of data and information entered by third parties into the System or resulting from the Market. GME and the Contracting Party agree that GME’s obligations shall not include the checking of the truthfulness, accuracy and completeness of data and information provided by third parties and made available to the Contracting Party as part of the provision of the Services.
- 3.6 GME and the Contracting Party agree that GME is not responsible for non-functioning or malfunctioning of lines of communication (for example, telephone lines), as well as of access to the Internet.
- 3.7 The Contracting Party agrees that GME may make use of third parties designated by GME for the supply of the Services, while it is understood that in every case, the contractual relationship shall be exclusively between the Contracting Party and GME.
- 3.8 GME undertakes to respect the Contracting Party’s rights of ownership on the data transmitted through the System and on the trademarks registered or used by the Contracting Party and made known to GME.
- 3.9 GME shall hold the Contracting Party harmless against any damage or cost as the Contracting Party may incur, also as a result of actions of third parties, caused by the actions or conduct of GME or of its staff members, assistants or consultants in the management and supply of the Services which are in violation of this Agreement, the Electricity Market Rules or Technical Rules, as well as of any other legislative provision or regulation applicable hereto.

Article 4
Means of access to the System

- 4.1 For the purpose of accessing the System, the Contracting Party shall use the technical security devices indicated by GME, such as, for example, the user code together with password, smart card or other means of strong authentication.
- 4.2 Access to the System shall take place in compliance with the provisions specified in the Technical Rules.

Article 5
Consideration

- 5.1 For the Services supplied in accordance herewith, the Contracting Party shall pay the fees determined by GME under article 7 of the Electricity Market Rules and the procedures referred to in articles 75 and 77 thereof.
- 5.2 Where the System is totally disabled and such as to prevent the Contracting Party from carrying out transactions in the Market, the fees referred to in para. 5.1 above shall be reduced proportionally to the period in which such disabling has occurred.

Article 6
Limitation of liability, force majeure and fortuitous events

- 6.1 Notwithstanding the provisions of the Electricity Market Rules, GME shall, in carrying out the Services, be liable for damages of a contractual and extra-contractual nature, exclusively when they constitute the immediate and direct consequence of wilful or serious misconduct and, in the latter case, are foreseeable upon the date of the signing of this Agreement. The Parties agree that there shall be no obligation of compensation or indemnity for damages that are an indirect or unpredictable consequence of the conduct of GME, including but not limited to damages resulting from the loss of business opportunities, customers or profits.
- 6.2 The Contracting Party shall notify GME, under penalty of lapse of time limit, of any claim to compensation relating to the supply of the Services within and not later than fifteen working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the occurrence of the damaging event, providing a detailed report of the circumstances of the damaging event and of the damages so produced. The relative documentation in support of the claim shall be transmitted to GME within and not later than twenty working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the occurrence of the damaging event.
- 6.3 GME and the Contracting Party shall not be liable for default due to force majeure, fortuitous cases, or events beyond their control, including but not limited to wars, uprisings, earthquakes, floods, fires, strikes, interruptions in electricity supply or in operation of the data transmission lines which are part of the System, when such interruptions are exclusively the fault of third parties.
- 6.4 GME may, in cases of force majeure or fortuitous events, and, in general, in all cases where the operations of the Contracting Party may potentially damage the integrity or security of the System, suspend access to the System without the necessity of prior notification of the circumstances giving rise to the suspension.

Article 7
Duration

- 7.1 This Agreement shall be valid and effective from the date of submission of the Market Participation Application.
- 7.2 This Agreement will cease to have validity and effect upon the occurrence of one of the following events:
- a) exclusion of the Contracting Party from the Market;
 - b) total disabling of the System as a result of amendments to the applicable rules;
 - c) Contracting Party's withdrawal herefrom.
- 7.3 The dissolution of the Agreement under this Article shall not impair any other right of either party under the Agreement or under the applicable legislation, and any right or obligation of either party that has already arisen upon the date of dissolution.

Article 8
Termination

- 8.1 Any loss for whatever reason of the status of Market Participant, as acquired in accordance with article 14 of the Electricity Market Rules, shall constitute reason for *de jure* termination of this Agreement pursuant to article 1456 of the Italian Civil Code, notwithstanding the right of GME to withhold the fixed fee specified in article 77, para. 77.2 of the Electricity Market Rules by way of indemnity and any other further right to compensation for any additional damages.

Article 9
General Clauses

- 9.1 The invalidity or nullity of one or more of the clauses of this Agreement shall not affect the validity of the remaining clauses, which shall retain in every case their full force and effect.
- 9.2 This Agreement and the rights and obligations for the Parties resulting therefrom shall not be assigned to third parties unless otherwise specified herein.
- 9.3 Notwithstanding the provisions of article 6, para. 6.2 above, failure or delay by either Party to exercise the rights arising herefrom shall not represent a waiver of such rights.
- 9.4 This Agreement, signed and initialled on each page by the Parties, is done in two originals in the Italian language. Any amendment hereto shall be made in written form.
- 9.5 For the purposes of this Agreement, the Parties elect domicile at the following addresses:
- Gestore dei Mercati Energetici S.p.A., Viale Maresciallo Pilsudski, 122-124, 00197 Rome, Italy
-
- 9.6 Every communication or notification to be made in accordance herewith shall be made in writing and delivered by hand, even by courier or sent by registered letter with return receipt, or by fax or by e-mail with acknowledgment of receipt, to the following addresses:
Gestore dei Mercati Energetici S.p.A., Viale Maresciallo Pilsudski, 122-124, 00197 Rome, Italy
- fax number +39 06 8012 4524; e-mail address info@mercatoelettrico.org;
- ... (*address*)
fax number ..., e-mail address ...
- 9.7 Communications shall be deemed to have been received upon the date of signature of their receipt of delivery, if delivered by hand, or when they reach the receiver's address, if sent by registered letter with return receipt, or upon the date of receipt recorded by the fax machine if sent by fax, or upon the date of receipt of the acknowledgement of receipt, if sent by e-mail.

Article 10
Governing Law

- 10.1 This Agreement shall be governed by the Italian law.

Article 11
Disputes

11.1 Any dispute arising between GME and the Contracting Party in connection herewith shall be settled in accordance with the provisions contained in Title VII of the Electricity Market Rules, which shall be deemed to be integrally referenced and transcribed herein.

GME

the Contracting Party

....

.....

For the purposes and effects of Articles 1341 and 1342 of the Italian Civil Code, I hereby specifically approve the following clauses of the Agreement: Article 2 (Obligations of the Contracting Party); Article 3 (Services of *GME*); Article 6 (Limitation of liability, Force Majeure and Fortuitous events); Article 7 (Duration); Article 8 (Termination); Article 9 (General Clauses); Article 10 (Governing Law) and Article 11 (Disputes).

The Contracting Party

.....

Rome, (*date*)



Annex 3

Bank Guarantee

Electricity Market

**Bank Guarantee Form,
under article 79, para. 79.1 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 122-124,
00197 Rome, Italy

(place) ..., (date) ...

Bank guarantee (ref. no. ...)

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. ... of the Register of Companies (*Registro delle Imprese*) and at no. ... of the Register of Banks (*Albo delle Banche*), capital stock Euro ..., represented by its legal representatives ... (hereinafter referred to as the "Bank"),

WHEREAS

- ... (*surname and name/company name or registered name*), ... (*date and place of birth*), ... (*place of residence and, if different, domicile/registered office*)
taxpayer's code....., VAT number ...
capital stock Euro ..., of which ... (*subscribed*), of which ... (*paid-up*), registered with (hereinafter referred to as the "Market Participant" or "Applicant"), is
 - an Electricity Market Participant included in the Register of Market Participants pursuant to article 16 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001 and published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules"). In accordance with article 12, para. 12.1 b) of the Electricity Market Rules, the Market Participant has signed the Market Participation Agreement, in the format attached to the aforesaid Rules, on ...(*date*). As a result, the Market Participant has acquired all the financial obligations towards *Gestore dei Mercati Energetici S.p.A* (hereinafter referred to as "GME") in the Day-Ahead Market (MGP), Intra-Day Market (MI), Daily Products Market (MPEG), and Forward Electricity Market (MTE) (hereinafter jointly defined as the "energy markets");
 - (*to be completed only if the guarantee is to be extended to obligations contracted towards GME on the PCE*) a Participant in the OTC Registration Platform (hereinafter referred to as the "PCE") included in the List of Participants, as per article 23 of the Rules Governing the OTC Registration Platform (hereinafter referred to as the "PCE Rules"), successfully verified by the Director of Markets of *Autorità per l'Energia Elettrica e il Gas* (the Italian electricity & gas regulator, hereinafter referred to as "AEEG") with resolution of 7 February 2007. In accordance with article 18, para. 18.1 b) of the PCE Rules, the Participant has signed the PCE Participation Agreement, in the format attached to the same Rules, on ...(*date*). As a result, the Participant has acquired financial obligations towards Gestore dei Mercati Energetici S.p.A (hereinafter referred to as "GME") on the PCE; these obligations, in respect of which GME is the counterparty of the same Participant, include but are not limited to transmission capacity fees (CCT), payments of default interest and of redemption fees;
- as per article 79, para. 79.1 of the Electricity Market Rules, for the purpose of submitting adequate bids/offers in the energy markets and requests for registration onto the PCE, Participants may post a bank guarantee issued by banks meeting the requirements specified in the same article 79, para. 79.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in article 78 of the Electricity Market Rules), which shall verify the bank guarantee;
- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all prior and future obligations towards GME, in connection with its

participation in the energy markets and in the PCE, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules and article 7 of the PCE Rules (hereinafter referred to as “prior and future obligations”);

- “prior obligations” shall mean all those obligations - even if they are not yet liquid and/or payable - that have already been acquired at the time of effect of this bank guarantee; “future obligations” shall mean all those obligations acquired after such time.

NOW, THEREFORE,

the Bank issues this guarantee in favour of GME on the terms and conditions indicated below and, anyway, in accordance with the Electricity Market Rules and the PCE Rules.

Article 1
(Validity and effect of the bank guarantee)

The bank guarantee shall be valid and effective from ... and not subject to any condition, provided that the verification conducted by the bank in charge of treasury services under article 79, para. 79.6 of the Electricity Market Rules has had a positive outcome.

Article 2
(Waiver of preventative redemption)

The Bank shall - irrevocably and formally waiving the benefit of preventative redemption as specified in article 1944 of the Italian Civil Code - guarantee the fulfilment of all of the Market Participant's “prior obligations” and “future obligations” towards GME arising from participation in the energy markets and in the PCE.

Article 3
(No assessment of the Market Participant's credit worthiness)

The Bank agrees and declares that, as the obligations mentioned in article 2 above arise from participation in the energy markets and in the PCE, they do not involve GME's prior assessment of the Market Participant's credit worthiness, notwithstanding that this letter also represents a special authorisation granted by the Bank to GME for the purposes and effects of article 1956 of the Italian Civil Code.

Article 4
(Substitution in the bank guarantee contract during the transitional period)

If GME is guaranteed by other guarantees that the Market Participant has previously posted in favour of GME to cover obligations acquired in the energy markets and in the PCE and that have been issued in formats other than the present one, then this bank guarantee may substitute the previous guarantees, provided that: i) the guarantee is posted for an amount at least equal to the amount of the “prior obligations”; and ii) the Market Participant submits an appropriate application to GME and to the bank in charge of treasury services upon the submission of this bank guarantee. The substitution shall relieve the previous bank guarantee issuer of its obligations.

Otherwise, this bank guarantee shall not impair the validity and effect of the previous guarantees. In this case, the prior guarantees and this bank guarantee issued to GME shall merely cumulate, without relieving the guarantors of their obligations, notwithstanding the fact that GME may preliminarily redeem the prior guarantees. Moreover, this bank guarantee shall cover the “prior obligations” and the “future obligations” even in case of guarantees preceding this bank guarantee.

Article 5
(Substitution and succession of bank guarantees over time)

The provisions on substitution and succession of the guarantees over time, referred to in Article 4 above, shall also apply to the cases of multiple bank guarantees that are posted in this format. However, the subsequent guarantor shall waive the benefit of preventative redemption of the previous guarantor.

Article 6
(Extension of the Bank's liability)

Notwithstanding the provisions of Article 1 above, where the Bank loses one of the qualifications required by the applicable legislation and by the Electricity Market Rules for issuing and maintaining the bank guarantees referred to in article 79 of the Electricity Market Rules, the Bank shall continue to be liable for all the obligations acquired by the Market Participant until that time and until the same Participant replaces this bank guarantee with another appropriate guarantee.

Article 7
(First-demand payment)

As an effect of the provisions of Article 2 above, the Bank shall - irrevocably and without delay - pay any amount, without examining the reasons for the request for payment and without raising any exception and/or objection and in spite of any exception, complaint or objection made by the Market Participant and/or third parties (including other guarantors of the same Participant) in connection therewith, upon the submission of a mere written request by GME, up to a maximum total amount of Euro ...

Article 8
(Modalities of payment by the Bank)

After receiving the request referred to in Article 7 above, to be sent by registered letter with return receipt, preceded by a fax to fax no... or by e-mail with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days of the date of receipt of the registered letter with return receipt and with value date on the same day, by means of bank transfer (Sepa Credit Transfer with Priority former: *bonifico di importo rilevante [BIR]*) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.

Article 9
(Derogation from the provisions of Article 1957 of the Italian Civil Code)

The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of article 1957 of the Italian Civil Code, notwithstanding that, by way of derogation from such article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not diligently persisted in such request.

Article 10 (Partial redemption)

This guarantee may also be partially redeemed, but it shall remain valid and effective for the residual amount.

Article 11
(Autonomy of the bank guarantee)

By way of derogation from article 1939 of the Italian Civil Code, this guarantee shall be valid and effective even if the Market Participant's principal obligation towards GME is declared invalid or ineffective or if it is modified in any form, even unilaterally only, by GME.

Article 12
(Waiver of the rights covered by Articles 1945, 1947 and 1955 of the Italian Civil Code)

The Bank hereby explicitly and irrevocably waives its rights in accordance with Articles 1945, 1947 and 1955 of the Italian Civil Code.

Article 13
(Waiver of claims or actions)

The Bank explicitly waives any defence, exception, right to compensation, claim or action towards GME in connection with the obligations arising herefrom, including but not limited to any defence, exception, compensation, claim or action that the Applicant may in any way institute against GME.

Article 14
(Delegation of the rights covered by this bank guarantee)

The Bank hereby accepts that GME's rights of redemption of this guarantee be exercised by GME or a party specially authorised in writing by GME.

Article 15
(Waiver of the bank guarantee by GME)

GME may at any time and in its sole judgement waive this bank guarantee, by notifying the Bank and the Market Participant's thereof and with effect from 24:00 of the working day on which the Bank receives such notification. In this case, the Bank shall be liable for all the obligations acquired by the Market Participant until that time.

Article 16
(Unilateral withdrawal by the Bank)

The Bank may withdraw from this bank guarantee, by notifying GME and the bank in charge of GME's treasury services thereof by registered letter with return receipt. The withdrawal from the bank guarantee shall have effect and the bank guarantee shall cease ten days after receipt of the notification by GME.

Article 17 (Effects of withdrawal)

GME shall notify the Bank of the amount of obligations, even if they are not yet liquid and/or payable, contracted until the time of effect of the withdrawal, specifying the related reference period.

The bank shall be liable for all obligations, even if they are not yet liquid and/or payable, contracted until the time of effect of the withdrawal, if the Market Participant does not submit to GME a guarantee to cover such obligations.

Article 18
(Notifications)

Notwithstanding the provisions of Article 8 above, all communications or notifications shall be made by registered letter with return receipt or by e-mail with acknowledgment of receipt or by fax to the following addresses:

.... (surname and name/company name or registered name), ...(address)

e-mail address ...

Communications or notifications shall be deemed to have been received upon their arrival at the receiver's address, if sent by registered letter with return receipt, or upon the date of acknowledgement of receipt, if sent by e-mail, or upon the date of the message of confirmation, if sent by fax.

Article 19
Jurisdiction

13. The Court of Rome shall have exclusive jurisdiction over any dispute arising herefrom.

Registered Name of the Bank

Signatures of its Proxy Holders

For the purposes and effects of articles 1341 and 1342 of the Italian Civil Code, the Bank hereby specifically approves the clauses and conditions specified in Articles 2 (*Waiver of preventative redemption*), 4 (*Substitution in the bank guarantee contract during the transitional period*), 5 (*Substitution and succession of bank guarantees over time*), 6 (*Extension of the Bank's liability*), 7 (*First-demand payment*), 9 (*Derogation from the provisions of Article 1957 of the Italian Civil Code*), 10 (*Partial redemption*), 11 (*Autonomy of the bank guarantee*), 12 (*Waiver of the rights specified in Articles 1945, 1947 and 1955 of the Italian Civil Code*), 13 (*Waiver of claims or actions*) and 19 (*Jurisdiction*) of this bank guarantee.

The Bank

N.B.: the signatures of the proxy holders shall be certified in accordance with the applicable legislation.



Annex 4

Updating of Bank Guarantee

Electricity Market

**Letter for Updating the Amount of Bank Guarantees,
under article 80, para. 80.2 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 122-124,
00197 Rome, Italy

(place) ... (date) ...

Letter updating the bank guarantee issued on ... , ref. no. ...

The bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. of the Register of Companies (*Registro delle Imprese*) and at no.of the Register of Banks (*Albo delle banche*), with capital stock of Euro ..., represented by its legal representatives ... (hereinafter the Bank),

GRANTS

to ...(*Market Participant*)

- the modification of the maximum amount guaranteed by the bank guarantee issued on ..., ref. no. ..., to take effect from ...(*date*). As a result, the amount guaranteed by the aforesaid bank guarantee shall be equal to Euro ...

The terms and conditions stated in the bank guarantee letter issued on ... , ref. no. ..., shall remain valid.

Registered Name of the Bank
Signatures of its Proxy Holders

N.B.: the signatures of the proxy holders shall be certified in accordance with the applicable legislation.



Annex 5

Bank Guarantee

Spot Electricity Market

**Bank Guarantee Form,
under article 79, para. 79.1 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 122-124,
00197 Rome, Italy

(place) ..., (date) ...

Bank guarantee (ref. no. ...)

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. ... of the Register of Companies (*Registro delle Imprese*) and at no. ... of the Register of Banks (*Albo delle Banche*), capital stock Euro ..., represented by its legal representatives ... (hereinafter referred to as the "Bank"),

WHEREAS

- ... (*surname and name/company name or registered name*), ... (*date and place of birth*), ... (*place of residence and, if different, domicile/registered office*)
taxpayer's code....., VAT number ...
capital stock Euro ..., of which ... (*subscribed*), of which ... (*paid-up*), registered with (hereinafter referred to as the "Market Participant" or "Applicant"), is an Electricity Market Participant included in the Register of Market Participants pursuant to article 16 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001 and published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules");
- in accordance with article 12, para. 12.1 b) of the Electricity Market Rules, the Market Participant has signed the Market Participation Agreement, in the format attached to the aforesaid Rules, on ...(*date*);
- for the purposes and effects of article 35, para. 35.1, and article 45, para. 45.1 and 60 bis, para. 60 bis. 2 of the Electricity Market Rules, the Market Participant has acquired financial obligations towards *Gestore dei Mercati Energetici S.p.A* (hereinafter referred to as "GME") in the Day-Ahead Market (MGP), Intra-Day Market (MI), and Daily Products Market (MPEG) (hereinafter jointly defined as the "markets");
- as per article 79, para. 79.1 of the Electricity Market Rules, for the purpose of covering obligations acquired in the markets, Market Participants are required to post a bank guarantee issued by banks meeting the requirements specified in the same article 79, para. 79.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in article 78 of the Electricity Market Rules), which shall verify the bank guarantee;
- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all obligations towards GME, in connection with its participation in the markets, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules;

NOW, THEREFORE,

the Bank issues this guarantee in favour of GME on the terms and conditions indicated below and, anyway, in accordance with the Electricity Market Rules.

1. The bank guarantee shall be valid and effective from ... to
2. The Bank shall - irrevocably, unconditionally and formally waiving the benefit of preventative redemption as specified in article 1944 of the Italian Civil Code - guarantee the fulfilment of all of the Market Participant's obligations towards GME arising from its participation in the markets, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules, in the period of validity and effect of this bank guarantee.
3. Notwithstanding the provisions of point 1 above, where the Bank loses one of the qualifications required for issuing bank guarantees or where the Bank - in case of redemption of the bank guarantee issued under article 79, para. 79.1 of the Electricity Market Rules – fails to pay the guaranteed amount, this bank guarantee shall be valid until the end of the invoicing period following the one in which such loss or failure to pay has occurred. It is understood that the Bank shall be liable not only for the Applicant's obligations acquired until such date but also for any other obligation which may be connected with this bank guarantee and which may subsequently arise.
4. As an effect of the provisions of point 2 above, the Bank shall - irrevocably and without delay - pay any amount, without examining the reasons for the request for payment and in spite of any exception, complaint or objection made by the Market Participant in connection therewith, upon the submission of a mere written request by GME, up to a maximum total amount of Euro ...
5. After receiving the request referred to in point 4 above, to be sent by registered letter with return receipt, preceded by a fax to fax no..... or by e-mail message with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days of the date of receipt of the registered letter with return receipt and with value date on the same day, by means of bank transfer (Sepa Credit Transfer with Priority former: *bonifico di importo rilevante [BIR]*) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.
6. The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of article 1957 of the Italian Civil Code, notwithstanding that, by way of derogation from such article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not persisted in such request.
7. This guarantee may also be partially redeemed, but it shall remain valid and effective for the residual amount.
8. By way of derogation from article 1939 of the Italian Civil Code, this bank guarantee shall be valid and effective even if the Market Participant's principal obligation towards GME is declared invalid.
9. The Bank hereby explicitly and irrevocably waives its rights in accordance with Articles 1945, 1947 and 1955 of the Italian Civil Code.
10. The Bank explicitly waives any defence, exception, right to compensation, claim or action towards GME in connection with the obligations arising herefrom, including but not limited to any defence, exception, compensation, claim or action that the Applicant may in any way institute against GME.
11. The Bank hereby accepts that GME's rights of redemption of this bank guarantee be exercised by GME or a party specially authorised by GME.
12. Notwithstanding the provisions of point 5 above, all communications or notifications shall be made by registered letter with return receipt or by e-mail with acknowledgment of receipt or by fax to the following addresses:

.... (surname and name/company name or registered name), ...(address)
e-mail address ... fax no.....

Communications or notifications shall be deemed to have been received upon their arrival at the receiver's address, if sent by registered letter with return receipt, or upon the date of acknowledgement of receipt, if sent by e-mail, or upon the date of acknowledgement of receipt, if sent by fax.

13. The Court of Rome shall have exclusive jurisdiction over any dispute arising herefrom.

Registered Name of the Bank

Signatures of its Legal Representatives

For the purposes and effects of articles 1341 and 1342 of the Italian Civil Code, the Bank hereby specifically approves the clauses and conditions specified in points 2 (*Waiver of preventative redemption*), 3 (*Extension of the Bank's liability*), 4 (*First-demand payment*), 6 (*Derogation from the provisions of Article 1957 of the Italian Civil Code*), 7 (*Partial redemption*), 8 (*Derogation from validity*), 9 (*Waiver of the rights specified in Articles 1945, 1947 and 1955 of the Italian Civil Code*), 13 (*Waiver of claims or actions*) and 13 (*Jurisdiction*) of this bank guarantee.

The Bank

N.B.: the signatures of the legal representatives shall be certified in accordance with the applicable legislation.



Annex 6

Updating of Bank Guarantee

Spot Electricity Market

**Letter for Updating the Amount of Bank Guarantees,
under article 80, para. 80.2 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 122-124,
00197 Rome, Italy

(place) ... (date) ...

Letter updating the bank guarantee issued on ... , ref. no. ...

The bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. of the Register of Companies (*Registro delle Imprese*) and at no.of the Register of Banks (*Albo delle banche*), with capital stock of Euro ..., represented by its legal representatives ... (hereinafter the Bank),

GRANTS

to ...(*Market Participant*)

- the modification of the maximum amount guaranteed by the bank guarantee issued on ..., ref. no. ..., to take effect from ...(*date*). As a result, the amount guaranteed by the aforesaid bank guarantee shall be equal to Euro ...

and/or

- the modification of the period of validity and effect referred to in point 1 of the same bank guarantee. As a result, the bank guarantee shall be valid and effective until.....

The terms and conditions stated in the bank guarantee letter issued on ... , ref. no. ..., shall remain valid.

Registered Name of the Bank
Signatures of its Legal Representatives

N.B.: the signatures of the legal representatives shall be certified in accordance with the applicable legislation.



Annex 7

Integrated Bank Guarantee

Spot Electricity Market and OTC Registration Platform

**Bank Guarantee Form,
under article 79, para. 79.1 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 122-124,
00197 Rome, Italy

(place) ..., (date) ...

Bank guarantee (ref. no. ...)

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. ... of the Register of Companies (*Registro delle Imprese*) and at no. ... of the Register of Banks (*Albo delle Banche*), capital stock Euro ..., represented by its legal representatives ... (hereinafter referred to as the "Bank"),

WHEREAS

- ... (*surname and name/company name or registered name*), ... (*date and place of birth*), ... (*place of residence and, if different, domicile/registered office*)
taxpayer's code....., VAT number ...
capital stock Euro ..., of which ... (*subscribed*), of which ... (*paid-up*), registered with (hereinafter referred to as the "Market Participant" or "Applicant"), is an Electricity Market Participant included in the Register of Market Participants pursuant to article 16 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001 and published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules");
- the Applicant is a Participant of the OTC Registration Platform (hereinafter referred to as the "PCE") in accordance with article 23 of the Rules Governing the PCE (hereinafter referred to as the "PCE Rules"), successfully verified by the Director of Markets of *Autorità per l'Energia Elettrica e il Gas* (hereinafter referred to as "AEEG" – the Italian electricity & gas regulator) with resolution of 7 February 2007;
- as per article 12, para. 12.1 b) of the Electricity Market Rules, the Market Participant has signed the Market Participation Agreement, in the format attached to the aforesaid Rules, on ...(*date*);
- as per article 18, para. 18.1 of the PCE Rules, the Market Participant has signed the PCE Participation Agreement, in the format attached to the aforesaid Rules;
- for the purposes and effects of article 35, para. 35.1, and article 45, para. 45.1 and 60 bis, para. 60 bis.2 of the Electricity Market Rules, the Market Participant has acquired financial obligations towards *Gestore dei Mercati Energetici S.p.A* (hereinafter referred to as "GME") in the Day-Ahead Market (MGP), Intra-Day Market (MI), and Daily Products Market (MPEG) (hereinafter jointly defined as the "markets");
- for the purposes and effects of article 57, para. 57.1 of the PCE Rules, the Market Participant has acquired financial obligations towards GME in respect of transmission capacity fees ("CCT"), default interest and redemption fees;
- as per article 79, para. 79.1 of the Electricity Market Rules, for the purpose of covering obligations acquired in the markets and on the PCE, Participants may post a bank guarantee issued by banks meeting the requirements specified in article 79, para. 79.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in article 78 of the Electricity Market Rules), which shall verify the bank guarantee;
- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all obligations towards GME, in connection with its participation in

the markets and in the PCE, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules and in article 7, para. 7.1 of the PCE Rules;

NOW, THEREFORE,

the Bank issues this guarantee in favour of GME on the terms and conditions indicated below and, anyway, in accordance with the Electricity Market Rules and PCE Rules.

1. The bank guarantee shall be valid and effective from ... to
2. The Bank shall - irrevocably, unconditionally and formally waiving the benefit of preventative redemption as specified in article 1944 of the Italian Civil Code - guarantee the fulfilment of all of the Market Participant's obligations towards GME arising from its participation in the markets and in the PCE, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules and in article 7, para. 7.1 of the PCE Rules, in the period of validity and effect of this bank guarantee.
3. Notwithstanding the provisions of point 1 above, where the Bank loses one of the qualifications required for issuing bank guarantees or where the Bank - in case of redemption of the bank guarantee issued under article 79, para. 79.1 of the Electricity Market Rules and article 56, para. 56.1 b) of the PCE Rules - fails to pay the guaranteed amount, this bank guarantee shall be valid until the end of the invoicing period following the one in which such loss or failure to pay has occurred. It is understood that the Bank shall be liable not only for the Applicant's obligations acquired until such date but also for any other obligation which may be connected with this bank guarantee and which may subsequently arise.
4. As an effect of the provisions of point 2 above, the Bank shall - irrevocably and without delay - pay any amount, without examining the reasons for the request for payment and in spite of any exception, complaint or objection made by the Market Participant in connection therewith, upon the submission of a mere written request by GME, up to a maximum total amount of Euro ...
5. After receiving the request referred to in point 4 above, to be sent by registered letter with return receipt, preceded by a fax to fax no.....or by e-mail message with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days of the date of receipt of the registered letter with return receipt and with value date on the same day, by means of bank transfer (Sepa Credit Transfer with Priority former: *bonifico di importo rilevante [BIR]*) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.
6. The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of article 1957 of the Italian Civil Code, notwithstanding that, by way of derogation from such article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not persisted in such request.
7. This guarantee may also be partially redeemed, but it shall remain valid and effective for the residual amount.
8. By way of derogation from article 1939 of the Italian Civil Code, this bank guarantee shall be valid and effective even if the Market Participant's principal obligation towards GME is declared invalid.
9. The Bank hereby explicitly and irrevocably waives its rights in accordance with Articles 1945, 1947 and 1955 of the Italian Civil Code.
10. The Bank explicitly waives any defence, exception, right to compensation, claim or action towards GME in connection with the obligations arising herefrom, including but not limited to any defence, exception, compensation, claim or action that the Applicant may in any way institute against GME.
11. The Bank hereby accepts that GME's rights of redemption of this bank guarantee be exercised by GME or a party specially authorised by GME.

12. Notwithstanding the provisions of point 5 above, all communications or notifications shall be made by registered letter with return receipt or by e-mail with acknowledgment of receipt or by fax to the following addresses:

.... (*surname and name/company name or registered name*), ...(*address*)

e-mail address ... fax no.....

Communications or notifications shall be deemed to have been received upon their arrival at the receiver's address, if sent by registered letter with return receipt, or upon the date of acknowledgement of receipt, if sent by e-mail, or upon the date of acknowledgement of receipt, if sent by fax.

13. The Court of Rome shall have exclusive jurisdiction over any dispute arising herefrom.

Registered Name of the Bank

Signatures of its Legal Representatives

For the purposes and effects of articles 1341 and 1342 of the Italian Civil Code, the Bank hereby specifically approves the clauses and conditions specified in points 2 (*Waiver of preventative redemption*), 3 (*Extension of the Bank's liability*), 4 (*First-demand payment*), 6 (*Derogation from the provisions of Article 1957 of the Italian Civil Code*), 7 (*Partial redemption*), 8 (*Derogation from validity*), 9 (*Waiver of the rights specified in Articles 1945, 1947 and 1955 of the Italian Civil Code*), 13 (*Waiver of claims or actions*) and 13 (*Jurisdiction*) of this bank guarantee.

The Bank

N.B.: *the signatures of the legal representatives shall be certified in accordance with the applicable legislation.*



Annex 8

Updating of Bank Guarantee

Spot Electricity Market and OTC Registration Platform

**Letter for Updating the Amount of Bank Guarantees,
under article 80, para. 80.2 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 122-124,
00197 Rome, Italy

(place) ... (date) ...

Letter updating the bank guarantee issued on ... , ref. no. ...

The bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. of the Register of Companies (*Registro delle Imprese*) and at no.of the Register of Banks (*Albo delle banche*), with capital stock of Euro ..., represented by its legal representatives ... (hereinafter the Bank),

GRANTS

to ...(*Market Participant*)

- the modification of the maximum amount guaranteed by the bank guarantee issued on ..., ref. no. ..., to take effect from ...(*date*). As a result, the amount guaranteed by the aforesaid bank guarantee shall be equal to Euro ...

and/or

- the modification of the period of validity and effect referred to in point 1 of the same bank guarantee. As a result, the bank guarantee shall be valid and effective until.....

The terms and conditions stated in the bank guarantee letter issued on ... , ref. no. ..., shall remain valid.

Registered Name of the Bank
Signatures of its Legal Representatives

N.B.: the signatures of the legal representatives shall be certified in accordance with the applicable legislation.