

Technical Rule no. 11 Rev. 7 MPE

(under Article 4 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Productive Activities of 19 December 2003, as subsequently amended and supplemented)

Title	Definition of Conventional Prices
Reference Legislation	Article 2, para. 1, letter ggg), Integrated Text of the Electricity Market Rules

In force from 21 September 2021

1 Foreword

Article 2, paragraph 1, letter ggg), of the Integrated Text of the Electricity Market Rules (hereinafter “ME Rules”) defines the conventional price as the unit electricity price, defined by the Technical Rules, at which bids/offers can be conventionally valued for the purpose of verifying the adequacy of the capacity of financial guarantees.

2 Conventional price for the purpose of verifying the adequacy of offers

Verification of the adequacy of the purchase bids/offers at a positive price presented on MGP provides that these offers are valued at the conventional prices indicated below if the price of the purchase offer is higher than the conventional price defined by GME. Negative price offers presented on MGP are, instead, always valued, as part of the adequacy checks, at the price indicated in the offer.

There are no conventional prices on MI-A and MI-XBID, therefore the offer price is always used for the purposes of adequacy checks.

2.1.1 The conventional price for the **Day Ahead Market**

The conventional price for the MGP is set equal to a value representative of the price level close to the current one, corrected by a parameter that incorporates the unfavourable expected price volatility. It is a single value for all market zones but it is differentiated by time slot covered by the offer.

Specifically, the following are determined:

- for working days, two conventional price levels: one for daytime hours (from 8.00 to 20.00), the other for night hours (from 0.00 to 8.00 and from 20.00 to 24.00);
- for holidays, a single conventional price for 24 hours.

These parameters are determined according to a quantitative model and are disclosed on a daily basis through publication on the market IT platform.

2.2 Emergency conditions

If for a given day it is not possible to apply the calculation method described above, also due to a malfunction of the IT system, the conventional prices will be set equal to those of the most recent day of the same type (business or holiday).