

Technical Rule no. 01 CDE

(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	Procedures and time limits for registration and acceptance of transactions on the CDE
--------------	--

Reference Legislation	Article 70 quater, paras. 70quater.1 and 70quater.3 and Article 70quinquies, para. 70quinquies.4, Integrated Text of the Electricity Market Rules
--------------------------	--

Published on 26 November 2009

1. Foreword

Article 70 *quater*, para. 70quater.1 of the Integrated Text of the Electricity Market Rules (hereafter “Electricity Market Rules”) provides that the physical delivery of the electricity underlying the 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 Participant holds on the PCE in accordance with the modalities and within the time limits established in the Technical Rules.

Article 70 *quater*, para. 70quater.3 of the Electricity Market Rules provides that 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 modalities and within the time limits established in the Technical Rules.

Article 70 *quinquies*, para. 70quinquies.4 provides that GME reserves the right to limit the acceptance of requests for exercising the option of delivery, where this is incompatible with its available financial resources, thus setting – for each month – a maximum limit to the net balance between purchase and sale transactions which may be registered pursuant to this Article, in accordance with the modalities and within the time limits established in the Technical Rules.

2. Procedures and time limits for exercising the option of physical delivery

The Participant will submit the request for exercising the option of physical delivery in the ME, of the electricity underlying the financial contract concluded on IDEX, through the information systems of Borsa Italiana and CC&G, in accordance with the modalities and time limits specified in the respective Regulations.

The price at which the purchase or sale transaction will be registered on the CDE, corresponding to the contract being delivered, will be equal to the price of settlement of the delivered monthly contract, as established by Borsa Italiana and CC&G, at the end of the fourth to the last day of trading of the same contract on IDEX.

3. Registration of the transaction for the purposes of physical delivery

The registration of a sale or purchase transaction on the CDE will imply the registration of a corresponding transaction on the PCE, having GME as counterparty.

In the case of a sale transaction, GME will register it on the PCE - until exhausting its amount - on the electricity accounts that the Participant holds, according to the priority order indicated in the list of electricity injection accounts. If the injection accounts are insufficient for registering the request, GME will register its remaining part - until exhausting its amount - on the electricity withdrawal accounts, starting from the one with the lowest priority.

In the case of a purchase transaction, GME will register it on the PCE - until exhausting its amount - on the electricity accounts that the Participant holds, according to the priority order indicated in the list of electricity withdrawal accounts. If the withdrawal accounts are insufficient for registering the request, GME will register its remaining part - until exhausting its amount - on the injection accounts, starting from the one with the lowest priority.

If the request for registration of a transaction for the purposes of physical delivery of the financial contracts concluded on IDEX cannot be accepted, because it does not meet the requirements of Article 70, para. 70quinquies.1, GME will reject the transaction.

Notwithstanding the above, the acceptance of requests for exercising the option of physical delivery will be subject to the verifications mentioned in para. 4 below.

4. Limitation of requests for exercising the option of delivery

Every month, GME will determine the maximum admissible net balance of all transactions whose registration is admitted on the CDE and post it on its website.

If the monthly net balance resulting from the difference, in absolute value, between all the requests for registering purchase and sale transactions - already verified to be adequate as per Article 70quinquies.1 of the Electricity Market Rules - exceeds the maximum admissible net balance, GME will reject the transactions until reaching the limit of the maximum admissible net balance.

The criterion adopted by GME to limit the monthly net balance of transactions to be registered to the maximum admissible net balance implies:

- 1) a comparison between the cumulated value of requests for registering purchase transactions and the cumulated value of requests for registering sale transactions that have already been verified to be adequate as per Article 70quinquies.1 of the Electricity Market Rules;

- 2) the progressive rejection - until reaching the limit of compatibility of the balances - of requests for registering purchase or sale transactions which, based on the above comparison, have the highest value at aggregate level.

The progressive rejection order mentioned in point 2) above will satisfy the temporal priority criterion of receipt of requests for registering transactions.