

Technical Rule no. 01 rev 5 MTE

(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	Trading Period and Regulation of Contracts in the MTE
Reference Legislation	Article 62, para. 62.3, Article 68 and Article 69, paras. 69.1 <i>bis</i> and 69.4, Integrated Text of the Electricity Market Rules

Published on 29 September 2016

1. Foreword

Under article 62, para. 62.3 of the Integrated Text of the Electricity Market Rules (hereafter referred to as the “Electricity Market Rules”), the duration of the trading period for each type of contracts tradable in the MTE shall be defined in the Technical Rules.

Article 68 of the Electricity Market Rules stipulates that the cascading mechanism shall be defined in the Technical Rules.

Article 69, para. 69.1*bis* provides that 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 previous paragraph.

Article 69, para. 69.4 provides that GME shall register onto the PCE the net delivery position for each hour of the month of delivery, under the modalities and within the time limits defined in the Technical Rules.

2. Trading period

The following contracts will be simultaneously traded in the MTE:

3 monthly base-load and peak-load contracts: the month after the current one and the next two months;

4 quarterly base-load and peak-load contracts: the quarter after the current one and the next three quarters;

1 yearly base-load and peak-load contract: the year after the current year.

The monthly contract is tradable until the 2nd day of open market before the first calendar day of the month of delivery of the same contract.

The quarterly and yearly contracts are tradable until the 3rd day of open market before the first calendar day of the quarter and year of delivery of the same contract, respectively.

The first day of trading of a monthly and quarterly contract is determined as follows:

- the monthly contract for the month of delivery after the one of the last monthly contract being traded is traded on the day of open market after the last day of trading of a monthly contract;
- the quarterly contract for the quarter of delivery after the one of the last quarterly contract being traded is traded on the day of open market after the last day of trading of a quarterly contract.

The first day of trading of a yearly contract corresponds to the day of open market after the last day of trading of the yearly contract for the previous year.

3. Cascading

The quarterly and yearly contracts are regulated through a cascading mechanism; the monthly contracts are regulated through registration on the PCE of the electricity underlying the contract.

The cascading mechanism provides that, at the end of the session of the last day of trading, the positions on the yearly contract are split into equivalent positions on contracts of shorter maturity (monthly and quarterly). Likewise, a position on a quarterly contract is converted into equivalent positions on corresponding monthly contracts.

This mechanism is separately applied to base-load and peak-load contracts.

Yearly contracts

At the end of the session of the last day of trading of the yearly contract, GME assigns to each Participant with an open position on such contract:

- a transaction of a sign opposite to the open position on the yearly contract, at a price equal to the check price of the last day of trading of the yearly contract and for a quantity corresponding to the open position;
- transactions of a sign equal to the open position pertaining to the monthly contracts of January, February and March and to the quarterly contracts for the 2nd, 3rd and 4th quarter of the year. These transactions are opened at a price equal to the last check price of the corresponding contracts and for a quantity corresponding to the open position.

Quarterly contracts

At the end of the session of the last day of trading of the quarterly contract, GME assigns to each Participant with an open position on such contract:

- a transaction of a sign opposite to the open position on the quarterly contract, at a price equal to the check price of the last day of trading of the quarterly contract and for a quantity corresponding to the open position;
- transactions of a sign equal to the open position pertaining to the monthly contracts belonging to the delivery period of the quarterly contract. These transactions are opened at a price equal to the last check price of the corresponding monthly contracts and for a quantity corresponding to the open position.

4. Delivery of the net position on the PCE

GME determines:

- a) at the end of the session of the last day of trading of the monthly contracts and for each Participant, or
- b) during the trading period, by the end of the second working day after receipt of the request of delivery by the Market Participant (earlier delivery),

the total net position to be delivered for each hour of the month of delivery.

On the transition from summer to winter time and vice versa, the hours belonging to the day subject of delivery are defined based on the provisions of the Technical Rule no. 01 MPE and subsequent amendments referred to the Rules.

The request of earlier delivery referred to in subpara. b) above must be submitted to GME via an e-mail message to salamercato@mercatoelettrico.org; the message must be sent by one of the parties (users) mentioned in point 6 of the Market Participation Application or specified in subsequent requests for changes and additions.

GME will take such request into consideration only if the requesting Participant has submitted to GME an original copy of a statement (possibly preceded by a copy thereof sent by fax) signed by the Participant's legal representative and releasing GME of any liability. This statement must have the format of Annex A hereto.

For each hour of the month of delivery, the net delivery position is equal to the sum of the quantities covered by the base-load and peak-load contracts which include the hour of delivery:

$$PN_h = \sum_i n_{i,h} + \sum_j n_{j,h}$$

where

n_i/j = number of base-load (i) and peak-load (j) contracts covered by the transaction;

$n < 0$ for purchase transactions;

$n > 0$ for sale transactions.

If PN_h is greater than zero, GME registers onto the PCE (until exhausting the available amount with respect to the margins and guarantees) a sale transaction on the electricity accounts held by the Participant, according to the priority order specified¹ in the list of electricity injection accounts. If the injection accounts are insufficient for registering the entire PN_h , GME registers (until exhausting the available amount with respect to the margins and guarantees) the PN_h possibly remaining on the withdrawal accounts, starting from the one with lower priority.

If PN_h is lower than zero, GME registers onto the PCE (until exhausting the available amount with respect to the margins and if guarantees are not met) a purchase transaction on the electricity accounts held by the Participant, according to the priority order specified² in the list of electricity withdrawal accounts. If the withdrawal accounts are insufficient for registering the entire PN_h , GME registers (until exhausting the available amount with respect to the margins and guarantees) the PN_h possibly remaining on the injection accounts, starting from the one with lower priority.

The registration of the PN_h on the electricity accounts of the PCE undergoes the adequacy verifications that are referred to in the PCE Rules.

¹ If the Participant holds multiple electricity accounts, he/she/it may – through the PCE platform – specify the priority order according to which the delivery PN is to be registered onto the PCE.

² See note 1.



Annex A¹

RELEASE OF LIABILITY UNDER TECHNICAL RULE NO. 01 rev 5 MTE (*)

The Company/other..... (name or registered name), having its main place of business/residing intaxpayer's code.....and VAT number....., represented by,in his/her capacity of

WHEREAS

The Company/other..... (hereinafter called the "Applicant"), qualifying as Electricity Market Participant under article 12, para. 12.1 b) of the Integrated Text of the Electricity Market Rules (hereafter referred to as the Electricity Market Rules), has signed the Electricity Market Participation Agreement in the format annexed to the Electricity Market Rules on (date).....

NOW, THE APPLICANT SHALL RELEASE

Gestore dei mercati energetici S.p.A. (hereinafter "GME") from any and all claims or liabilities for damages of any kind which may arise from explicit requests - submitted in accordance with para. 4 of Technical Rule no. 01 rev 5MTE - for earlier delivery of the net position on the PCE.

GME shall remain responsible or liable for inaccuracy, incompleteness, non-timeliness, or anyway have any other responsibility or liability arising from the execution of the aforesaid requests, only in case of gross negligence and wilful misconduct.

Date.....

Signature

.....

¹ To be submitted on the Applicant's letterheaded paper

(*) This is a courtesy translation. Please submit the above document in the Italian version only.