

Technical Rule no. 06 Rev 12 PCE

(under article 4 of the Rules Governing the OTC Registration Platform
– PCE Rules)

Title	Time periods and procedure for invoicing and settlement of payments
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Reference Legislation	Article 24, paragraphs 24.8 and 24.9, Article 51, Article 52, Article 54, Article 64, paragraphs 64.1 and 64.5, Article 65, paragraphs 65.1 and 65.2, Article 66, Article 67, paragraphs 67.2, 67.3 and 67.4, Article 82, of the PCE Rules
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1. Foreword

Article 24, para. 24.8 of the PCE Rules provides that the participant shall enclose a statement concerning his/her/its VAT taxation scheme (in accordance with the procedure described in the Technical Rules) to his/her/its request for entry of the data and information referred to in article 23, para. 23.2 point i) thereof.

Article 24, paragraph 24.9 of the PCE Rules provides that the request for entry data and information referred to in Article 23, paragraph 23.2 point h), in the list of authorized participants shall be accompanied, as provided in the Technical Rules, by a statement authorizing GME to withdraw the amounts required directly from the participant 's account held with credit institutions that have enabled the SEPA Business to Business direct Debit tool (SDD B2B).

Article 51, paragraph 51.1 of the PCE Rules provides that the invoicing period of payables and receivables related to the PCE is defined in the Technical Rules.

Article 51, paragraph 51.2 of the PCE Rules provides that, for invoicing purposes, all transactions pertaining to the applicable periods defined in the Technical Rules are considered as belonging to each invoicing period.

Article 52 of the PCE Rules provides that, for each invoicing period, GME shall issue invoices or notifications to participants for the amounts that have been invoiced. After such notifications, participants shall issue invoices to GME for the amounts stated therein under the modalities and within the time limits specified in the Technical Rules. Moreover, GME shall provide the invoices and notifications to participants in electronic form according to the modalities defined in the Technical Rules.

Article 54, para. 54.3 of the PCE Rules provides that the fees for the MWh covered by the registered transactions shall be invoiced in accordance with the modalities and within the time limits defined in the Technical Rules.

Article 54, para. 54.1 of the PCE Rules provides that the access fee, where applied, shall be invoiced in accordance with the modalities and within the time limits defined in the Technical Rules.

Article 54, para. 54.2 of PCE Rules provides that the yearly fixed fee, where applied, shall be invoiced in accordance with the modalities and within the time limits defined in the Technical Rules.

Article 64, paragraph 64.1 of the PCE Rules provides that the *settlement* period on the PCE is defined by GME in the Technical Rules.

Article 64, para. 64.5 of the PCE Rules provides that the procedures and time limits the results of the *settlement* determinations shall be defined in the Technical Rules.

Article 65, paragraph 65.1 point a) of the PCE Rules provides that the debtors participants of GME other than PA participants¹, settle the payments of the amounts due with the institution in charge of GME 's Treasury services, according to the procedures and within the limits defined in the Technical Rules.

Article 65, paragraph 65.1 point b) of the PCE Rules provides that GME settles the payment of the amounts due by the PA participants debtors of GME according to the procedures and within the time limits defined in the Technical Rules by using the non-interest bearing cash deposit granted by them as guarantee under Article 56, paragraph 56.1 point c).

Article 65, paragraph 65.2 of the PCE Rules provides that the procedures and the terms of the net payments of the participants debtors of GME provided with delay with delay are defined in the Technical Rules.

Article 66, para. 66.1 of the PCE Rules provides that the modalities and time limits for the payment of fees shall be defined in the Technical Rules.

Article 67, paras. 67.2, 67.3 and 67.4 of the PCE Rules provides that GME shall make payments to participants that are creditors towards GME under the modalities and within the time limits established in the Technical Rules.

Article 82, paragraph 82.1 of the PCE Rules provides that the participant can dispute the results of the invoicing and *settlement* procedures related to the PCE in Title IV, Chapter II, by sending a notification to GME within the limits defined in the Technical Rules.

Article 82, paragraph 82.2 of the PCE Rules provides that, upon the occurrence of the event described in paragraph 82.1 of the PCE Rules, GME shall undertake the actions specified in the Technical Rules, in accordance with the modalities and time limits defined therein, by paying the participant on the sums arising as a result of the disputes the amount pertaining to the default interest calculated as stated in Article 69.

2. Offsetting, settlement of payments and invoicing of the transmission capacity fees (CCTs) on the PCE

2.1. Settlement period

The *settlement* period of the payables/receivables related to the sum of the CCTs is the calendar week (W+1), following the week (W) - which runs from Monday (T-6) to Sunday (T) - during which the power

¹ PA Participants are defined as public administrations provided for in Article 1, paragraph 209 of Law 24 December 2007, no. 244.

subject to recording of programs has been delivered.

Activities relating to the *settlement* cycle of payments will be postponed than the standard settlement timeframes described in paragraphs 2.2 and 2.3 as follows:

1. if in the *settlement* week W+1 falls one of the public holidays, provided in the Technical Rule 01 ME, different from Saturday and Sunday, the *settlement* cycle will be postponed to the next working day compared to ordinary schedule;
2. if in the *settlement* week W+1 a Tuesday, a Wednesday or a Thursday coincide with the last day of the month, the *settlement* cycle will be postponed by one week compared to ordinary schedule;
3. if in the *settlement* week W+1 falls the fifteenth day of the month, the *settlement* cycle will be postponed to that day, except when the fifteenth working day is a Monday. In the latter circumstance, the *settlement* of the balance of the debtor participants will take place on the next working day.

In addition, any possible time shift to the standard settlement timeframes described in paragraphs 2.2 and 2.3, is represented in the settlement calendar published on GME's website (www.mercatoelettrico.org).

2.2. Timing of the communications relating to the net position to be settled in W+1

Pursuant to Article 64 of the PCE Rules, in the week W+1, on Monday morning within 11:30 AM, GME will define and notify to each participant its own debit or credit net position resulting from the offsetting of the amounts, including VAT where chargeable, related to the sum of the CCTs of the week W during which the power subject to recording of programs has been delivered..

2.3. Settlement of the net position resulting on the PCE

2.3.1. Settlement of payments by the PA participants that are net debtors

After the individuation of net positions described in para. 2.2 above and of the invoicing operations described in the following para. 2.4.3, GME will settle PA participants' net debt positions by using the non-interest bearing cash deposit granted by the same PA participants as a guarantee in accordance with Article 56, paragraph 56.1 point c) of the PCE Rules.

2.3.2. Payment instrument of the non-PA participants

According to Article 24, paragraph 24.9 of the PCE Rules, each participant subscribes and sends the SEPA Direct Debit Mandate B2B to the financial Institute in charge of the Electricity Market treasury services previously transmitted by GME and then properly filled by the participant itself.

By the financial Institute in charge of the Electricity Market treasury services, GME, as the authorized creditor, collects and preserves the mandates signed and submitted by all participants.

GME will take into account only the mandates sent directly to the Institute in charge of the Electricity Market treasury services as described in this Technical Rules.

Once acquired the mandate duly completed in all its parts, GME, through the Institute in charge of the Electricity Market treasury services, will perform an opening test² of the SDD B2B transmission channel with the bank identified in the mandate by a charge of a token amount. Starting from the working day following the opening of the banking channel, the participant can record transactions on the PCE and the amount used for the test purposes will be returned to the participant by GME via Urgent SEPA Credit Transfer or Priority.

If in a following time the participant decides to change the bank account identified in the mandate as per in Article 24, paragraph 24.9 of the PCE Rules a communication on the participant's Company letterhead signed by the legal representative must be sent to fax number +39 06 80124589 requesting GME to change the mandate. Then, GME will send the participant a new mandate that will have to be duly filled in all its parts and then to be transmitted both to the financial institution identified by the participant and to the financial Institute in charge of the GME 's Electricity Market treasury services.

The new mandate, submitted to replace the one already in force, will be considered accepted only once that the SDD B2B channel opening test will be successfully concluded by GME. Only then, the participant will be able to use the new account to operate in the markets/platform managed by GME and financially settled through the SDD B2B scheme. In the meantime the SDD B2B channel opening test will be performed on the new mandate, the previous mandate will be considered by GME as the only participant's payment instrument.

2.3.3. Settlement of payments by non-PA Participants that are net debtors

After the individuations referred to in paragraph 2.2 above, participants which are net debtors of GME, except for Acquirente Unico (AU), must provide the liquidity required to pay the amount due as per Article 65, paragraph 65.1 of the PCE Rules, on the bank account identified in the mandate defined in paragraph 2.3.2 above and, according to the schedule in use in the banking system, the amount will be drawn through the SDD B2B scheme on Tuesday in the week W+1.

If in the *settlement* week W+1 falls the fifteenth day of the month, net debtors participants shall provide the liquidity required in time to ensure the charge through SDD B2B within the same day.

Participants not providing the liquidity required within time limits valid to ensure the charge through SDD B2B, may send the payment of the amount due in accordance with Article 65, paragraph 65.2 of

² The opening test will require a minimum working period of fifteen working days from the receipt of the mandate, susceptible to deferral according to the results of the tests themselves. Subsequent charges will be settled on the interbank days (Target) - normally on Tuesday - following the delivery of the SDD B2B provisions by GME to the Institute in charge of the Electricity Market treasury services.

the PCE Rules to the Institute in charge of the Electricity Market treasury service through Urgent SEPA Credit Transfer Urgent or equivalent tool, increased by:

- default interest calculated by the application of the legal interest rate to the amount owed to the creditor for the days of delayed payment and
- a penalty, equal to one percent of the amount due,

to the financial Institute in charge of the Electricity Market treasury services, no later than Thursday at 4 p.m., in the week W+1.

The date and time of the crediting of the above payments to GME's bank account will be those recorded by the information system of the bank in charge of the Electricity Market treasury services.

2.3.4. Settlement of payments by AU.

AU, if proved to be net debtor of GME by the determinations referred to in paragraph 2.2 above, will provide the payment of the amount due through the SEPA Credit Transfer with Priority scheme to the Institute in charge of GME 's Electricity Market treasury services within 10:30 AM of the working day preceding the one during which GME will dispose payments in favor of net creditors participants referred to in paragraph 2.3.5 below.

2.3.5. Settlements of payments to participants that are net creditors

GME will dispose payments which are identified as net creditors as a result of the outcomes referred to in para 2.2 above.

Within the third working day following the charge through the SDD B2B scheme provided in para 2.3.3 and with beneficiary value date on the same day, GME, in accordance with under Article 67, paragraph 67.2 of the PCE Rules, shall pay its net creditors (as provided in paragraph 4.1.) for an amount equal to the ratio of the amount (referred to in Article 65 paragraph 65.1 of the PCE Rules) paid by net debtor Market Participants to the overall credits (as per Article 64 paragraph 64.2 of the PCE Rules) that GME has accrued towards net debtor participants.

GME will pay to the net creditor participants the amount pertaining to the default interest and to the penalty paid to GME by the net debtor participant pursuant to Article 65, paragraph 65.2 of the PCE Rules after receiving the related invoice.

If GME does not receive the payment described in Article 65, paragraph 65.2 of the PCE Rules within the time limits identified in paragraphs 2.3.3, GME in accordance with Article 67, paragraph 67.4, collects the guarantees set by the participant in compliance with Article 56, paragraph 56.1 within the following working day, taking care to pay pro-rata residual net debt day and will pay pro-quota the residual net debt, on the basis of the amount collected upon redemption, within 5 working days starting from the date of collection.

When the defaulting participant qualifies as net creditor for one or more periods within the meaning of paragraph 2.2 above and:

- a) the settlement of the participant's credit amounts would determine a situation of participant's insufficient guarantees;
- b) as a result of the aforesaid settlement, the participant has not restored the guarantees to an appropriate level.

GME reserves the right to block the payments in favor of the same participant until partially or totally covering its debits through its credits. GME shall dispose the payments of the participant's credits on the working day following the one on which the guarantees are proved to be restored.

The date and the time of the crediting of the above payments to GME's account shall be those recorded by the information system of the Institute in charge of the Electricity Market treasury services.

2.4. Modes and time limits for invoicing on the PCE

2.4.1. Invoicing period

The invoicing of the payables/receivables related to the sum of the CCTs settled in W+1 is the calendar month in which those items are financially settled in, except as provided in paragraph 2.4.3 below for PA participants.

2.4.2. Notification procedures

In consideration of Article 21, paragraph 4 point a) of the Decree by the President of the Italian Republic dated 26 October 1972, no. 633, for each invoicing period, within the last working day included in the invoicing period, GME provides:

- a. each participant that is debtor towards GME, one or more files called "proforma invoice notifications" with the sum of the CCTs financially settled in each week W+1, by the participant in favor of GME during the same calendar month;
- b. each participant that is creditor towards GME, one or more files called "proforma invoice notifications" with the sum of the CCTs financially settled in each week W+1, by GME in favor of the participant during the same calendar month.

2.4.3. Invoicing procedures of GME to PA participants

For each *settlement* period, on the same day during which the outcomes described in paragraph 2.2 above are notified, GME will send to each PA participant, through the so-called "Sistema di Interscambio" (SDI), one or more invoices with the sum of CCT payables to GME for the power subject to recording of programs that has been delivered on the PCE in week W.

If the sending of the invoice from the SDI to the PA operator is not successful, in compliance with the time limits identified in Law no. 244 dated 24 December 2007 and related implementations on electronic invoicing, GME will forward it, through alternative channels to SDI, the certificate of transmission of the invoice with delivery impossibility, containing the invoice.

2.4.4. Invoicing procedures of GME to non-PA Participants

In consideration of Article 21, paragraph 4 point a) of the Decree by the President of the Italian Republic dated 26 October 1972, no. 633, for each invoicing period of the CCTs financially settled in W+1, within the last working day included in the invoicing period, GME shall provide to each debtor participant, one or more invoices with the sum of the CCTs financially settled for each week W+1, by the participant in favor of GME during the same calendar month.

2.4.5. Time limits for invoices to be received by GME

In consideration of Article 21, paragraph 4, point a) of the Decree by the President of the Italian Republic dated 26 October 1972, no. 633, for each invoicing period of the CCTs financially settled in W+1, within the last working day included in the invoicing period, GME shall receive from each creditor participant one or more invoices with the sum of the CCTs financially settled for each week W+1, by GME in favor of the participant during the same calendar month.

3. Settlement, invoicing and payment of the fees

3.1. The invoicing period of the variable fees

The period of invoicing of variable fees is the calendar month.

3.2. Time limits of the notifications of the variable fees

For each invoicing period, within the fourth working day of the month following the last day included in the invoicing period (or, if Public Holiday, the next working day), GME shall provide to each participant, one or more files called "pro forma invoice notifications" with the sum of the fees due for all transactions registered on the PCE.

3.3. Time limits for invoicing the variable fees

For each invoicing period, within the sixth working day of the month following the last day included in the invoicing period, GME shall dispose to each participant one or more invoices with the sum of the fees due for all transactions registered on the PCE.

The invoice to PA Participants will be sent through the SDI. If the sending of the invoice by SDI to the PA Participant should not be successful, in accordance with the timelines identified in Law 24 December 2007, no. 244 and related implementations GME will forward, through channels alternative to SDI, the certificate of transfer of the invoice with the delivery impossibility containing the invoice.

3.4. Invoicing procedures of other fees on PCE

GME provides each participant and, for PA participants, also sends through the SDI, the invoice for:

- the access fee, increased by VAT, if chargeable, referred to in Article 7, paragraph 7.1 point a) of the PCE Rules, within five days from the date of the admission decision to the PCE set forth in Article 20, paragraph 20.4 of the PCE Rules;
- the yearly fixed fee, increased by VAT, if chargeable, referred to in Article 7, paragraph 7.1 point b) of the PCE Rules within the third working day of the month following the date of the admission decision set forth in Article 20, paragraph 20.4 of the PCE Rules and then every twelve months.

If the sending of the invoice from the SDI to the PA operator is not successful, in compliance with the time limits identified in Law no. 244 dated December 24, 2007 and related implementations on electronic invoicing, GME will forward it, through alternative channels to SDI, the certificate of transmission of the invoice with delivery impossibility, containing the invoice.

3.5. Settlement of fees

Each participant must pay the amounts due in accordance with Article 66, para. 66.1 of the PCE Rules within the following time limits:

- the sixteenth working day of the month during which GME has disposed the relevant invoice and with beneficiary value date on the same day, for the fees referred to in Article 54, para. 54.3 of the PCE Rules;
- thirty calendar days from the date of issuing of the invoice and with beneficiary value date on the same day for the fees referred to in Article 54, para. 54.1 of the PCE Rules;
- the last working day of the month during which the invoice has been issued and with beneficiary value date on the same day for the fees referred to in Article 54, para. 54.2 of the PCE Rules.

These time limits remains valid even with regard to the PA participants, as the same are compatible with the application of the provisions contained in Law no. 244 dated December 24, 2007 and related implementations.

Within the same time limits the participants should send to GME a copy of the document giving stating the payment. The date and the time of the crediting of the above payments to GME's account shall be those recorded by the information system of the Institute in charge of the Electricity Market treasury services.

4. Common provisions

4.1. Payments

The payments referred to in paragraph 2.3.5, disposed by GME in favor of the participants and the

payments referred to in paragraph 3.5, disposed by participants in favor of GME are provided through SEPA Credit Transfer with Priority or equivalent procedures.

The SSI code identifying the bank account on which Market Participants must provide the payments is available on GME's website (www.mercatoelettrico.org).

If the payment deadlines provided for in paragraphs 2.3.5 and 3.5 fall on public holidays, the due dates of GME payments to participants and of participants' to GME will be postponed to the next working day.

4.2. Invoices issued by GME

Invoices issued by GME consists of XML and PDF files, with the exception of invoices relating to the access fee which will be processed in paper/PDF format and sent by email/ordinary mail.

The XML file is made available to participants through the "SET Service" platform, and must be displayed with the proper style sheet.

The layout of the XML file representing GME's invoice is described in the "PCE_XML_Implementation_Guide", published on GME's website (www.mercatoelettrico.org).

In addition, for PA participants, the invoice is also sent through the SDI or through alternative channels to SDI according to the provisions contained in Law no. 244 dated 24 December 2007 and related implementations on electronic invoicing.

4.3. Invoices received by GME

To enable creditor participants to issue invoices, GME shall provide one or more XML files, ready to be converted into participants' invoices to GME.

The layout of these files representing the invoice to be sent to GME and identical to the layout of the invoices issued by GME is specified in the document "PCE_XML_Implementation_Guide", published on GME's website (www.mercatoelettrico.org).

4.4. . Sending of XML files

The XML files with notifications and invoices shall be provided on the "SET Service" electronic platform under the procedures described in the specific user manual posted on GME's website (www.mercatoelettrico.org).

In addition, for PA operators, the invoice is also sent through the SDI or through alternative channels to SDI according to the provisions contained in Law no. 244 dated 24 December 2007 and related implementations on electronic invoicing.

4.5. VAT application

The following statements, if applicable, must be enclosed to the request for entry of data and information:

- a) if the PCE participant established in Italy intends to exercise the option of purchasing goods and services without the application of VAT, as per Article 8 point c) of the Decree by the President of the Italian Republic no. 633 of 26 October 1972, a statement of intent issued in accordance with Article 1 point c) of the Law-Decree of 29 December 1983, no. 746, converted into Law 27 February 1984, no. 17, , and documents to be enclosed thereto, where applicable under the legislation from time to time in force.

In order to continue to exercise the option of making purchases without the application of VAT, the PCE participant established in Italy is required to resubmit the statement and the enclosed documents, where applicable, under the legislation from time to time in force. If the statement and the enclosed documents, where applicable, are not resubmitted within the time limits established in the applicable legislation, GME will apply the standard VAT rate to the PCE participant;

- b) if the entity (head office or permanent establishment) that will materially carry out the purchase and/or sale registrations onto the PCE is different from the entity (head office or fixed establishment) admitted as participant in the PCE, a statement, in the format available on GME's website www.mercatoelettrico.org, where the PCE participant (as head office or permanent establishment) notifies to GME the entity (head office or permanent establishment) that will materially carry out the purchase and/or sale registrations onto the PCE.

4.6. Effect of the statements

The entry of the data and information contained in the statements referred to in para. 4.5 above will take effect within the second working day of receipt of the request by the GME, provided that the submitted documents are correct and complete and that the requirements, if any, for updating the data and information of the PCE participant are satisfied.

If these statements are submitted subsequently to the presentation of the market participation application and the market participation agreement of the PCE, the documents must be received by the GME within 1 p.m. of the last working day of the week and will be effective within the second working day following the receiving with reference to the CCTs to be financially settled in the first week after the receiving week or in the week when the *settlement* referred to in the paragraphs above is expected.

5. Corrections of errors

5.1. Correction of errors related to settlement transactions on the PCE

Pursuant to Article 82, paragraph 82.1 of the PCE Rules, the participant may dispute the results of the communications relating to the net position to be settled described in paragraph 2.2 by sending a notification to GME within 5 p.m. of the next working day to one in which those outcomes were disclosed.

Within the working day following the receipt of the complaint, GME shall perform the verifications, in accordance with Article 82, paragraph 82.2 of the PCE Rules, proceeding to operate the corresponding up or down-adjustment of the amounts and issuing a new statement or integrating the one previously issued, if the same verifications were successful.

5.2. Correction of errors related to settlement and invoicing

Pursuant to Article 82, paragraph 82.1 of the PCE Rules, the Participant may dispute the results of communication and invoicing operations referred to in paragraphs 2.4.2, 2.4.3, 2.4.4, 3.2, 3.3 and 3.4 by sending a notification to GME within 4 p.m. of the second working day following the invoice's issuing date or the communication's delivery date referred to in Article 52, paragraph 52.1.

Within the working day following the complaint receiving, GME shall perform the verifications and proceeds to operate the corresponding up or down-adjustment of the amounts disputed if the same verifications were successful.

If successful verification of the dispute concerns an invoice issued by GME under the preceding paragraphs 2.4.3, 2.4.4, 3.3 and 3.4, GME shall issue a notice or integrate the previously issued one under to Article 83 paragraph 83.5 of the PCE Rules.

If successful verification of the dispute concerns notifications sent by GME to the participant pursuant to paragraph 2.4.2 and 3.2, GME shall, issue a new statement, or integrate the one previously issued, in accordance with Article 83 paragraph 83.5 of the PCE Rules.

If the participant issues an invoice to GME whose taxable amount or the amount of VAT do not correspond to those indicated in the notice sent by GME, in accordance with paragraph 2.4.5, the participant is required to issue a notice of variation to complement or reverse the amounts incorrectly reported in the invoice.

The aforesaid notice of variation may take the form of an XML file with the structure described in the preceding paragraphs 4.2 and section 4.3 and can be sent as attachments to an e-mail. The notices of variation referred to in this paragraph may also be produced in paper form sent by mail. In this case, a copy of the notice of variation must be also sent by fax.

In addition, for PA participants, the notes of variation are also sent through SDI or through channels alternative to SDI according to the provisions contained in Law no. 244 dated 24 December 2007 and related implementations.