

Technical Rule No. 08 Rev.02 MGAS

(under Article 4 of Natural-Gas Market Rules, approved by Ministerial Decree issued on March 6, 2013 by the Ministry of Economic Development, as subsequently amended and supplemented)

Title	Data and Information concerning the Participation in the MGAS, validation of offers and maximum exposure to Snam Rete Gas
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Reference Legislation	Article 25, paragraph 25.5, Article 31, paragraph 31.1, subparagraph e), Article 36, paragraph 36.1, subparagraph e), Article 42, paragraph 42.3, Article 44, paragraph 44.1 and 44.2, Article 50, paragraph 50.3, Article 52, paragraph 52.2 and Article 58, paragraph 58.1, subparagraph e) of the Natural-Gas Market Rules
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1. Foreword

Article 25, paragraph 25.5, of the Natural-Gas Market Rules (hereafter “Rules”) provides that data and information concerning the participation in the MGAS, in accordance with paragraph 25.2, 25.3 and 25.4 of the mentioned Article 25, shall have effect within the terms established by the Technical Rules.

Article 31, paragraph 31.1, subparagraph e), Article 36, paragraph 36.1, subparagraph e) and Article 58, paragraph 58.1, subparagraph e) of the Rules provide that, after receiving each bid/offer, GME shall verify that the price and volumes specified in the mentioned bid/offer comply with the limits established by the Technical Rules, with regard to the MGP-GAS (Day-Ahead Gas Market), the MI-GAS (Intra Day Gas Market) and the MT-GAS (Forward Gas Market), respectively.

Article 42, paragraph 42.3 and Article 50, paragraph 50.3 of the Rules provide that GME shall verify the validity of the bid/offers received on the MPL (Locational Products Market) and on the MGS (Gas Stored Market) respectively, within the terms established by the Technical Rules.

Article 44, paragraph 44.1 of the Rules provides that GME shall receive from Snam Rete Gas, in accordance with Article 25, paragraph 25.3 of the Rules and pursuant to the procedures established in the Technical Rules, information on the maximum exposure value to Snam Rete Gas of each authorized user of the MPL and on the estimated imbalance price determined by Snam Rete Gas, in order to carry out a verification on bids/offers submitted to the MPL.

Article 44, paragraph 44.2 of the Rules provides that, in consistence with the provisions set out by Technical Rules, offers of sale submitted to the MPL are fully or partially guaranteed if the quantity of the offer is equal to or below the maximum amount determined by the ratio of the maximum exposure value to Snam Rete Gas of the user and the estimated imbalance price, minus the amount of the offers of sale with highest priority and whose adequacy has been verified.

Article 52, paragraph 52.2 of the Rules provides that should a storage company fail to provide the overall maximum daily limits of gas that each user may offer on the MGS within the limits established therein, GME will postpone the closing of the MGS’s session regarding the same storage company by a maximum period specified in the Technical Rules, notifying market participants.

2. Effects of the data and information regarding the participation in the MGAS

2.1. Effects of the data and information regarding the participation in the MGP-GAS, MI-GAS and MT-GAS

The data and information under Article 25, paragraph 25.2 of the Rules regarding each market participant shall be provided by Snam Rete Gas every day before 09.15 am and shall have immediate effects.

2.2. Effects of the data and information concerning the participation in the MPL and the MGS

The data and information concerning qualification requirements of each market participant, as provided by Article 25, paragraph 25.3 of the Rules, shall be provided by Snam Rete Gas to GME for each MPL session whose opening has been required and shall have effects only for that session, unless otherwise specified by Snam Rete Gas.

The data and information concerning qualification requirements of each market participant, as provided by Article 25, paragraph 25.4 of the Rules shall be daily provided by each storage company to GME and shall produce effects on the session that takes place after the receipt by GME of such information.

3. Validation checks

3.1. Validation Checks of offers submitted to the MGP-GAS, MI-GAS and MT-GAS

The offers submitted by market participants to the MGP-GAS, MI-GAS and MT-GAS shall be deemed valid if they comply with the limits determined by:

- price constraints
 - on MGP-GAS and MI-GAS, the price offered shall not be higher than a limit value equal to the Control Price increased by 40%, or lower than a limit value equal to the Control Price decreased by 40% of the contract which the offer refers to;

- on MT-GAS, the price offered shall not be higher than a limit value equal to the Control Price increased by 25%, or lower than a limit value equal to the Control Price decreased by 25% of the contract which the offer refers to;
- quantitative constraints → the quantity specified in the offer shall not exceed a maximum value equal to 120.000 contracts (“quantitative blocking limit”). Furthermore, in order to mitigate operational risk, market participants shall receive an information notice when they submit an offer exceeding a default quantity of 7.000 contracts (“quantitative information limit”) which, anyway, may be modified by market participants.

3.2. Terms of Validation Checks for offers/bids submitted to the MPL and the MGS

GME shall verify the offers/bids submitted to the MPL and MGS within 10 minutes after the receipt of the offers/bids and inform the market participants who submitted the offers on the outcome of the validation check, within the same time limit.

4. Maximum exposure to Snam Rete Gas on the MPL

GME shall receive by Snam Rete Gas the maximum exposure value to Snam Rete Gas of each market participant and the estimated imbalance price set by Snam Rete Gas, before the end of the MPL session.

Based on these data, GME shall determine the maximum amount that each balancing user may present to bid (Sale Limit), by calculating the ratio of the two values above.

Starting from the offer with the highest priority, GME shall verify that each market participant submitted an offer equal to or below the Sale Limit, decreased by the amount of other offers/bids submitted during the same market session, having higher priority and whose validity has been already verified. If the verification fails, GME shall consider the offer partially valid until complete use of the Sale Limit is made, or consider the offer invalid if Sale Limit is equal to zero.

In the absence of any notification on Sale Limits from Snam Rete Gas, for the purpose of validation checks, GME shall apply a limit equal to zero, unless otherwise specified by Snam Rete Gas.

5. Maximum gas limits on the MGS

In compliance with Article 52, paragraph 52.1 of the Rules, GME shall receive by each storage company the maximum limits of purchases and sales pertaining to the amounts of gas that the user admitted to the MGS may negotiate on the MGS with reference to that storage company before the end of the MGS session.

If a storage company fails to provide daily the maximum gas limits that each participant may present to bid on the MGS, GME shall postpone the end of the MGS session pertaining to the same storage company, by notifying all market participants. If GME will not receive the maximum gas limits from the aforementioned storage company within the new deadline, GME shall, pursuant to Article 52, paragraph 52.2 of the Rules, perform the session considering the maximum limits equal to zero, after communication by the same storage company.