



Proposed Amendments to the Integrated Text of the Electricity Market Rules – Green Certificates Market

A market design obeying the counterparty indifference principle and, consequently, a guarantee, invoicing and settlement-of-payment system relying on a **central counterparty** would: i) meet the operational requirements expressed by Market Participants, and ii) potentially increase the volumes traded on GME's venue, so that the market price would be set in a more economically efficient way.

Assigning the role of central counterparty to GME would **completely eliminate the counterparty risk** to which Market Participants are exposed in the event of non-fulfilment of the obligations arising from the contracts made in the market.

A trading venue so designed would certainly attract higher volumes and thus yield benefits in terms of transparency and setting of economically efficient prices for Green Certificates.

Simplification of administrative-accounting procedures for participation in a regulated market would be an additional advantage for Market Participants. Indeed, Market Participants would have a single counterparty: i) sellers would issue a single invoice to GME, acting as a purchaser; ii) purchasers would participate in the market by making a single payment to GME, i.e. as a guarantee deposit fully covering their purchases; then, after concluding their market transactions, they would receive a single invoice from GME.

The document "Proposed amendments to the Integrated Text of the Electricity Market Rules - Green Certificates Market" is published on GME's website for consultation purposes, in order to allow interested parties to send in their comments **within 30 days from its date of publication**.

Interested parties are thus invited to send their comments:

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or

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PROPOSED AMENDMENTS

Article 86: “Trading Formalities”

Article 86 has been amended as follows

<i>Old Text</i>	<i>New Text</i>
<p>86.1 Transactions in the Green Certificates Market shall take place through continuous trading.</p>	<p>86.1 <i>For the contracts of purchase and sale of Green Certificates that are made in the Green Certificates Market, GME shall act as a central counterparty of Market Participants.</i></p>
<p>86.2 Trading sessions of the Green Certificates Market shall take place at least once a week in the period from January to March each year and at least once a month in the remaining months of the year.</p>	<p>86.12 <i>Transactions in the Green Certificates Market shall take place through continuous trading.</i></p> <p>86.23 <i>Trading sessions of the Green Certificates Market shall take place at least once a week in the period from January to March each year and at least once a month in the remaining months of the year.</i></p>
<p>86.3 Dates and times of the trading sessions of the Green Certificates Market shall be published on GME’s website.</p>	<p>86.34 <i>Dates and times of the trading sessions of the Green Certificates Market shall be published on GME’s website.</i></p>

Article 86 has been amended in order to assign to GME the role of central counterparty in the Green Certificates Market.

Article 88: “Invoicing of Fees”

Article 88 has been amended as follows

<i>Old Text</i>	<i>New Text</i>
88.1 GME shall invoice each Market Participant monthly for the fees due for the trading of Green Certificates, as laid down in Article 7, para. 7.2 above. Market Participants shall pay within thirty days from receipt of the invoices.	88.1 <i>GME shall invoice each Market Participant monthly for the fees due for the trading of Green Certificates, as laid down in Article 7, para. 7.2 above. Market Participants shall pay within thirty days from receipt of the invoices.</i>
88.2 The purchasing Market Participant shall pay the fees specified in para. 88.1 above also for the transactions cancelled by GME under the provisions of Article 95, para. 95.6 below.	88.2 The purchasing Market Participant shall pay the fees specified in para. 88.1 above also for the transactions cancelled by GME under the provisions of Article 95, para. 95.6 below.

Para. 88.2 has been deleted as a result of the amendments made to Article 95 below.

Article 89: “Submission of Trading Orders”

Article 89, para. 89.4 has been amended as follows

<i>Old Text</i>	<i>New Text</i>
89.4 Market Participants may enter sale orders into the Green Certificates Market only for the certificates registered in the ownership account of the Green Certificates Register that is held by Gestore dei Servizi Elettrici-GSE SpA, as well as for any certificate already purchased during the same trading session, at a price not exceeding the conventional price declared by the Market Participant under the provisions of Article 93, para. 93.1 b) below.	89.4 <i>Market Participants may enter sale orders into the Green Certificates Market only for the certificates registered in the ownership account of the Green Certificates Register that is held by Gestore dei Servizi Elettrici-GSE SpA, as well as for any certificate already purchased during the same trading session. , at a price not exceeding the conventional price declared by the Market Participant under the provisions of Article 93, para. 93.1 b) below.</i>

The amendment made to Article 89, para. 89.4 reflects the introduction of a new guarantee system for the Green Certificates Market; this system, which is referred to in Article 93 below, replaces the current system based on the cash deposit.

Article 90: “Verification of Orders”

Article 90 has been amended as follows

<i>Old Text</i>	<i>New Text</i>
<p>90.1 A purchase order shall be rejected if the specified number of certificates exceeds the maximum number of certificates that can be purchased by the Market Participant pursuant to Article 93, para. 93.2 below, after subtracting the number of certificates already purchased by the Market Participant in the same market session or for which the Market Participant has already entered purchase orders not yet matched.</p>	<p>90.1 A purchase order with price limit shall be rejected if its value, equal to the product between the quantity specified in the order and the price specified in the same order, exceeds the amount of the available deposit referred to in Article 93 below. the specified number of certificates exceeds the maximum number of certificates that can be purchased by the Market Participant pursuant to Article 93, para. 93.2 below, after subtracting the number of certificates already purchased by the Market Participant in the same market session or for which the Market Participant has already entered purchase orders not yet matched.</p>
<p>90.2 A purchase or sale order submitted by a Market Participant shall be rejected if a matching sale or purchase submitted by the same Market Participant is already present in the order book, respectively.</p>	<p>90.2 A purchase or sale order submitted by a Market Participant shall be rejected if a matching sale or purchase submitted by the same Market Participant is already present in the order book, respectively.</p>
	<p>90.3 A purchase order without price limit shall be rejected if its value, equal to the product between the quantity specified in the order and the price of the best sale order included in the order book, exceeds the available deposit referred to in Article 93 below.</p>

Article 90 has been amended to accommodate the new procedure for verifying the orders that have been entered into the order book; under this procedure, the value of the transactions made in the Green Certificates Market shall be fully guaranteed.

Article 93: “~~Guarantee Deposit~~ Guarantees”

Article 93 has been amended as follows

<i>Old Text</i>	<i>New Text</i>
<p>93.1 With a view to submitting purchase orders into the Green Certificates Market, each Market Participant shall, by 12:00 of the working day preceding the opening of the trading session,</p> <p>a) make a cash deposit, by transferring the amount to GME's account with value date on the same day and notify GME of the amount paid in accordance with the formalities specified in the Technical Rules;</p> <p>b) communicate to GME a conventional price not lower than the minimum conventional price published by GME, at least five working days before the opening of the trading session, in accordance with the formalities defined in the Technical Rules.</p>	<p>93.1 <i>With a view to submitting purchase orders into the Green Certificates Market, each Market Participant shall, by 12:00 of the working day preceding the opening of the trading session, make an initial interest-bearing deposit, by transferring the amount to GME's account with value date on the same day, and notify GME of the amount paid in accordance with the modalities and within the time limits specified in the Technical Rules.</i></p> <p>a) make a cash deposit, by transferring the amount to GME's account with value date on the same day and notify GME of the amount paid in accordance with the formalities specified in the Technical Rules; b) communicate to GME a conventional price not lower than the minimum conventional price published by GME, at least five working days before the opening of the trading session, in accordance with the formalities defined in the Technical Rules.</p>
<p>93.2 The maximum number of certificates that can be purchased by a Market Participant during a trading session shall be equal to the ratio (rounded to the lower integer) of the cash deposit referred to in para. 93.1 a) above to the conventional price referred to in para. 93.1 b) above.</p>	<p>93.2 The maximum number of certificates that can be purchased by a Market Participant during a trading session shall be equal to the ratio (rounded to the lower integer) of the cash deposit referred to in para. 93.1 a) above to the conventional price referred to in para. 93.1 b) above.</p> <p>93.2 The initial deposit mentioned in para. 93.1 above shall be updated upon submission of a purchase order:</p> <p><i>a) for orders with price limit, it shall be decreased by an amount equal to the product between the price specified in the order and the related quantity, or</i></p> <p><i>b) for orders without price limit, it shall be decreased by an amount equal to the product between the price of the best sale order included in the order book and the quantity specified in</i></p>

	<p><i>the purchase order.</i></p> <p><i>93.3 If a sale order has been matched with a purchase order with price limit and if the price at which the contract has been made is lower than the specified price limit, then GME shall up-adjust the amount of the available deposit committed under para. 93.2 a) above by an amount equal to the product between the matched quantity and the difference between the specified price limit and the price at which the order has been matched.</i></p> <p><i>93.4 Upon the matching of a sale order, the available deposit shall be up-adjusted by an amount equal to the product between the price at which the order has been matched and the matched quantity.</i></p> <p><i>93.5 On the assumption referred to in para. 93.2 a) above, if a purchase order not yet matched has been cancelled, then the Market Participant's available deposit shall be up-adjusted by an amount equal to the product between the price and the quantity specified in the cancelled order.</i></p> <p><i>93.6 On a quarterly basis, GME shall pay the interest accruing to the Market Participant on the available deposit. Such interest shall be calculated on the basis of the interest rate applied by the bank in charge of GME's treasury services.</i></p>
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Article 93 has been amended to accommodate the new guarantee system based on full coverage of the value of the transactions made in the Green Certificates Market, in place of the current system based on the cash deposit.

Article 94: “Flow of Information”

Article 94 has been amended as follows

<i>Old Text</i>	<i>New Text</i>
<p>94.1 Within twenty-four hours from the closure of each session, GME shall confirm the executed orders to each Market Participant by electronic means or fax, providing the following data:</p> <ul style="list-style-type: none">a) quantity;b) price;c) date and time;d) type of certificates bought or sold;e) amount payable or receivable;f) counterparty.	<p>94.1 <i>Within twenty-four hours from the closure of each session, GME shall confirm the executed orders to each Market Participant by electronic means or fax, providing the following data:</i></p> <ul style="list-style-type: none"><i>a) quantity;</i><i>b) price;</i><i>c) date and time;</i><i>d) type of certificates bought or sold;</i><i>e) value of the transaction amount payable or receivable;</i><i>f) counterparty.</i>
<p>94.2 In the case referred to in Article 95, paras. 95.2 and 95.3 a) below, GME shall notify Gestore dei Servizi Elettrici-SpA of the transfer of ownership of the certificate within twenty-four hours from the closure of the session in which the transfer has taken place. In the case referred to in Article 95, para. 95.3 b) below, GME shall notify Gestore dei Servizi Elettrici-SpA of the transfer of ownership of the certificate, after checking whether payment has been made.</p>	<p>94.2 <i>In the case referred to in Article 95, paras. 95.2 and 95.3 a) below, GME shall notify Gestore dei Servizi Elettrici-SpA of the transfer of ownership of the certificate within twenty-four hours from the closure at the close of the session in which the transfer has taken place. In the case referred to in Article 95, para. 95.3 b) below, GME shall notify Gestore dei Servizi Elettrici-SpA of the transfer of ownership of the certificate, after checking whether payment has been made.</i></p>

Article 94 has been amended to reflect GME’s role of central counterparty in the Green Certificates Market.

Article 95: “Settlement of Payments”

Article 95 has been amended as follows

<i>Old Text</i>	<i>New Text</i>
<p>95.1 Within twenty-four hours from the closure of each session, GME shall compare the amount payable for all transactions made by each purchasing Market Participant with the amount of the cash deposit.</p>	<p>95.1 <i>Within twenty-four hours from the closure of each session, GME shall pay the amount of the available deposit in accordance with the modalities and within the time limits defined in the Technical Rules. compare the amount payable for all transactions made by each purchasing Market Participant with the amount of the cash deposit.</i></p>
<p>95.2 If the amount payable for all transactions made by a purchasing Market Participant is lower than or equal to the amount of the cash deposit, GME shall - on behalf of the purchasing Market Participant - pay the purchasing price to each selling Market Participant and return any positive difference to the purchasing Market Participant.</p>	<p>95.2 <i>If the amount payable for all transactions made by a purchasing Market Participant is lower than or equal to the amount of the cash deposit, GME shall on behalf of the purchasing Market Participant pay the purchasing price to each selling Market Participant and return any positive difference to the purchasing Market Participant.</i></p>
<p>95.3 If the amount payable for all transactions made by a purchasing Market Participant exceeds the cash deposit, GME shall:</p> <ul style="list-style-type: none"> a) for transactions whose price is lower than or equal to the conventional price indicated by the Market Participant, proceed with the payment - on behalf of the purchasing Market Participant - of the purchasing price to the selling Market Participant; b) for transactions whose price is higher than the conventional price indicated by the Market Participant, communicate to the purchasing Market Participant - by electronic means or fax - the share of the amount of the transaction that is due to each selling Market Participant and that is not covered by the cash deposit, together with the bank details of the selling Market Participant. A copy of this communication shall be sent to the selling Market Participant involved. 	<p>95.3 <i>If the amount payable for all transactions made by a purchasing Market Participant exceeds the cash deposit, GME shall:</i></p> <ul style="list-style-type: none"> a) for transactions whose price is lower than or equal to the conventional price indicated by the Market Participant, proceed with the payment on behalf of the purchasing Market Participant of the purchasing price to the selling Market Participant; b) for transactions whose price is higher than the conventional price indicated by the Market Participant, communicate to the purchasing Market Participant by electronic means or fax the share of the amount of the transaction that is due to each selling Market Participant and that is not covered by the cash deposit, together with the bank details of the selling Market Participant. A copy of this communication shall be sent to the selling Market Participant involved.

<p>95.4 In the cases referred to in para. 95.3 b) above, the purchasing Market Participant shall transfer the share of the amount indicated in the communication to the selling Market Participant's bank account, with value date two working days after the sending of the aforesaid communication. The purchasing Market Participant shall send a copy of the receipt of payment to GME within the same time limit.</p>	<p>95.4 In the cases referred to in para. 95.3 b) above, the purchasing Market Participant shall transfer the share of the amount indicated in the communication to the selling Market Participant's bank account, with value date two working days after the sending of the aforesaid communication. The purchasing Market Participant shall send a copy of the receipt of payment to GME within the same time limit.</p>
<p>95.5 Within the third working day after the sending of the communication referred to in para. 95.3 b) above, the selling Market Participant shall notify GME whether payment by the purchasing Market Participant has not been received. Failing this notification or after verifying payment by the purchasing Market Participant, GME shall proceed with the payment - on behalf of the purchasing Market Participant - to the selling Market Participant of the share of the amount of the transaction that is due to the selling Market Participant and that is covered by the cash deposit.</p>	<p>95.5 Within the third working day after the sending of the communication referred to in para. 95.3 b) above, the selling Market Participant shall notify GME whether payment by the purchasing Market Participant has not been received. Failing this notification or after verifying payment by the purchasing Market Participant, GME shall proceed with the payment - on behalf of the purchasing Market Participant - to the selling Market Participant of the share of the amount of the transaction that is due to the selling Market Participant and that is covered by the cash deposit.</p>
<p>95.6 If the purchasing Market Participant defaults on the payment or does not send GME a copy of the receipt of payment according to the procedures and within the deadline specified in para. 95.4 above, GME shall cancel the transaction. In this case, GME shall pay the selling Market Participant an amount, to be subtracted from the cash deposit of the defaulting purchasing Market Participant, as a penalty; for each certificate traded, such penalty shall be equal to the minimum conventional price published by GME. GME shall return any residual amount of the cash deposit to the defaulting Market Participant.</p>	<p>95.6 If the purchasing Market Participant defaults on the payment or does not send GME a copy of the receipt of payment according to the procedures and within the deadline specified in para. 95.4 above, GME shall cancel the transaction. In this case, GME shall pay the selling Market Participant an amount, to be subtracted from the cash deposit of the defaulting purchasing Market Participant, as a penalty; for each certificate traded, such penalty shall be equal to the minimum conventional price published by GME. GME shall return any residual amount of the cash deposit to the defaulting Market Participant.</p>

Article 95, concerning the settlement of payments between Market Participants, has been amended to reflect GME's role of central counterparty in the Green Certificates Market. Consequently, payables and receivables arising in the Green Certificates Market will no longer be settled directly between Market Participants, but rather between GME and Market Participants. Indeed, GME will act as a purchasing counterparty towards selling Market Participants and as a selling counterparty towards purchasing Market Participants.

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SUBSECTION IV

INVOICING

Article 96: "Invoicing Period"

96.1 The invoicing period for the transactions made in the Green Certificates Market shall be specified in the Technical Rules.

Article 97: "Invoicing"

97.1 For each invoicing period, according to the modalities and within the time periods specified in the Technical Rules, GME shall:

- a) issue invoices to each Market Participant that is in debit towards GME for the amounts pertaining to the purchase transactions made by the same Market Participant;***
- b) notify each Market Participant that is in credit towards GME of the amounts pertaining to the sale transactions made by the same Market Participant.***

97.2 Following the notifications referred to in para. 97.1 b) above, Market Participants shall issue invoices to GME for the notified amounts.

97.3 The time periods and formalities for the issuing of invoices to GME, as set forth in para. 97.2 above, shall be specified in the Technical Rules.

97.4 The invoices and notifications referred to in paras. 97.1 and 97.2 above shall be provided to Market Participants in accordance with the modalities and within the time limits set forth in the Technical Rules.

97.5 The invoices and notifications referred to in paras. 97.1 and 97.2 above shall include at least the following data, where applicable:

- a) quantities of Green Certificates traded;***
- b) price at which the quantities mentioned in subpara. a) above have been traded;***

- c) taxes applied;*
- d) total amount.*

GME's role of central counterparty in the Green Certificates Market requires the introduction of a new system for invoicing and settlement of payments, in place of the one currently existing between Market Participants.