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Technical Rule no. 10 rev. 2 PCE

(under article 4 of the Rules Governing the Forward Electricity Account Trading Platform
– PCE Rules)

Title	Allocation of guarantees
Reference Legislation	Article 56, para. 56.1 b) and Article 57, para. 57.8 of the PCE Rules

successfully verified by the Director of Markets of AEEG (Autorità per l'Energia Elettrica e il Gas –
electricity & gas regulator) under Resolution of 5 April 2007

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1. Foreword

Article 56, para. 56.1 b) and Article 57, para. 57.8 of the PCE Rules provide that a PCE Participant that is also an Electricity Market Participant may use part of the financial guarantees (bank guarantee or non-interest-bearing cash deposit) already posted under Title V of the Integrated Text of the Electricity Market Rules (hereafter “Electricity Market Rules”) and that such amount may be modified at any time in accordance with the modalities defined in the Technical Rules.

2. Utilisation of the guarantee

A PCE Participant that is also an Electricity Market Participant and has already submitted a guarantee to GME may allocate part of such guarantee to cover financial obligations arising on the PCE, provided that it has submitted to GME a guarantee in accordance with Title V of the Electricity Market Rules, i.e. a guarantee whose amount covers financial obligations which may arise both in the various energy markets and on the PCE, as per article 57, para. 57.1 of the PCE Rules.

A Participant that has posted a guarantee in accordance with the modalities stated in this paragraph must also submit to GME a statement signed by its legal representative or other duly authorised person. The statement, having the format posted on GME’s website, must specify the amount of the guarantee that the Participant intends to allocate for:

- a) covering the settlement of payables arising in the MGP and MI;
- b) covering the settlement of payables arising in the MTE;
- c) covering the settlement of payments of the amounts referred to in Article 57, para. 57.1 of the PCE Rules.

The share of the bank guarantee allocated to the MTE will also be utilised to cover the settlement of payables arising from the exercise of the option of physical delivery of financial electricity derivatives contracts (CDE).

The statement may be re-submitted at any time, whenever the PCE Participant intends to modify the allocation of the guaranteed amount for covering the various payables, as per Article 57, para. 57.8 of the PCE Rules.

For the purpose of verifying the technical adequacy of requests for registering transactions and schedules onto the PCE, the statement will have effect from the later of the following dates:

- a) second working day after the one on which GME receives the statement;
- b) date specified in the statement as the date of effect of the allocation.

If the statement involves a reduction in the amount allocated for covering payables arising on the PCE or in the Electricity Market, GME will accept the request after ensuring that the requesting Participant's payables on the PCE and in the Electricity Market are adequately guaranteed.

If the Participant does not submit any statement concerning the sharing of the bank guarantee between the Electricity Market and the PCE, the amount of the bank guarantee will be entirely allocated for covering payables arising in the MGP and MI.