

CHANGE TO THE TIMING OF THE ITALIAN ELECTRICITY MARKET, TRANSITIONAL MANAGEMENT OF DIFFERENCES IN PAYMENT TIME LIMITS AND GO-LIVE OF THE IBWT PROJECT FOR MARKET COUPLING ON ITALIAN BORDERS

Further to previous announcements - the one issued on 2 Feb. 2015 by GME and the other parties to the Italian Borders Market Coupling Project (IBWT project) indicating **24 February 2015** (day of flow: 25 February 2015) as the go-live date for the IBWT market coupling between Italy, France, Austria and Slovenia; and the one issued on 19 Dec. 2014 by GME and Terna about the change to the timing of the Italian electricity market - **GME confirms** to market participants and dispatching users holding generating units authorised for the MSD that, **from 10 February 2015** (in respect of the day of flow of **11 February 2015**), the new timing referred to in Technical Rule no. 03 rev5 MPE ("*Timing of activities for the sessions of the MGP, MI and MSD*") will enter into force (the Technical Rule will enter into force upon its publication on GME's website on the same date).

In particular,

- from **10 February 2015** (day of flow: 11 February 2015), the time of closing of the sitting for entry of bids/offers into the MGP (see announcement published on 18 Dec. 2014 on the websites of the two companies) will be shifted to 12:00;
- from **11 February 2015** (day of flow: 11 February 2015), the **new session of the Intra-Day Market** and the **new substage of the scheduling stage of the MSD** (referring to the hourly periods from the ninth to the twelfth day of flow) will become operational.

For your convenience, you will find below the timeline of activities for the market sittings in respect of the day of flow D (11 February 2015), which will go into effect on 10 February 2015.

TIMELINE OF ACTIVITIES ON THE MPE IN RESPECT OF THE DAY D

	MGP	MI1	MI2	MSD1	MB1	MI3	MSD2	MB2	MI4	MSD3	MB3	MI5	MSD4	MB4	MB5
Reference Day	D-1				D										
Preliminary information	11.30	15.00	16.30	n.a.	n.a.	3.45	n.a.	n.a.	7.45	n.a.	n.a.	11.30	n.a.	n.a.	n.a.
Opening of sitting	8.00*	12.55	12.55	12.55	°	17.30**	°	22.30**	17.30**	°	22.30**	17.30**	°	22.30**	22.30**
Closing of sitting	12.00	15.00	16.30	17.30	°	3.45	°	7.00	7.45	°	11.00	11.30	°	15.00	21.00
Provisional results	12.42	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Final results	12.55	15.30	17.00	21.10	#	4.15	6.15	#	8.15	10.15	#	12.00	14.15	#	#

* the time refers to the day D-9

**the time refers to the day D-1

° Use is made of bids/offers entered into the MSD1

Dispatching Rules

Moreover, always from **10 February 2015** (day of flow: 11 February 2015), the new provisions of Technical Rule no. 3 rev3 PCE (*“Registration of transactions and schedules”*) will become effective. Under the latter provisions, the registration of transactions onto the OTC Registration Platform (PCE) may be carried out at any time; however, transactions in respect of the day D may be registered from the day D-60 to 10:00 of the day D-1 and the time limit for the entry of requests of registration of schedules in respect of the day D will be 11:30 of the day D-1.

Finally, given the results of the public consultation launched through Consultation Document 04/2014 (*“GME’s proposals for consultation about the integration of the electricity market into the EU markets”*), GME confirms that, pending the formal authorisation by the relevant institutions of the transitional management of differences in payment time limits, it will implement Solution II (described in the above-mentioned consultation document), i.e. *it will replicate, also on the other Italian borders involved by the IBWT market coupling, the same procedure as the one currently used to manage differences in payment time limits within the project of bilateral coupling between Italy and Slovenia, including the procedure for covering interest expense.*

Indeed, given the transitional nature and limited period of application of the above procedure, most of the parties that contributed to the consultation process identified this solution as being the one with the least impact and the highest efficiency in operational terms and, at the same time, enabling both market participants and GME to focus their actions on all the measures needed to share and implement the steady-state solution, which will ensure an adequate harmonisation at European level in the medium-long term.

Additionally, we inform you that with the go-live of the IBWT market coupling, we will introduce the management of the so-called “meshed” zonal configuration for the SARD-CORS-CNOR-CSUD transits.

Finally, we inform you that we are awaiting the formal verification by the relevant institutions of the IBWT agreements establishing, among others, the go-live date of the IBWT market coupling with the northern borders.