



Consultation document no. 02/2019

Natural-gas Market
Introduction of the *weekend* product

1. Foreword

In this consultation document, GME, pursuant to Article 3, paragraph 3.5, of the Natural-Gas Market Rules, presents participants with the proposal to introduce the weekend product in the Natural-gas Market (MGAS), as well as to subsequently allow the trading of this product also in the context of market making activity.

This proposal (described below) is aimed at enriching the offer of products available for trading in the spot gas markets, in order to provide participants with a flexible operational tool that allows them to anticipate, in previous working days, the trading relating to gas days falling during the weekend (i.e., Saturday and Sunday).

All interested parties may provide their opinion about the information contained in this document.

These comments must be sent in writing to GME - **Governance**, by and no later than **19 September 2019**, the closing date for this consultation in one of the following modalities:

- e-mail: **info@mercatoelettrico.org**
- fax: **06.8012-4524**
- post: **Gestore dei mercati energetici S.p.A.**
Viale Maresciallo Pilsudski, 122 - 124
00197 – Roma

Parties wishing to fully or partly safeguard the confidentiality or secrecy of the documentation sent are required to indicate which parts of their documentation are to be considered confidential.

2. Introduction of the *weekend* product in the MGAS

In order to enrich the offer of the products available for trading in the spot gas markets, as well as provide participants with a flexible operational tool that enables them to anticipate, in the previous working days, the trading relating to the gas-days included in the weekend, GME proposes to introduce a new product in the MGAS (so-called *weekend* product).

The *weekend* product will be listed in the gas spot market (MP-GAS), in particular in the MGP-GAS and will have the following characteristics:

- will include the gas-days Saturday and Sunday (from 6.00 a.m. of Saturday to 6.00 a.m. of Monday). This setting will always apply, even if the weekend was preceded, or followed, by a public holiday. The holiday before or after the weekend will be traded individually in the same way as the other days of the week;
- the principles currently in force in the MP-GAS will be applied to define the methods and terms for the trading and delivery calendar and for the management of guarantees. In particular, for the weekend product:
 - trading will start at the opening of the trading session on Thursday and will close at the end of the trading session on Friday. The opening and closing of the trading period will not change if Thursday and/or Friday fall on a public holiday;
 - the delivery of the traded gas at the PSV will take place according to the same procedures and the same delivery times as the daily products, through the registration of two separate transactions at the PSV, one for the gas-day on Saturday and one for the gas-day on Sunday;
 - the guarantees required for the trading of this product will be calculated in the same way as the guarantees required for the trading of daily products, i.e.:
 - coverage of the whole countervalue for purchase offers;
 - coverage only for a given “margin” for sales offers, with determination of the related credit in order to calculate the guarantee only following the combination of the sales offer and the positive outcome of the related registration at the PSV¹;
 - participation in the *netting* mechanism.

Obviously, despite the introduction of the weekend product, the rules adopted for the settlement of forward contracts after the related trading period (*cascading*) will remain unchanged. Therefore, although the weekend product is listed, the *cascading* will continue to be carried out on the corresponding daily products (Saturday or Sunday). Furthermore, please note that the daily products relating to Saturday and Sunday will continue to be listed simultaneously with the weekend product.

Consequently, the weekend product will be added to the products currently tradeable in the MGP-GAS and, therefore, the participant will have the following options:

daily product: tradeable every day, from 06.00 a.m. to 02.30 a.m. on the next calendar day, for the following three gas-days (G + 1, G + 2 and G + 3);

¹ Therefore, the related Check Price will be calculated for the weekend product as well.

weekend product: tradeable only on Thursday and Friday, from 06.00 a.m. to 02.30 a.m. on the following calendar day.

Obviously, every day from 6.00 a.m. to 2.30 a.m. of the following calendar day, the product relating to the same gas day will be tradeable in the MI-GAS.

Suggestion for consultation no. 1

Do you agree with the proposal to introduce the weekend product in the MGP-GAS or do you consider the current range of tradeable products sufficient?

3. Introduction of the *weekend* product in the *market making* activity

Given the positive conclusion of the market making start-up phase and in line with the content of the previous consultation document no. 01/2017 about the possibility of extending the market making activity to other additional products in relation to the current "G+1 product", it is hereby proposed to include the weekend product among those for which the market making activity will be carried out, to support the liquidity of the whole MGP-GAS spot market.

In this regard, please note that, although the inclusion of this product among those currently envisaged for carrying out market making activities will take place later than the introduction of the same product in the MGP-GAS (see above), participants will immediately be given a new flexible operational tool.

As for the *Liquidity Provider* (LP) service, without prejudice to the times for carrying out the activity, which will remain unchanged compared to those currently envisaged for the "G+1 product", the following schedule is proposed:

- on Friday, the LP:
 - shall trade the “weekend” product
 - shall trade the G+3 product (Monday)²
 - shall not trade the G+1 product (Saturday)
- on Thursday, only if Friday is a public holiday, the LP:
 - shall trade the G+1 product (Friday)
 - shall trade the “weekend” product

- on working days (except for Thursday, already handled in the previous point) prior to a midweek non-working day, the LP shall trade, in addition to the product G+1 product, also the product G+2 product³;

² Even if Monday falls on a public holiday.

In the other cases the current provisions regarding the listing of the G+1 product by the LP will be kept.

In this regard, please be informed that, since with the revision of the service there will be trading days in which the LP must trade more than one product, the valid sessions will be counted considering a number of sessions equal to the number of products for which in each session the LP will have to enter the related offers in the book. As a result, on a Friday in which the LP is quoting both the weekend product and the G+3 product, two sessions will be considered, one for each of the two products. Please also note that the completion of the service will be considered separately for each of the two products⁴.

Suggestion for consultation no.2

Do you agree with the proposal to introduce the weekend product also in the market making activity?

³ Even if G+2 falls on a public holiday.

⁴ By way of example, if in one month there are 24 market sessions, which take place on working days, respectively for the G+1 product (16 sessions), G+3 product (4 sessions) and weekend product (4 sessions), 75 % of sessions valid for granting the fees will be calculated considering 24 sessions. Furthermore, on Friday, the useful sessions will be counted by evaluating separately the fulfilment of the service in relation to the G+3 product and the weekend product.