



INTEGRATED TEXT OF THE ELECTRICITY MARKET RULES ^(*)

approved by the Ministerial Decree of 19 December 2003,
as subsequently amended and supplemented

^() Please note that this translation is provided for convenience only. In case of discrepancies, the Italian text shall govern.*

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TITLE I GENERAL PROVISIONS

Article 1 Text and Annexes

- 1.1 These Electricity Market Rules (hereafter the “Rules”) and the documents attached hereto, which are an integral part hereof, contain the rules governing the operation of: i) the Electricity Market, adopted in accordance with Article 5 of Legislative Decree no. 79 of 16 March 1999, Law no. 2 of 28 January 2009, Article 30 of Law no. 99 of 23 July 2009 and Annex A to the Decision of *Autorità per l’Energia Elettrica e il Gas* (AEEG) no. 111/06, as subsequently amended and supplemented; and ii) the Green Certificates Market, as set forth in Article 12 of the Decree adopted by the Minister of Economic Development jointly with the Minister of the Environment and Land and Sea Protection on 18 December 2008 (hereafter called “Ministerial Decree of 18 October 2008”).

Article 2 Definitions

- 2.1 For the purposes of these Rules:

- a) **Accepted Bid/Offer** shall mean a technically adequate bid/offer for which the Market Participant acquires the right to receive the requested service and the obligation to supply the offered service, at prices established in accordance herewith;
- b) **Acquirente Unico** (AU - Single Buyer) shall mean the company referred to in Article 4 of Legislative Decree 79/99;
- c) **AEEG** shall mean *Autorità per l’Energia Elettrica e il Gas* (Electricity & Gas Regulator), which was set up in compliance with Law no. 481 of 14 November 1995;
- d) **Ancillary Services Market** (MSD - *Mercato del Servizio di Dispacciamento*) shall mean the venue where Terna procures resources for its dispatching service;
- e) **Applicable Period** shall mean the period of time to which a single bid/offer submitted into the Electricity Market shall refer;
- f) **Authorised Offer Point** shall mean an offer point authorised by Terna to provide dispatching services by means of bids/offers in the MSD;
- g) **Balanced Bids/Offers** shall mean zero-priced supply offers and non-price-dependent demand bids submitted in each sitting of the MI also by different Market Participants, provided that they refer to the same applicable period and to offer points belonging to the same geographical or virtual zone and that their quantities balance out and are identified as mutually balanced by an appropriate alphanumeric code chosen by Market Participants;
- h) **Balancing** shall mean the activity consisting in maintaining the equilibrium between electricity injections into and withdrawals from the grid;
- i) **Billing** shall mean the determination of the value of payables and receivables;
- j) **Borsa Italiana S.p.A.** shall mean the company managing regulated markets and authorised by *Commissione Nazionale per le Società e la Borsa* (Consob) to

operate the exchange market and the exchange market of financial instruments, as per article 1, para. 2 f) and i) of Legislative Decree no. 58 of 24 February 1998 (as subsequently amended and supplemented) and whose organisational and operational rules are laid down in *Regolamento dei mercati organizzati e gestiti da Borsa Italiana* approved by a resolution of Consob;

- k) **CC&G** shall mean *Cassa Compensazione e Garanzia S.p.A.*, the company managing the clearing and guarantee systems for transactions on financial instruments, as per articles 69 and 70 of Legislative Decree no. 58 of 24 February 2008, and whose organisational and operational procedures are approved by *Banca d'Italia* in consultation with Consob;
- l) **Check Price** shall mean the price determined by GME for the purposes of the technical adequacy verifications in the MTE;
- m) **CIP-6 Generating Units** shall mean the power plants referred to in Article 22, para. 3, of Law no. 9 of 9 January 1991 and in the Decree of *Comitato Interministeriale dei Prezzi* (Interministerial Committee on Prices) no. 6 (Title IV, B)) of 29 April 1992, published in *Gazzetta Ufficiale, Serie Generale* no. 109 of 12 May 1992, as well as other plants whose electricity generation is regulated by the Decree of the Minister of Industry, Trade and Handicraft of 21 November 2000, published in *Gazzetta Ufficiale, Serie Generale* no. 280 of 30 November 2000;
- n) **Constrained Zone** (or point of limited production) shall correspond to what is specified in the Dispatching Rules;
- o) **Continuous Trading** shall mean the trading based upon automatic matching of demand bids with supply offers or purchase orders with sale orders, with continuous entry of new bids/offers or orders during the trading sessions;
- p) **Contractual Positions** shall mean the set of purchase and sale transactions that the Market Participant has concluded in the MTE and involving the same type of contracts;
- q) **Conventional Price** shall mean the unit electricity price which is defined in the Technical Rules and which is conventionally assigned to non-price-dependent demand bids for the purpose of verifying the adequacy of financial guarantees;
- r) **Cumulated Final Hourly Injection or Withdrawal Schedule for each Offer Point** (or supply point) shall mean the cumulated updated hourly injection or withdrawal schedule as modified as a result of the MSD;
- s) **Cumulated Preliminary Hourly Injection or Withdrawal Schedule for each Offer Point** shall mean the hourly schedule obtained as the sum of the preliminary hourly schedules pertaining to bids/offers accepted in the MGP and of the hourly schedules arising from purchase and sale contracts made off the exchange, as modified by the results of the MGP;
- t) **Cumulated Updated Hourly Injection or Withdrawal Schedule for each Offer Point** shall mean the cumulated preliminary hourly injection or withdrawal schedule as modified as a result of the MI;
- u) **Day-Ahead Market** (MGP - *Mercato del Giorno Prima*) shall mean the venue for trading electricity demand bids and supply offers for each applicable period of the next day;
- v) **Delivery Period** shall mean the period during which the electricity underlying the forward contracts is injected/withdrawn;
- w) **Demand Curve** shall mean a segment of a line on the quantity/unit price plane, which refers to an applicable period and which is obtained by cumulating

- technically adequate bids, ranked in order of non-increasing unit price, beginning with non-price-dependent bids;
- x) **Dispatching** shall mean the activity consisting in giving instructions for utilisation and co-ordinated operation of power plants, the transmission grid and ancillary services;
 - y) **Dispatching Rules** (*Regole di Dispacciamento*) shall mean the rules laid down by AEEG for the transmission and dispatching service in compliance with Article 3, para. 3, of Legislative Decree 79/99, and the dispatching rules laid down by Terna pursuant to Article 3, para. 6, of the same Decree;
 - z) **Dispatching User** (or dispatching customer) shall mean the party that has entered into a dispatching service contract with Terna, as defined in the Dispatching Rules.
 - aa) **Electricity Market** (ME – *Mercato Elettrico*) shall mean the Spot Electricity Market (MPE – *Mercato Elettrico a Pronti*), the Forward Electricity Market (MTE – *Mercato Elettrico a Termine*) and the Platform for Physical Delivery of Financial Contracts concluded on IDEX;
 - bb) **Energy Markets** shall mean the Day-Ahead Market (MGP – *Mercato del Giorno Prima*), the Intra-Day Market (MI – *Mercato Infragiornaliero*), the Forward Electricity Market (MTE – *Mercato dell'Energia a Termine*) and the Platform for Physical Delivery of Financial Contracts Concluded on IDEX;
 - cc) **Exclusion from the Market** shall mean the definitive loss of the status of Market Participant;
 - dd) **Final Injection or Withdrawal Schedules** shall mean the injection or withdrawal schedules resulting from the MGP, as modified in the MI and MSD;
 - ee) **Forward Contracts** shall mean the contracts admitted to trading in the market and concerning the trading of future supplies of electricity;
 - ff) **Forward Electricity Account Trading Platform** (PCE – *Piattaforma dei Conti Energia a Termine*) shall mean the venue for registering transactions and forward schedules organised and managed by GME under Article 17, Annex A, AEEG's Decision 111/06, as subsequently amended and supplemented;
 - gg) **Forward Electricity Market** with delivery and withdrawal obligation (MTE – *Mercato Elettrico a Termine dell'Energia Elettrica con obbligo di consegna e ritiro*) shall mean the venue where forward contracts are traded;
 - hh) **Generating Unit Essential for System Security** shall correspond to what is specified in the Dispatching Rules;
 - ii) **Geographical Zone** shall mean a portion of the power grid where, for system security purposes, there are physical limits to transfers of electricity to/from other geographical zones, as defined in the Dispatching Rules;
 - jj) **Gestore dei Servizi Energetici-GSE SpA** shall mean the company (*società per azioni*) which was set up under Article 3, para. 4, of Legislative Decree 79/99 and Art. 1, paras. 1 a), b) and c) and 3 of the Decree of the President of the Council of Ministers of 11 May 2004, published in *Gazzetta Ufficiale, Serie Generale* no. 115 of 18 May 2004;
 - kk) **GME** shall mean *Gestore dei Mercati Energetici*, the company (*società per azioni*) responsible for the economic management of the Electricity Market under Article 5 of Legislative Decree 79/99;
 - ll) **Green Certificates** shall mean the tradable certificates specified in the Ministerial Decree of 18 December 2008;
 - mm) **Green Certificates Market** (MCV – *Mercato dei Certificati Verdi*) shall mean the venue for the trading of Green Certificates;

- nn) **Hourly Injection Schedule** shall mean the hourly diagram which defines, for a given offer point and for each applicable period, the quantities of electricity subject to the Dispatching Rules;
- oo) **Hourly Withdrawal Schedule** shall mean the hourly diagram which defines, for a given offer point and for each applicable period, the quantities of electricity subject to the Dispatching Rules;
- pp) **Identification Code of the Market and of the Market Sitting** shall mean the alphanumerical code which uniquely identifies a market and a market sitting;
- qq) **Identification Code of the Market Participant** shall mean the alphanumerical code which uniquely identifies a Market Participant in view of participation in the market;
- rr) **Identification Code of the Offer Point** shall mean the alphanumerical code which uniquely identifies an offer point;
- ss) **IDEX** shall mean the segment of the Italian Derivatives Exchange Market - IDEM - organised and managed by Borsa Italiana S.p.A and where financial electricity derivatives are traded;.
- tt) **Injection Point** shall correspond to what is specified in the Dispatching Rules;
- uu) **Intra-Day Market (MI - Mercato Infragiornaliero)** shall mean the venue where electricity demand bids and supply offers are traded in view of adjusting the injection and withdrawal schedules defined in the MGP;
- vv) **Law 02/2009** shall mean the law converting Law-Decree 185/2008 on urgent measures for supporting families, work, employment and business and redesigning the national strategic framework to combat the crisis;
- ww) **Law no. 99 of 23 July 2009** shall mean the law concerning provisions on development and internationalisation of companies, as well as on energy matters;
- xx) **Legislative Decree 79/99** shall mean Legislative Decree no. 79 of 16 March 1999 implementing Directive 96/92/EC concerning common rules for the internal market in electricity, published in *Gazzetta Ufficiale* no. 75 of 31 March 1999;
- yy) **Market** shall mean the market organised and managed by GME and consisting of the Electricity Market (ME) and of the Green Certificates Market (MCV);
- zz) **Market Participant** shall mean a natural or legal person admitted to trading in the Electricity Market or the Green Certificates Market;
- aaa) **Market Session** shall mean the set of activities directly related to receiving and processing bids/offers, as well as determining the corresponding market results;
- bbb) **Market Zone** shall mean a set of geographical zones and/or virtual zones having the same zonal electricity price in accordance herewith;
- ccc) **Merit Order** shall mean the priority order of a set of demand bids or supply offers that is determined on the basis of the offered price and, this being equal, on the basis of other reference parameters defined herein;
- ddd) **Ministerial Decree of 18 December 2008** shall mean the decree "of support to renewable power generation under Article 2, para. 150 of Law no. 244 of 24 December 2007, published in *Gazzetta Ufficiale* no. 1 of 2 January 2009;
- eee) **Mixed Offer Point** shall mean one or more physical or virtual points, authorised both for injection and withdrawal;
- fff) **Multiple Bid/Offer** shall mean a bid/offer consisting of a set of simple bids/offers submitted by the same Market Participant for the same applicable period and referring to the same offer point;

- ggg) Net Delivery Position* shall mean the sum of the quantities of electricity calculated with reference to each of the hours included in the delivery period of the purchase and sale contracts that the Market Participant has concluded in the MTE;
- hhh) Offer Point* (or supply point) shall mean the dispatching point as defined by the Dispatching Rules, in respect of which: step-up and step-down margins are communicated by the Dispatching User; quantities of demand bids and supply offers for the purposes of the market are quoted; quantities of injection or withdrawal schedules, implementing purchase and sale contracts made off the exchange, are specified; and cumulated injection or withdrawal schedules are defined;
- iii) Offer Point for Injection* shall mean one or more injection points;
- jjj) Offer Point for Withdrawal* shall mean one or more withdrawal points;
- kkk) Order Book* shall mean the on-line summary where orders entered by Market Participants into the market information system are listed and ranked by price and time of entry;
- lll) PCE Rules* shall mean the rules governing the operation of the Forward Electricity Account Trading Platform (PCE), adopted by GME under Article 17, Annex A, AEEG's Decision 111/06, as subsequently amended and supplemented;
- mmm) Platform for Physical Delivery of Financial Contracts Concluded on IDEX* shall mean the venue for registering transactions corresponding to financial electricity derivatives contracts concluded on IDEX and for which the Participant has requested to exercise the option of physical delivery in the ME;
- nnn) Point of Interconnection with a Neighbouring Country* shall mean the border with a neighbouring country, i.e. the set of lines interconnecting the national transmission grid (RTN) with each of the countries whose grids are directly connected with the same grid;
- ooo) Power Grid* shall mean the set of the national transmission grid (RTN) and the other power grids having third-party access obligation and directly connected with the national transmission grid;
- ppp) Predefined bid/offer* shall mean a simple or multiple bid/offer considered as submitted by a Market Participant in each sitting of the Day-Ahead Market (MGP) and of the Ancillary Services Market (MSD) in which GME does not receive bids/offers from the same Market Participant;
- qqq) Preliminary Hourly Injection or Withdrawal Schedules* shall mean the injection or withdrawal schedules resulting from the MGP;
- rrr) Reference Billing Period* shall mean the period of time taken as a reference for billing payables and receivables resulting from market sessions that are held within the same period;
- sss) Reference Price* shall mean the average price per MWh of all transactions made during a market session, weighted for the corresponding quantities;
- ttt) RTN (Rete di Trasmissione Nazionale)* shall mean the national transmission grid as identified in the Decree of 25 June 1999 of the Minister of Industry, Trade and Handicraft, published in *Gazzetta Ufficiale, Serie Generale, Supplemento Ordinario* no. 151 of 30 June 1999 and in subsequent development programmes;
- uuu) Simple Bid/Offer* shall mean a bid/offer that specifies a quantity of electricity offered for purchase or sale and a unit purchasing or selling price and that refers to an offer point, a market and an applicable period;

- vvv) **Sitting** shall mean a period of time within which bids/offers shall be submitted in order to be considered as valid;
- www) **Spot Electricity Market** (MPE – *Mercato Elettrico a Pronti*) shall mean the set of the Day-Ahead Market (MGP), of the Intra-Day Market (MI) and of the Ancillary Services Market (MSD);
- xxx) **Step-Down Margin** shall mean the maximum quantity that may be specified in demand bids in respect of the same offer point, for the purpose of verifying the technical adequacy of bids submitted in a market session;
- yyy) **Step-Up Margin** shall mean the maximum quantity that may be specified in supply offers in respect of the same offer point, for the purpose of verifying the technical adequacy of offers submitted in a market session;
- zzz) **Supply Curve** shall mean a segment of a line on the quantity/unit price plane, which refers to an applicable period and which is obtained by cumulating technically adequate supply offers, ranked in order of non-decreasing unit price;
- aaaa) **Suspension from the Market** shall mean the temporary prohibition for a Market Participant to submit bids/offers into the market;
- bbbb) **Technically Adequate Bid/Offer** shall mean a valid bid/offer which has been verified successfully as prescribed herein;
- cccc) **Terna** shall mean *Terna – Rete Elettrica Nazionale SpA*, i.e. the company (*società per azioni*) resulting from the process of merger of ownership and management/operation of the national transmission grid under Art. 1 of the Decree of the President of the Council of Ministers of 11 May 2004; Terna carries out activities of electricity transmission and dispatching, including the unified management/operation of the national transmission grid;
- dddd) **Trading Order** shall mean a purchase or sale order in the Green Certificates Market (MCV) that Market Participants enter into the order book and that contains the necessary data for posting and execution;
- eeee) **Trading Period** shall mean the period during which the forward contracts are traded;
- ffff) **Unavailability of a power grid asset** shall mean the condition where a given asset of the power grid cannot be used by the relevant operator for its own activities;
- gggg) **Updated Injection or Withdrawal Schedules** shall mean the hourly injection or withdrawal schedules resulting from the MGP, as modified in the MI;
- hhhh) **Valid Bid/Offer** shall mean a bid/offer submitted in accordance with the procedures and within the time limits indicated herein;
- iiii) **Virtual Zone** shall mean a point of interconnection with a neighbouring country or a constrained zone.
- jjjj) **Wholesale Customer** shall mean a party buying and selling electricity, without carrying out activities of electricity generation, transmission and distribution;
- kkkk) **Withdrawal Point** shall correspond to what is specified in the Dispatching Rules;
- llll) **Working Day** shall mean a day from Monday to Friday, with the exception of holidays recognised by the State for all civil purposes, as well as any other days indicated in the Technical Rules.

2.2 For the purposes of these Rules, reference shall be made, where applicable, to the definitions of Article 2, para. 2.2 of the Rules Governing the Forward Electricity Account Trading Platform (PCE); the latter rules were adopted by GME in compliance with Article 17, Annex A to AEEG's Decision 111/06, as subsequently

amended and supplemented, and were successfully verified by the Director of Markets of AEEG as per Resolution of 7 February 2007.

Article 3 **General Principles and Amendments to the Rules**

- 3.1 GME shall exercise its functions in an open and non-discriminatory way.
- 3.2 GME shall put in place an organisational structure suitable for preventing real or potential conflicts of interest and use procedures for monitoring compliance both with these Rules and with the Technical Rules.
- 3.3 In their activities in the market, Market Participants are required to conform to common principles of honesty and good faith.
- 3.4 GME may propose amendments to these Market Rules and notify them to all parties concerned by posting them on its website or by other suitable means, allowing at least fifteen days for the submission of comments, if any. Taking into account the comments received, GME shall then submit the proposed amendments (and the reasons therefor) to the approval of the Minister of Economic Development, who shall decide after hearing the opinion of AEEG.
- 3.5 The procedure referred to in para. 3.4 above shall not apply to urgent amendments to the Rules having the purpose of safeguarding the proper functioning of the market. Any such amendment proposed by GME shall have effect as of the date of its publication on GME's website and promptly submitted to the approval of the Minister of Economic Development, who shall decide after hearing the opinion of AEEG. In case of non-approval, the amendment shall cease to have effect as of the date of notification of the Minister's decision to GME. GME shall timely notify the outcome of the approval procedure to Market Participants by posting it on its website.

Article 4 **Technical Rules**

- 4.1 The implementing and procedural provisions of the Rules shall be set out in the Technical Rules (DTF – *Disposizioni Tecniche di Funzionamento*). In formulating the Technical Rules, GME shall adopt criteria of neutrality, transparency, objectivity and competition between Market Participants.
- 4.2 The Technical Rules shall be posted on GME's website and become effective as of the date of their publication.
- 4.3 GME may also make a draft version of the Technical Rules available to interested parties, setting a date by which such parties may submit their comments and observations.

Article 5 **Units of Measurement and Rounding off**

- 5.1 For the purposes of the market:
- a) for electricity, the unit of measurement shall be the MWh, specified with three decimals;
 - b) for monetary quantities, the unit of measurement shall be the Euro, specified with two decimals;
 - c) for the unit price of electricity, the unit of measurement shall be the Euro/MWh, specified with two decimals.
- 5.2 The price referred to in Article 42, para. 42.2 b) and c) below may be expressed with more than two decimals.
- 5.3 For the purposes of the market, figures shall be rounded off according to the mathematical criterion. In particular, figures shall be rounded up or down to the nearest last decimal allowed and, if the result is halfway, they shall be rounded up.

Article 6
Access to GME's Information System

- 6.1 Access to GME's information system shall take place:
- a) through the Internet;
 - b) by any other means as defined in the Technical Rules.

Article 7
Fees for Services Provided by GME

- 7.1 For services provided by GME in the Electricity Market (ME), Market Participants shall pay an access fee, a yearly fixed fee and a fee for the MWh traded.
- 7.2 For services provided by GME in the Green Certificates Market (MCV), Market Participants shall pay GME a fee for each certificate traded.
- 7.3 On a yearly basis, GME shall determine the amount and structure of the fees referred to in paras. 7.1 and 7.2 above, in such a way as to ensure the economic and financial equilibrium of its operations. Such amount shall be published on GME's website.

Article 8
Market Information

- 8.1 The aggregated market data and results shall be of public domain and published on GME's website. Market Participants shall have access to the data and market information that directly concern them.
- 8.2 Unless laws, regulations or other instruments issued by authorities require the disclosure of information:
- a) GME shall hold the data of offers/bids submitted into the MPE confidential until the seventh day following the last day of the sitting of submission of the same offers/bids;

- b) GME shall anonymously publish the data of offers/bids accepted in the MTE after the expiration of seven days from the last day of negotiation of the contract to which the offers/bids refer;
- c) GME shall hold the data about sale and purchase transactions in the MCV confidential for a minimum period of twelve months;
- d) the data about the transactions registered for the purposes of physical delivery of financial contracts concluded on IDEX shall be published in anonymous form seven days after the date of their registration.

8.3 GME shall only transmit to Terna and to Gestore dei Servizi Energetici-GSE SpA the information that is necessary for the proper functioning of the activities for which they are responsible.

Article 9
Communication and Publication of Data and Information

9.1 Unless otherwise stated, the communication and publication of data and information provided for herein shall be carried out electronically. In particular:

- a) communication to a Market Participant shall take place by making available data and information in the section of GME's information system whose access is restricted to that Market Participant;
- b) publication shall take place by making available data and information in the section of GME's information system whose access is non-restricted.

9.2 Bids/offers submitted by Market Participants shall be deemed to have been received on the date and at the time recorded by GME's information system. Any other communication shall be deemed to be received:

- a) on the day and at the time of receipt, if it arrives between 08:00 and 17:00 of a working day;
- b) at 08:00 of the first working day following the day of receipt, if it arrives between 17:00 and 24:00 of a working day, or between 00:00 and 24:00 of a non-working day;
- c) at 08:00 of the day of receipt, if it arrives between 00:00 and 08:00 of a working day.

9.3 For the purpose of determining the time of receipt, the time shall be obtained from GME's records. For electronic communications, the time shall be obtained from GME's information system.

Article 10
Security of Access

- 10.1 Market Participants shall have access to the market through special procedures defined in the Technical Rules. Such procedures shall guarantee the identification of Market Participants and authenticate their transactions.
- 10.2 Market Participants shall treat their access codes and any other data or device required to access GME's information system as confidential.

TITLE II ADMISSION TO THE MARKET

Article 11 Requirements for Admission to the Market

- 11.1 Parties applying for admission to the market shall have adequate experience and competence in the use of information technology or information communication technology systems and related security systems, or have employees or assistants with such experience and competence.
- 11.2 The following parties shall not be admitted to the market:
- a) applicants that have been convicted, with a final judgement (except in cases of rehabilitation/reinstatement) or with a judgement applying the penalty at the request of the parties (except in cases of extinction of the crime), to imprisonment for the crime referred to in Article 501 of the Italian Criminal Code or for one of the violations of the privacy of electronic communications referred to in Articles 617 *quater*, *quinquies*, *sexies* of the Criminal Code, or for computer fraud as per Article 640 *ter* of the Criminal Code;
 - b) parties that have been excluded from the market, except in the case of exclusion referred to in Article 20 below.
- 11.3 If the party applying for market admission is a legal person, the requirements stated in para. 11.2 above shall refer to the owner, legal representative or duly authorised person.
- 11.4 In the cases where reference is to be made, wholly or in part, to foreign legal systems, GME shall verify compliance with the admission requirements mentioned in paras. 11.2 and 11.3 above based on a substantial equivalence evaluation.

Article 12 Market Participation Application and Market Participation Agreement

- 12.1 The party intending to participate in the market must submit to GME (in accordance with the procedures and within the time limits established in the Technical Rules):
- a) a market participation application (*Domanda di ammissione al mercato*) in the format enclosed hereto (Annex 1) together with the documentation indicated in Article 13 below;
 - b) a signed copy of the market participation agreement (*Contratto di adesione al mercato*) in the format enclosed hereto (Annex 2).

Article 13 Documents to Be Enclosed to the Market Participation Application

- 13.1 The market participation application, duly signed by the applicant, shall be accompanied by:
- a) a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000 stating that the party applying for admission

to the market or, if such party is a legal entity, the parties referred to in Article 11, para. 11.3 above, have not been subject in Italy to measures implying the loss of the qualifications mentioned in Article 11, para. 11.2 a) above, or abroad to measures corresponding to those which would imply the loss of the same qualifications in Italy, or other equivalent documentation based on which GME shall carry out a substantial equivalence evaluation;

- b) if the market participation application is signed by the legal representative or other duly authorised party, a declaration in compliance with Decree no. 445 of the President of the Republic of 28 December 2000, certifying his/her powers of representation, or other equivalent documentation based on which GME shall carry out a substantial equivalence evaluation.

- 13.2 If the documentation referred to in paras. 13.1 above is already held by GME, the applicant shall be exempted from submitting it, but it shall submit a declaration indicating this fact and specifying the date when the documentation had been originally presented to GME and certifying that the content of such documentation is still current.

Article 14 **Admission Procedure**

- 14.1 GME shall notify the applicant of its admission to the market or of the rejection of its application accompanied by the reasons for such rejection within fifteen calendar days from receipt of the application, after verifying fulfilment of the requirements stated in Article 11 above, as well as the validity of the submitted documentation. Such notification shall be made in accordance with the modalities and time limits that are defined in the Technical Rules.
- 14.2 For the purpose of verifying fulfilment of the requirements referred to in Article 11.1 above, GME may ask the applicant to provide appropriate documentation.
- 14.3 Upon admission, the applicant shall acquire the status of Market Participant and the notification of admission shall specify the markets (Electricity Market and/or Green Certificates Market) where it has been admitted.
- 14.4 In the case of incomplete or irregular documentation, GME shall - under the modalities and within the time limits defined in the Technical Rules - communicate to the applicant the steps necessary to complete or regularise the documentation, as well as the date by which it shall do so. Such notification shall suspend the time limit referred to in para. 14.1 above, which shall run from the date upon which GME receives the completed or regularised documentation.

Article 15 **Admission of Terna, of Gestore dei Servizi Energetici-GSE SpA and of Acquirente Unico to the Market**

- 15.1 As an exception to Article 14 above, Gestore dei Servizi Energetici-GSE SpA, Terna and Acquirente Unico (AU) are by right attributed the status of Market Participants.

- 15.2 Appropriate agreements between Terna and GME, between Gestore dei Servizi Energetici-GSE SpA, as well as between AU and GME may provide for specific modalities to guarantee the fulfilment of the obligations arising from participation of Terna, Gestore dei Servizi Energetici SpA and AU in the Electricity Market (ME), as alternatives to the guarantees set forth in Article 79 below and having the same effect as said guarantees.

Article 16
Register of Market Participants

- 16.1 The parties admitted to the market as per Articles 14 and 15 above shall be entered into an appropriate Register of Market Participants (*Elenco degli operatori ammessi al mercato*). The Register shall be created and held by GME in compliance with Legislative Decree no. 196 of 30 June 2003, as amended.
- 16.2 The Register of Market Participants shall include the following data for each Market Participant:
- a) identification code of the Market Participant;
 - b) full name, trading name or company name, place of residence and domicile if different from the place of residence or registered office, taxpayer's code, VAT number, fax and telephone number, e-mail address and the person to whom communications shall be sent and related address;
 - c) markets to which the Market Participant is admitted: Electricity Market and/or Green Certificates Market;
 - d) status of the Market Participant: admitted, active, suspended, pending request for exclusion, excluded;
 - e) identification code of the offer points in respect of which the Market Participant is entitled to submit bids/offers;
 - f) identification code of the forward electricity accounts (*Conti Energia*) on which the Market Participant is entitled to register proposals and transactions of purchase and sale of forward contracts in accordance with the PCE Rules;
 - g) bank details of the Market Participant;
 - h) amount of financial guarantees posted in favour of GME;
 - i) code of the account where GSE shall register the number of Green Certificates held by the Market Participant;
 - j) taxation scheme applied to the Market Participant.
- 16.3 GME shall make publicly available the following data and information about Market Participants: full name, trading name or company name, place of residence or registered office and the markets where the Market Participant is admitted to trading.
- 16.4 Each Market Participant may access its own data and information contained in the Register of Market Participants.

Article 17
Data and Information for Participation in the Market

- 17.1 For the purpose of submitting bids/offers into the Electricity Market, each Market Participant shall request GME to enter the data and information referred to in Article 16, para. 16.2 g, i) and j) above into the Register of Market Participants.
- 17.2 The insertion of the data and information referred to in Article 16, para. 16.2 h) above shall follow the notifications referred to in Article 79, paras. 79.2, 79.8 and 79.11 and Article 80, paras. 80.5 and 80.9 below.
- 17.3 For the purpose of submitting bids/offers into the Forward Electricity Market (MPE), each Market Participant may request the insertion of the data and information referred to in Article 16, para. 16.2 e) above by enclosing a declaration issued by the Dispatching User of the offer point and certifying that the requesting Market Participant is entitled to submit bids/offers for such offer point.
- 17.4 The declaration mentioned in para. 17.3 above may also be made by a Market Participant that has been authorised to submit bids/offers at the offer point and that has also been delegated by the respective Dispatching User to authorise another Market Participant to submit bids/offers for the same point. In this case, the declaration shall be accompanied by a copy of the delegation.
- 17.5 The declarations referred to in paras. 17.3 and 17.4 above shall include at least the following data:
- a) identification code of the offer point for which the request for insertion is being made;
 - b) date from which the requesting Market Participant is entitled to submit bids/offers for that offer point;
 - c) date until which the requesting Market Participant is entitled to submit bids/offers for that offer point.
- 17.6 If one or both of the dates referred to in para. 17.5 b) and c) above are subsequently modified, the requesting Market Participant shall submit to GME a declaration with the new dates. This declaration shall include:
- a) identification code of the offer point for which the dates have been modified;
 - b) new date from which the requesting Market Participant is entitled to submit bids/offers for that offer point; and/or
 - c) new date until which the requesting Market Participant is entitled to submit bids/offers for that offer point; or
 - d) date from which the requesting Market Participant is no longer entitled to submit bids/offers for that offer point.
- 17.7 If the modifications covered by para. 17.6 above are notified to GME by the Dispatching User or by the Market Participant that has been delegated in accordance with para. 17.4 above, GME shall - even failing the declaration of the requesting Market Participant - give effect to the notification.

- 17.8 On receipt of the requests referred to in para. 17.1 above, GME shall update the Register of Market Participants. This modification shall take effect within the second working day following receipt of the request by GME. For the requests referred to in paras. 17.3, 17.4 and 17.6 and the notification referred to in para. 17.7 above, the modification shall take effect within the second working day following receipt of the requests and anyway not prior to the date referred to in paras. 17.5 b) and 17.6 b) above.
- 17.9 To the request for insertion of data and information as per Article 16, para. 16.2 j) above, the Market Participant shall enclose a statement declaring its VAT taxation scheme, in accordance with the provisions of the Technical Rules.

Article 18 Verifications

- 18.1 GME shall monitor compliance with the Market Rules and Technical Rules with a view to ensuring the proper functioning of the market according to principles of neutrality, transparency, objectivity and competition between Market Participants. To this end, GME may request information or documentation concerning the transactions carried out by Market Participants in the market and also convene them for a hearing.
- 18.2 At least on a two-year basis, GME shall verify whether Market Participants still meet the requirements for admission to the market. To this end, GME may require additional documentation or the updating of the already submitted documentation.

Article 19 Notification Obligations

- 19.1 Market Participants are required to notify GME promptly - and in any case within three working days - of the occurrence of any change in circumstances that may involve the change of any of the data and information referred to in Article 16, para. 16.2 b), g), h), i) and j) above, that they have declared and have been entered into the Register of Market Participants.
- 19.2 GME shall update the Register of Market Participants taking into account any of the changes mentioned in para. 19.1 above.

Article 20 Exclusion from the Market on Request

- 20.1 For the purposes of exclusion from the market, Market Participants shall – under the modalities and within the time limits defined in the Technical Rules – deliver or send to GME’s registered office an appropriate written request indicating the date from which exclusion is requested.
- 20.2 Exclusion from the market on request shall run from the later of the following dates:
- a) the second working day following receipt by GME of the request referred to in para. 20.1 above;
 - b) the date indicated in the request referred to in para. 20.1 above.

- 20.3 If, on the date indicated in para. 20.2 above, the Market Participant has open contractual positions in the MTE, then the date of exclusion shall run from the working day following the one on which the Market Participant has closed the above positions.
- 20.4 Notwithstanding the provisions of the above paragraphs, the exclusion from the market on request shall not exempt the Market Participant from fulfilling obligations arising from commitments made in the market.

TITLE III
OPERATION OF THE ELECTRICITY MARKET (ME)

Article 21
Electricity Market Structure and Applicable Period

- 21.1 The Electricity Market (ME) shall consist of the Spot Electricity Market (MPE) and of the Forward Electricity Market with delivery and withdrawal obligation (MTE).
- 21.2 The MPE shall consist of:
- a) the Day-Ahead Market (MGP), where electricity is traded through the submission of supply offers and demand bids. The MGP takes place in a single session relative to the next day;
 - b) the Intra-Day Market (MI), where changes in the electricity quantities negotiated in the MGP are traded through the submission of supply offers and demand bids. The MI takes place in a multiple sessions;
 - c) the Ancillary Services Market (MSD), where resources for the dispatching service are procured.
- 21.3 The purpose of the MTE is the trading of future supplies of electricity through the submission of supply offers and demand bids.
- 21.4 The applicable period for the markets referred to in para. 21.1 above shall be equal to one fixed hour.

Article 22
Definitivity of Transactions

- 22.1 Electricity transactions concluded in the MPE shall be definitive and binding - also for the purposes of the guarantee, of the clearing, of the billing and of the settlement of payables and receivable arising in the MPE - from the time in which demand bids and supply offers have been accepted in the bidding system under Articles 42 and 52 below.
- 22.2 Forward transactions concluded in the MTE shall be definitive and binding - also for the purposes of the guarantee, of the clearing, of the billing and of the settlement of payables and receivables arising the MTE - from the time in which bids/offers have been matched in the bidding system under Article 67 below.
- 22.3 Transactions registered for the purpose of physical delivery of financial contracts concluded on IDEX shall be definitive and binding - also for the purposes of the guarantee, of the clearing, of the billing and of the settlement of payables and receivable arising in the ME - from the time in which they have been registered as per Article 70^{quater} below.

SECTION I
OPERATION OF THE SPOT ELECTRICITY MARKET (MPE)

Article 23
Geographical Zones and Virtual Zones

- 23.1 Terna shall notify GME of the geographical zones and virtual zones characterising the Spot Electricity Market (MPE). GME shall post such zones on its website.

Article 24
Data and Information on Offer Points

- 24.1 GME shall receive from Terna the following data and information concerning each offer point, in respect of which bids/offers may be submitted into the MPE:
- a) identification code of the offer point;
 - b) authorisations, if any, for submitting bids/offers into the markets, in respect of the offer point;
 - c) identity of the Dispatching User for the offer point;
 - d) priority order.
- 24.2 For the purpose of submitting bids/offers into the MPE, the data and information referred to in para. 24.1 above shall take effect within the second working day following receipt.

Article 25
Solar Time and Daylight-Saving Time

- 25.1 The procedures for defining the applicable period during the passage from solar time to daylight-saving time and from daylight-saving time to solar time shall be described in the Technical Rules.

Article 26
Demand bids, Supply Offers and Offer Points

- 26.1 In the MPE, the quantities and related unit prices shall refer to electricity.
- 26.2 The quantities and unit prices specified in bids/offers shall have values greater than or equal to zero. The specification of prices for demand bids submitted into the MGP and MI shall be optional.
- 26.3 The quantities of electricity specified in demand bids and supply offers shall refer to offer points.

- 26.4 The quantities of electricity specified in injection and withdrawal schedules shall refer to offer points.
- 26.5 The offer point for withdrawal shall be compatible with the taxation scheme applied to Market Participants.
- 26.6 Each demand bid or supply offer submitted into one of the markets making up the MPE shall be consistent with the injection or withdrawal capability of the offer point to which the bid/offer refers and correspond to actual willingness to inject or withdraw electricity at the offer point.
- 26.7 The modalities for allocating conventional losses to the quantities specified in demand bids and supply offers, as set out in the Dispatching Rules, shall be defined in the Technical Rules.
- 26.8 Multiple Market Participants may submit bids/offers into the MGP and MI, in respect of the same offer point.

Article 27
Bid/Offer Submission

- 27.1 Bids/offers may be submitted into the MPE by:
- a) completing the appropriate forms available in GME's information system;
 - b) sending a file, via GME's information system, in the format that is defined in the Technical Rules.
- 27.2 If, during a sitting of the markets making up the MPE, GME receives a valid bid/offer from a Market Participant in accordance with the modalities indicated in para. 27.1 a) above, in respect of a given offer point, such bid/offer shall replace all bids/offers submitted by the same Market Participant in respect of the same offer point and the same applicable period that GME has previously received during the same market sitting, including - only in the MGP and MSD - any predefined bid/offer submitted in respect of that offer point. By submitting bids/offers in accordance with the modalities referred to in para. 27.1 b) above, Market Participants may - under the modalities specified in the Technical Rules - replace or integrate their bids/offers submitted in respect of the same offer point and the same applicable period that GME has previously received during the same market sitting, including - only in the MGP and MSD - any predefined bid/offer submitted in respect of that offer point.
- 27.3 A valid bid/offer may be replaced by a new bid/offer until the end of a sitting of the MPE. For the purpose of defining the priority order, reference shall be made to the time of submission of the last modification received.
- 27.4 A valid bid/offer submitted by a Market Participant may be revoked until the end of the market sitting for which it has been submitted. The revocation of a predefined bid/offer shall also have effect in all the markets whose sittings are still open.

Article 28
Minimum Contents of Bids/Offers

- 28.1 Bids/offers submitted into the MPE shall contain at least following data:
- a) identification code of the Market Participant submitting the bid/offer;
 - b) identification code of the market and of the market sitting to which the bid/offer refers;
 - c) identification code of the offer point to which the bid/offer refers;
 - d) applicable period to which the bid/offer refers;
 - e) type of bid/offer (demand bid/supply offer);
 - f) where applicable, whether the bid/offer is a predefined or balanced bid/offer;
 - g) offered quantity;
 - h) unit price for the offered quantity.
- 28.2 The maximum number of simple bids/offers making up a multiple bid/offer shall be defined in the Technical Rules. For the purpose of determining the market results, each multiple bid/offer shall be considered as a set of simple bids/offers.

Article 29
Validation of Bids/Offers

- 29.1 Within the time period established in the Technical Rules, GME shall check the validity of each bid/offer received. Within the same time period, GME shall notify the Market Participant involved of the outcome of the validation and of the reasons for a possible negative outcome.
- 29.2 Any bid/offer received shall be considered as valid if it satisfies the following requirements:
- a) the Market Participant has not been suspended at the time of receipt of the bid/offer;
 - b) the Market Participant is entitled to submit bids/offers for the offer point;
 - c) the bid/offer has been submitted in compliance with the modalities referred to in Article 27, para. 27.1 above;
 - d) the bid/offer carries all the data referred to in Article 28, para. 28.1 above;
 - e) the bid/offer has been received within the time period defining the duration of the market sitting, as indicated in the Technical Rules;
 - f) the offer point is authorised for the market to which the bid/offer refers;
 - g) for offers submitted into the MGP and MI, the quoted price does not exceed the limit value established by GME for valuing non-price-dependent demand bids.

Article 30
Technical Adequacy of Bids/Offers

- 30.1 GME shall verify the technical adequacy of valid bids/offers at the end of the market sitting.
- 30.2 A valid bid/offer shall be technically adequate if it satisfies the following requirements:
- a) the Market Participant has not been suspended;
 - b) if the bid/offer has been submitted by a Market Participant that is not a Dispatching User, it is guaranteed as specified in Article 81 below;
 - c) the bid/offer fulfils the requirements specified for the individual markets and the individual types of bids/offers referred to in Articles 41 and 51 below, respectively.
- 30.3 For the purpose of verifying compliance with the specific requirements referred to in Articles 41 and 51 below, GME shall use the step-up and step-down margins notified for each offer point under Articles 40 and 50 below.
- 30.4 The margins in respect of the offer points shall be notified according to the same procedures as those referred to in Article 27 above.

Article 31
Unavailability of Power Grid Assets

- 31.1 Market Participants shall retain the rights and obligations that they have acquired in the MPE, even in the event of unavailability of power grid assets due to actions of grid operators, owners or third parties or to orders of public authorities or *force majeure*.

Article 32
Suspension of the MPE

- 32.1 In the event of any exceptional circumstances as defined in the Dispatching Rules, GME shall, at the request of Terna, suspend the MPE.
- 32.2 GME shall notify AEEG and the Ministry of Economic Development of any suspension of the MPE.

Article 33
Emergency Procedure

- 33.1 Emergency conditions shall be the following:
- a) the case where GME is not able to publish the preliminary information referred to in Article 37, para. 37.1 a), b) and c) or Article 47, para. 47.1 a), b) and c) below, within the specified time limit;
 - b) the case where GME is not able to receive the bids/offers submitted by Market Participants according to the modalities referred to in Article 27, para. 27.1 above, due to malfunctioning of its telecommunications systems;

- c) the case where GME is not able to determine the results of a market session owing to, among others, malfunctioning of its information system;
- d) the case where GME is not able to communicate the results of a market session to Market Participants owing to, among others, malfunctioning of its information system or telecommunication systems.

- 33.2 If the case referred to in para. 33.1 b) above occurs, GME shall - in accordance with the modalities stated in the Technical Rules - notify Market Participants and Terna of the occurrence of the emergency condition and of the new closing time for the market sitting; such time shall not exceed the time limit defined in the Technical Rules. If, by the new closing time for the market sitting, the emergency condition persists, GME shall suspend the market and apply the provisions laid down in the Dispatching Rules.
- 33.3 If the cases referred to in para. 33.1 c) and d) above occur, GME shall - in accordance with the modalities stated in the Technical rules - suspend transactions in the MPE, notify Terna and Market Participants of the occurrence of the emergency condition and apply the provisions laid down in the Dispatching Rules.
- 33.4 The communication procedures to be adopted by GME in the case referred to in para. 33.1 a) above shall be defined in the Technical Rules.

Article 34

Assignment of Coefficients of Priority to Predefined Bids/Offers

- 34.1 For the purpose of defining the priority order of the bids/offers referred to in Article 39 below, the coefficient of priority applied to predefined bids/offers in view of determining the results of the MGP shall be determined for each Market Participant and each offer point on the basis of a random mechanism (described in the Technical Rules) by 12:00 of each Sunday. This coefficient shall be valid for the seven next calendar days.

SUBSECTION I
DAY-AHEAD MARKET (MGP)

Article 35
Purpose of the MGP

- 35.1 GME shall be the counterparty of Market Participants in the electricity purchase and sale contracts made in the MGP.
- 35.2 In the MGP, electricity demand bids and supply offers shall be selected for the applicable periods of the calendar day following the one in which the market sitting closes. The provisions laid down in the Dispatching Rules shall apply to accepted bids/offers for injections or withdrawals of electricity.

Article 36
Periods for Submission of Bids/Offers

- 36.1 The MGP sitting shall:
- a) open at least nine calendar days before the day to which bids/offers refer;
 - b) close on the calendar day preceding the day to which bids/offers refer.
- 36.2 The opening and closing hours of the MGP sitting shall be defined in the Technical Rules.

Article 37
Preliminary Market Information

- 37.1 At least thirty minutes before the closure of the MGP sitting, GME shall receive from Terna and publish the following data:
- a) admissible hourly electricity transmission capacity limits between geographical zones;
 - b) admissible hourly electricity transmission capacity limits for each of the zones interconnected with neighbouring countries;
 - c) maximum hourly electricity export capacity from constrained zones;
 - d) estimated hourly electricity demand by geographical zone.
- 37.2 The data and information mentioned in para. 37.1 above shall refer to the overall values of the system.

Article 38
Demand Bids and Supply Offers

- 38.1 Market Participants may submit simple, multiple or predefined bids/offers into the MGP.
- 38.2 In the MGP, Market Participants may submit supply offers only in respect of offer points for injection or mixed offer points and demand bids only in respect of offer points for withdrawal or mixed offer points. A same multiple bid/offer may specify only supply offers or only demand bids, with the exception of bids/offers in respect of mixed offer points, for which multiple bids/offers may specify both demand bids and supply offers.
- 38.3 Supply offers express the willingness to sell a quantity of electricity, as modified to take into account losses, not exceeding the quantity quoted in the offer at a unit price not lower than the offer price. Demand bids express the willingness to purchase a quantity of electricity, as modified to take into account losses, not exceeding the quantity quoted in the bid at a unit price not exceeding the bid price, where quoted.
- 38.4 For the purpose of determining the market results as set forth in Article 42 below, the quantities specified in supply offers or demand bids may also be partially accepted.
- 38.5 A supply offer submitted into the MGP, if accepted, implies the commitment to inject into the grid, in the applicable period, the quantities of electricity specified in such offer or part of them in the case of partial acceptance; such quantities shall be valued at prices not lower than the unit prices specified for each quantity in the same offer.
- 38.6 A demand bid submitted into the MGP, if accepted, implies the commitment to withdraw from the grid, in the applicable period, the quantities of electricity specified in such bid or part of them in the case of partial acceptance; such quantities shall be valued at prices not exceeding the unit prices specified for each quantity in the same bid.

Article 39
Priority Order of Bids/Offers

- 39.1 Supply offers shall be ranked in non-decreasing price order from the lowest-priced offers to the highest-priced ones. Demand bids shall be ranked in non-increasing price order from the non-price-dependent bids to the lowest-priced ones.
- 39.2 If supply offers and demand bids have the same price, the priority order referred to in Article 24, para. 24.1 d) above shall apply.
- 39.3 If, as a result of the application of paras. 39.1 and 39.2 above, bids/offers have equal priority, then:

- a) predefined bids/offers shall have a lower priority than bids/offers submitted during the market sitting;
- b) for bids/offers submitted during a market sitting, the priority order shall correspond to the chronological order of receipt of bids/offers;
- c) for predefined bids/offers, the priority shall be defined on the basis of the coefficients of priority referred to in Article 34 above.

Article 40
Step-Up and Step-Down Margins for the MGP

- 40.1 Before the closure of the MGP sitting, GME shall receive from Dispatching Users the step-down margins for the MGP, in respect of each withdrawal offer point belonging to a geographical zone and not authorised for the MSD. The values of the step-up margins in respect of such points shall be equal to zero.
- 40.2 The quantities specified in the margins may only have values greater than or equal to zero.
- 40.3 Before the closure of the MGP sitting, GME shall receive from Terna: i) the step-up margins for the MGP, in respect of each injection offer point; ii) the step-down margins in respect of each withdrawal offer point belonging to a geographical zone and authorised for the MSD or belonging to a virtual zone; and iii) the step-up and step-down margins in respect of each mixed offer point. The values of the step-down margins in respect of each injection offer point and of the step-up margins in respect of each withdrawal offer point belonging to a geographical zone and authorised for the MSD or belonging to a virtual zone shall be equal to zero.
- 40.4 If the Dispatching User or Terna fail to supply the data referred to in paras. 40.1 and 40.3 above, respectively, GME shall use the latest values of the step-up and step-down margins for the MGP that it has received.
- 40.5 If the Dispatching User or Terna have never provided the data referred to in paras. 40.1 and 40.3 above, respectively, GME shall assign the values of the step-up and step-down margins for the MGP in accordance with the procedure specified in the Technical Rules.

Article 41
Technical Adequacy Requirements of Bids/Offers Submitted into the MGP

- 41.1 For the purposes of Article 30, para. 30.2 c) above, the provisions contained in this Article shall apply.

- 41.2 Supply offers submitted into the MGP in respect of offer points for injection or mixed offer points shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-up margin for the MGP specified for the same offer point and applicable period; such margin shall be decreased by the sum of the electricity quantities specified in the other supply offers that have been submitted in respect of the same offer point and the same applicable period, that have a higher priority and that have already been verified to be technically adequate.
- 41.3 Demand bids submitted into the MGP in respect of offer points for withdrawal or mixed offer points shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-down margin for the MGP specified for the same offer point and applicable period; such margin shall be decreased by the sum of the electricity quantities specified in the other demand bids that have been submitted in respect of the same offer point and the same applicable period, that have a higher priority and that have already been verified to be technically adequate.
- 41.4 If a supply offer or demand bid submitted in respect of an offer point and of an applicable period does not meet the requirements specified in paras. 41.2 and 41.3 above, then such offer or bid shall be considered to be technically adequate, but only for a quantity of electricity equal to the step-up or step-down margin, after decreasing such margin by the sum of the quantities of electricity specified in the other supply offers or demand bids, which have been submitted in respect of the same offer point and of the same applicable period, which have a higher priority and which have already been verified to be technically adequate.

Article 42
Results of the MGP and
Preliminary Hourly Injection or Withdrawal Schedules

- 42.1 The provisions of this Article shall apply to each applicable period for which bids/offers are accepted in the MGP.
- 42.2 GME shall identify the accepted bids/offers as well as the corresponding prices in such a way that:
- a) the net value of the resulting transactions is maximum, while fulfilling transmission constraints between geographical and/or virtual zones and provided that the amount of electricity specified in accepted supply offers is equal to the amount of electricity specified in accepted demand bids;
 - b) the price of electricity in each geographical or virtual zone, excepting what is referred to in subpara. c) below, is equal to the minimum cost (determined on the basis of technically adequate demand bids and supply offers) for covering increased electricity withdrawal in the zone, while fulfilling transmission constraints between geographical and/or virtual zones;
 - c) the price of purchased electricity in respect of offer points for withdrawal belonging to geographical zones is a single one and, in particular, equal to the average of the prices referred to in subpara. b) above, weighted for the electricity quantities specified in demand bids submitted in respect of offer points for withdrawal belonging to the relevant geographical zones;

- d) only supply offers whose price does not exceed the price referred to in subpara. b) above are accepted;
- e) only demand bids whose price is not lower than the price referred to in subpara. c) above or, in the case of mixed points or offer points for withdrawal located in virtual zones, not lower than the price referred to in subpara. b) above are accepted.

42.3 For the purposes of para. 42.2 above, consideration shall also be given to the quantities corresponding to injection and withdrawal schedules for which registration on the Forward Electricity Account Trading Platform (PCE) has been requested. Such schedules, to which the priorities specified in the Dispatching Rules shall apply, shall be regarded as supply offers and demand bids with the quantities and prices that have been submitted into the MGP, in accordance with the PCE Rules.

42.4 For the purposes of para. 42.2 a) above, the net value of transactions is defined as the difference between the overall value of accepted demand bids and the overall value of accepted supply offers. Such overall values shall be determined by valuing the quantity of electricity specified in each accepted bid/offer, or the accepted quantity in case of partial acceptance of a bid/offer, at the price specified in that bid/offer. The quantities specified in non-price-dependent demand bids shall be conventionally valued at a price that GME shall establish under the provisions of the Technical Rules, in such a way as to guarantee the maximum price priority of the same bids/offers.

42.5 Within the time limit defined in the Technical Rules, GME shall identify the accepted bids/offers and the corresponding prices in accordance with the modalities specified in this Article, and define:

- a) the preliminary hourly injection or withdrawal schedules;
- b) the prices of electricity, determined without taking into account transmission capacity constraints between geographical and/or virtual zones;
- c) the prices of accepted supply offers in each market zones and accepted demand bids.

42.6 Within the time limit referred to in para. 42.5 above, GME shall publish the following data and information:

- a) the prices mentioned in para. 42.5 b) and c) above;
- b) for each geographical zone, the overall quantities of electricity of accepted supply offers and demand bids;
- c) the demand curve and the supply curve for each market zone.

42.7 Within the time limit referred to in para. 42.5 above, GME shall communicate to each Market Participant that has submitted bids/offers into the MGP and only in respect of such bids/offers:

- a) the preliminary hourly injection or withdrawal schedules mentioned in para. 42.5 a) above, in respect of the bids/offers submitted by the Market Participant and accepted;
- b) the accepted bids/offers, specifying the accepted electricity quantity;
- c) the bids/offers that have been rejected as being technically inadequate as a result of the verifications made under Article 30, para. 30.2 above, with an explanation of the reasons for such rejection;
- d) the billed payables and receivables as per Article 71, para. 71.1 a) below.

42.8 After the MGP, GME shall communicate to the Dispatching User of each offer point and to Terna the relevant cumulated preliminary hourly injection or withdrawal schedule of the unit, including the schedules of the purchase and sale contracts made off the exchange in respect of the same offer point.

Article 43
Schedules Submitted through the
Forward Electricity Account Trading Platform (PCE)

43.1 Notwithstanding the provisions of paras. 43.2 and 43.3 below, the physical balance arising on each electricity account under the PCE Rules shall correspond to:

- a) a purchase from the MGP by the Participant holding the electricity account, if the physical balance is lower than zero;
- b) a sale in the MGP by the Participant holding the electricity account, if the physical balance is greater than zero.

43.2 In accordance with para. 43.1 a) above, in order to assign a purchase to a Participant holding an electricity account and also being an Electricity Market Participant, such purchase shall be verified to be technically adequate in accordance with Article 81 below. If the purchase is not technically adequate, Terna shall become the counterparty of such purchase towards GME.

43.3 If a physical balance other than zero arises on an electricity account whose holder is not an Electricity Market Participant, Terna shall become the counterparty of GME for the related purchase or sale, as specified in para. 43.1 above.

43.4 Offers/bids accepted under paras. 43.1, 43.2 and 43.3 above shall be valued at the price specified in Article 42, para. 42.2 c) above.

43.5 The fee per MWh traded, which is referred to in Article 7, para. 7.1 above, shall be applied to offers/bids accepted under paras. 43.1, 43.2 and 43.3 above.

43.6 The procedures and time limits for billing and invoicing of payables and receivables and for settlement of payments in respect of offers/bids accepted in accordance with the above paragraphs shall be defined in the Technical Rules.

Article 44
Valuing of Grid and Market Constraints in the MGP

- 44.1 Where the MGP has been split into two or more zones, GME shall pay Terna, if positive, and Terna shall pay GME, if negative, the net margins deriving from the difference between the amounts debited to purchasing Market Participants and those credited to selling Market Participants.

SUBSECTION II
INTRA-DAY MARKET (MI)

Article 45
Purpose of the MI

- 45.1 GME shall be the counterparty of Market Participants for electricity purchase and sale contracts made in the MI.
- 45.2 In the MI, electricity demand bids and supply offers shall be selected for the applicable periods of the calendar day of trading. For the purposes of injection or withdrawal of electricity pertaining to accepted bids/offers, the provisions contained in the Dispatching Rules shall apply.
- 45.3 The MI shall take place in multiple sessions to be defined in the Technical Rules.

Article 46
Periods for Submission of Bids/Offers

- 46.1 The opening and closing hours of each sitting of the MI shall be defined in the Technical Rules.

Article 47
Preliminary Market Information

- 47.1 Before the closure of each sitting of the MI, GME shall receive from Terna and publish the following data:
- a) electricity transfer margins, with respect to admissible hourly transmission capacity limits between geographical zones, which remain available upon the closing of the MGP or in the previous session of the MI;

- b) electricity transfer margins, with respect to admissible hourly transmission capacity limits for each of the points of interconnection with neighbouring countries, which remain available after the closing of the MGP or in the previous session of the MI;
- c) hourly electricity export capacity from constrained zones, which remains available upon the closing of the MGP or in the previous session of the MI.

47.2 The data mentioned in para. 47.1 above shall refer to the overall values of the system.

Article 48 ***Demand Bids and Supply Offers***

- 48.1 In each sitting of the MI, Market Participants may submit simple, multiple and balanced bids/offers.
- 48.2 In each sitting of the MI, Market Participants may submit supply offers/demand bids in respect of offer points for injection and withdrawal, as well as mixed offer points. A same multiple bid/offer may specify both supply offers and demand bids.
- 48.3 For the purpose of determining the market results in accordance with Article 52 below, demand bids and supply offers may also be partially accepted.
- 48.4 Supply offers express the willingness to sell or resell a quantity of electricity, as modified to take into account losses, not exceeding the quantity quoted in the offer at a unit price not lower than the price indicated in the offer.
- 48.5 Demand bids express the willingness to purchase or repurchase a quantity of electricity, as modified to take into account losses, not exceeding the quantity quoted in the bid at a unit price not higher than the price possibly quoted in the bid.
- 48.6 A supply offer submitted into the MI, if accepted, implies the commitment to increase the injection of electricity into the grid or to decrease the withdrawal of electricity from the grid, at a given offer point and in a given applicable period, by the quantities of electricity specified in the offer, or part of them in case of partial acceptance, with respect to the quantities specified in the preliminary injection or withdrawal schedules (as modified in the previous sessions of the MI), valued at prices not lower than the unit prices specified for each quantity in the same supply offer.
- 48.7 A demand bid submitted into the MI, if accepted, implies the commitment to decrease the injection of electricity into the grid or to increase the withdrawal of electricity from the grid, at a given offer point and in a given applicable period, by the quantities of electricity specified in the demand bid, or part of them in case of partial acceptance, with respect to the quantities specified in the preliminary injection or withdrawal schedules (as modified in the previous sessions of the MI), valued at prices not higher than the unit prices specified for each quantity in the same demand bid.

Article 49
Priority Order of Bids/Offers

- 49.1 If prices are equal, priority shall be given to bids/offers that Market Participants have specified as balanced bids/offers.
- 49.2 Without prejudice to what is stated in para. 49.1 above, where two or more supply offers or demand bids have the same price, they shall be ranked according to the priority order specified in Article 39, para. 39.2 above.

Article 50
Step-Up and Step-Down Margins for the MI

- 50.1 Before the closure of each sitting of the MI, GME shall receive from Dispatching Users the data concerning the step-down margins for the corresponding session of the MI, in respect of each withdrawal offer point belonging to a geographical zone and not authorised for the MSD.
- 50.2 If the Dispatching User fails to provide the data indicated in para. 50.1 above, GME shall determine the values of the step-down margins for each session of the MI according to the criteria specified in the Technical Rules.
- 50.3 Notwithstanding para. 50.1 above, before the closure of each sitting of the MI, GME shall receive from Terna the data concerning the step-up and step-down margins for the corresponding session of the MI , in respect of each offer point.
- 50.4 If Terna fails to provide the data referred to in para. 50.3 above, GME shall determine the values of the step-up and step-down margins for the MI according to the criteria specified in the Technical Rules.

Article 51
Technical Adequacy Requirements of Bids/Offers in the MI

- 51.1 For the purposes of Article 30, para. 30.2 c) above, the provisions of this Article shall apply to each session of the MI.
- 51.2 Supply offers submitted in each session of MI, in respect of an offer point and an applicable period, shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-up margin for the corresponding session of the MI, specified for the same offer point and applicable period; such margin shall be decreased by the sum of the electricity quantities specified in the other supply offers that have been submitted, in the same sitting, in respect of the same offer point and applicable period, that have a higher priority and that have already been verified to be technically adequate.
- 51.3 Demand bids submitted in each sitting of the MI, in respect of an offer point and an applicable period, shall be regarded as technically adequate if the specified electricity quantity does not exceed the step-down margin for the corresponding session of the MI, specified for the same offer point and applicable period; such

margin shall be decreased by the sum of the electricity quantities specified in the other demand bids that have been submitted, in the same sitting, in respect of the same offer point and applicable period, that have a higher priority in the merit order and that have already been verified to be technically adequate.

- 51.4 In each sitting of the MI, each set of balanced bids/offers, identified by the same alphanumeric code chosen by Market Participants, shall be considered as technically adequate if:
- a) the single bids/offers satisfy the requirements set forth in paras. 51.2 and 51.3 above;
 - b) the single bids/offers refer to the same applicable period and the same geographical or virtual zone;
 - c) the sum of the electricity quantities specified in supply offers is equal to the sum of the electricity quantities specified in demand bids, taking into account the conventional losses allocated as per Article 26, para. 26.7 above, as well as a tolerance margin specified in the Technical Rules.
- 51.5 If one or more bids/offers in the set of balanced bids/offers are found to be technically inadequate, such inadequacy shall extend to the entire set of balanced bids/offers.
- 51.6 In each sitting of the MI, if a supply offer or demand bid submitted in respect of an offer point and of an applicable period does not meet the requirements specified in paras. 51.2 and 51.3 above, then such offer or bid shall be considered to be technically adequate, but only for a quantity of electricity equal to the step-up or step-down margin, after decreasing such margin by the sum of the quantities of electricity specified in the other supply offers or demand bids, which have been submitted. in the same session. in respect of the same offer point and the same applicable period, which have a higher priority and which have already been verified to be technically adequate.

Article 52

Results of the MI and Updated Hourly Injection or Withdrawal Schedules

- 52.1 The provisions stated in this Article shall apply to each applicable period for which bids/offers are accepted in the MI.
- 52.2 In each session of the MI, GME shall identify accepted bids/offers and their corresponding prices in such a way that:
- a) the net value of the resulting transactions is maximum, taking into account transmission constraints between geographical and/or virtual zones and provided that the sum of electricity specified in accepted supply offers is equal to the sum of electricity specified in accepted demand bids;

- b) the price of electricity in each geographical or virtual zone is equal to the minimum cost (determined on the basis of technically adequate demand bids and supply offers) for covering increased electricity withdrawal in the zone, taking into account transmission constraints between geographical and/or virtual zones;
- c) only supply offers whose price does not exceed the price referred to in subpara. b) above are accepted;
- d) only demand bids whose price is not lower than the price indicated in subpara. b) above are accepted.

52.3 For the purposes of para. 52.2 a) above, the net value of transactions shall mean the difference between the overall value of accepted demand bids and the overall value of accepted supply offers. Such overall values shall be determined by valuing the quantity of electricity specified in each accepted bid/offer, or the accepted quantity in case of partial acceptance of the bid/offer, at the price specified in the bid/offer itself. The quantities specified in non-price-dependent demand bids shall be valued at a conventional price set by GME in such a way as to guarantee the maximum price priority of the same bids/offers.

52.4 For each demand bid accepted in the MI, in respect of an offer point for withdrawal, GME shall determine the non-arbitrage fee that the Market Participant submitting such bid shall pay if negative, or receive, if positive; such fee shall be equal to the product between the accepted quantity and the difference between the relative price indicated in Article 42, para. 42.2 b) above and the price indicated in Article 42, para. 42.2 c) above.

52.5 For each supply offer accepted in the MI, in respect of an offer point for withdrawal, GME shall determine the non-arbitrage fee that the Market Participant submitting such offer shall pay, if negative, or receive, if positive; such fee shall be equal to the product between the accepted quantity and the difference between the relative price indicated in Article 42, para. 42.2 b) above and the price indicated in Article 42, para. 42.2 c) above.

52.6 The preliminary hourly injection or withdrawal schedules, as modified by the bids/offers accepted in the MI, shall constitute the updated hourly injection or withdrawal schedules for each offer point and for each Market Participant.

Article 53

Notification of Updated Hourly Injection or Withdrawal Schedules

- 53.1 For each session of the MI, after determining the updated hourly injection or withdrawal schedules, GME shall publish the following data and information:
- a) the electricity prices determined without considering transmission constraints between geographical and/or virtual zones;
 - b) the prices of accepted bids/offers in each market zone;
 - c) the overall electricity quantities of accepted demand bids and supply offers in respect of each geographical zone;
 - d) the demand curve and the supply curve of each market zone.

- 53.2 For each session of the MI, after determining the updated hourly injection or withdrawal schedules, GME shall communicate the following data to each Market Participant that has submitted bids/offers into the MI and only in respect of such bids/offers:
- a) the accepted bids/offers, specifying the accepted electricity quantity;
 - b) the updated hourly injection or withdrawal schedules referred to in Article 52, para. 52.6 above, related to the bids/offers submitted by the Market Participant and accepted;
 - c) the bids/offers which have been rejected as being technically inadequate as a result of the verifications set forth in Article 30 above, with the reasons for such rejection;
 - d) the billed payables and receivables as per Article 71, para. 71.1 b) below.
- 53.3 After each session of the MI, GME shall notify the Dispatching User of each offer point and Terna of the cumulated updated injection or withdrawal schedule for that offer point.

Article 54
Valuing of Grid and Market Constraints in the MI

- 54.1 Where the MI has been split into two or more zones, GME shall pay Terna the net margins deriving from the difference between the amounts debited to purchasing Market Participants and the amounts credited to selling Market Participants.

Article 55
Valuing of Non-Arbitrage Fees in the MI

- 55.1 GME shall pay Terna, if the amount is positive, or Terna shall pay GME, if the amount is negative, the net margins resulting from the difference between the amounts debited and the amounts credited to Market Participants as set forth in Article 52, paras. 52.4 and 52.5 above.

**SUBSECTION III
ANCILLARY SERVICES MARKET (MSD)**

**Article 56
Purpose of the MSD**

- 56.1 In the MSD, Terna shall enter into purchase and sale contracts for the purpose of procuring resources for its dispatching service.
- 56.2 In the MSD, supply offers and demand bids shall be selected in respect of applicable periods of the calendar day following the one in which the sitting ends. For the purposes of injection and withdrawal of electricity as a result of the acceptance of bids/offers, the provisions laid down in the Dispatching Rules shall apply.
- 56.3 In the MSD, the applicable period shall be defined in the Dispatching Rules.

**Article 57
Periods for Submission of Bids/Offers**

- 57.1 The MSD sitting shall be held on the calendar day preceding the one to which bids/offers refer to and have a duration of at least sixty minutes. The opening and closing hours of the MSD shall be specified in the Technical Rules in accordance with the provisions of the Dispatching Rules.

**Article 58
Demand Bids and Supply Offers**

- 58.1 In the MSD, bids/offers may only be submitted in respect of authorised offer points and only by the respective Dispatching Users.
- 58.2 In the MSD, predefined bids/offers shall be submitted under the procedures specified in the Dispatching Rules.

**Article 59
Results of the MSD**

- 59.1 GME shall notify Terna of the bids/offers received in the MSD for each offer point and applicable period.
- 59.2 Terna shall notify GME of the accepted bids/offers.
- 59.3 For each demand bid accepted in the MSD in respect of offer points for withdrawal, GME shall determine the non-arbitrage fee that the Market Participant submitting such bid shall pay, if the amount is negative, or receive, if the amount is positive; such fee shall be equal to the product between the accepted quantity and the

difference between the relative price specified in Article 42, para. 42.2 b) above and the price specified in Article 42, para. 42.2 c) above.

- 59.4 For each supply offer accepted in the MSD in respect of offer points for withdrawal, GME shall determine the non-arbitrage fee the Market Participant submitting such offer shall pay, if the amount is negative, or receive, if the amount is positive; such fee shall be equal to the product between the accepted quantity and the difference between the relative price specified in Article 42, para. 42.2 b) above and the price specified in Article 42, para. 42.2 c) above.

Article 60

Publication of Data and Notifications to Market Participants

- 60.1 When the results of the MSD are known, GME shall publish the following data and information for each geographical zone and for each hour:
- a) the overall quantities relative to accepted demand bids and supply offers;
 - b) the average hourly value of the prices of accepted demand bids and supply offers, as well as the price of the lowest-priced demand bid and the price of the highest-priced supply offer that have been accepted.
- 60.2 When the results of the MSD are known, GME shall notify the following data to each Market Participant that has submitted bids/offers and only in respect of such bids/offers:
- a) the accepted bids/offers, specifying the amount of the accepted quantity;
 - b) the final hourly injection or withdrawal schedules;
 - c) the billed payables and receivables, as set forth in Article 71, para. 71.1 c) below.
- 60.3 When the results of the MSD are known, GME shall notify the cumulated final hourly injection or withdrawal schedule of the unit to the Dispatching User of each authorised offer point and to Terna.

SECTION II
OPERATION OF THE FORWARD ELECTRICITY MARKET (MTE)

Article 61
Purpose of the MTE

- 61.1 In the MTE, Participants purchase and sell forward electricity contracts with delivery obligation.
- 61.2 GME is the counterparty of Market Participants for transactions concluded in the MTE.
- 61.3 As Qualified Market Participant in accordance with Annex A to AEEG's Decision 111/06, as subsequently amended and supplemented, GME shall hold a forward electricity account on the PCE, through which it shall register onto the PCE the net delivery position, corresponding to the purchase and sale transactions that the Market Participant has concluded in the MTE, according to the modalities defined in this Section.

Article 62
Types of tradable contracts

- 62.1 The types of tradable contracts shall be as follows:
- a) Base-Load: the underlying of this contract is the electricity to be delivered in all the applicable periods of the days belonging to the delivery period;
 - b) Peak-Load: the underlying of this contract is the electricity to be delivered in the applicable periods from the ninth to the twentieth day of the days belonging to the delivery period, excluding Saturdays and Sundays;
- 62.2 The tradable contracts shall have a delivery period equal to the calendar month, the quarter and the year.
- 62.3 The duration of the trading period for each contract mentioned in the above paragraph shall be defined in the Technical Rules.
- 62.4 With reasonable advance, GME shall publish a calendar with the types of tradable contracts and the related trading and delivery periods.
- 62.5 The quantity of electricity underlying each contract (determined by GME) shall be equal to 1 MW multiplied by the applicable periods underlying the same contract.

Article 63
Market Sessions

- 63.1 GME shall publish the calendar of the days and hours of the market sessions on its website. GME may change such hours (taking into account, *inter alia*, the specificity

of some types of contracts) with a view to ensuring an orderly trading activity. GME shall timely notify Market Participants of such changes.

63.2 GME reserves the right to close or suspend the market sessions, notifying Market Participants thereof.

Article 64 **Conclusion of contracts**

64.1 Trading in the market shall take place on a continuous basis.

64.2 GME shall organise an order book for each type of contract and each delivery period.

64.3 The minimum tradable quantity shall be equal to 1 (one) contract, as defined in Article 62, para. 62.5 above.

Article 65 **Bids/Offers**

65.1 Bids/offers shall be submitted in accordance with the modalities defined in the Technical Rules. They shall contain at least the following data:

- a) type and period of delivery of the contract;
- b) number of contracts;
- c) type of transaction (purchase or sale);
- d) price.

65.2 Market Participants may also submit bids/offers without a price limit.

65.3 Market Participants shall not:

- a) submit bids/offers with a price limit equal to zero or with a negative price limit;
- b) submit demand bids or supply offers without a price limit, if supply offers or demand bids with a price limit are present in the order book, respectively.

65.4 In each order book, demand bids shall be ranked by decreasing price and supply offers by increasing price. If bids/offers have the same price, they shall be ranked by time of entry. Bids/offers without a price limit shall have a maximum price priority.

65.5 During the market session, Market Participants may modify or cancel the bids/offers that have not yet been matched. The modified bids/offers shall lose the time priority that that they have previously acquired.

65.6 Bids/offers shall be posted in the order book without specifying the proposing Market Participants, thereby ensuring their anonymity.

Article 66
Validation and Adequacy Verifications in the Trading Period

- 66.1 A demand bid/supply offer shall be deemed to be valid and adequate, if it meets the following requirements:
- a) the Market Participant is entitled to register transactions in the forward electricity accounts that it holds on the PCE;
 - b) the Market Participant has not been suspended from the ME and from the PCE;
 - c) the price limit and the quantities specified in the bid/offer fall within the limits identified in the Technical Rules. GME may modify such limits in order to ensure an orderly trading activity. GME shall timely notify Market Participants of such modification;
 - d) it is guaranteed in compliance with Article 81 below.
- 66.2 For the purposes of the verification referred to in para. 66.1 d) above, if a bid/offer is submitted without a specified price, its price shall be deemed to be equal to the price of the best proposals of opposite sign that are present in the order book, until the bid/order is exhausted.
- 66.3 GME's information system shall return the results of the validation and technical adequacy verifications of the bids/offers referred to in para. 66.1 above and:
- a) in case of negative outcome, it shall reject the entry of bids/offers into the order book, specifying the reasons for such rejection;
 - b) in case of positive outcome, it shall enter the bids/offers into the order book.

Article 67
Continuous Trading

- 67.1 During continuous trading, contracts shall be concluded through automatic matching of bids/offers already verified to be adequate and of opposite sign that are present in the order book and ranked under the priority criteria referred to in Article 65, para. 65.4 above.
- 67.2 The entry of a demand bid with a price limit shall determine the matching of the bid (until it is exhausted) with one or more supply offers having a price lower than or equal to the one of the entered proposal.
- 67.3 The entry of a supply offer with a price limit shall determine the matching of the offer (until it is exhausted) with one or more demand bids having a price higher than or equal to the one of the entered offer.
- 67.4 The entry of a bid/offer without a price limit shall determine the matching of the bid/offer (until it is exhausted) with one or more bids/offers of opposite sign that are present in the order book upon entry of such bid/offer.
- 67.5 If a bid/offer with a price limit is partially executed, its non-executed part shall create a bid/offer that shall remain posted in the order book with the same price and time

priority as the original bid/offer. The partial execution of a bid/offer without a price limit shall cause the cancellation of the bid/offer limited to its non-executed quantity.

- 67.6 Bids/offers of opposite sign shall not be matched, if they are submitted by the same Market Participant.
- 67.7 For each contract concluded under paras. 67.2 and 67.3 above, the price shall be the one of the bid/offer having time priority.
- 67.8 GME may allow each Market Participant to register in the market the forward contracts that it has concluded off the market, under the modalities and within the time limits established in the Technical Rules.
- 67.9 The bids/offers mentioned in para 67.8 above shall be valid if they meet all the requirements of Article 66 above, as well as any additional requirements as may be specified in the Technical Rules.
- 67.10 At the end of the continuous trading period, GME may determine a reference price, as well as a closing price in accordance with the modalities indicated in the Technical Rules.
- 67.11 Non-matched bids/offers shall be deleted from the order book at the end of the market session.

Article 68 Cascading

- 68.1 Forward contracts of a duration of more than one month shall - at the end of their trading period - be governed by the cascading mechanism, in accordance with the modalities and time limits indicated in the Technical Rules.
- 68.2 The cascading mechanism shall not apply to monthly contracts, which are governed by the provisions of Article 69 below.

Article 69 Registration of the Net Delivery Position onto the PCE

- 69.1 At the end of the last trading session of monthly contracts, GME shall determine the net delivery position of each Market Participant for all the hours of the month included in the delivery period of such contracts.
- 69.2 For each hour, the net delivery position shall be given by the sum of the purchase and sale transactions concluded in the MTE.
- 69.3 For the purpose of computing the net delivery position, the purchase transactions shall be considered to have a negative sign, while the sale transactions shall be considered to have a positive sign.

- 69.4 GME shall register onto the PCE the net delivery position for each hour belonging to the month of delivery, under the modalities and within the time limits defined in the Technical Rules.
- 69.5 The registration of the net delivery position shall be admitted if the following requirements are met:
- a) the Market Participant has not been suspended from the ME and the PCE;
 - b) it is guaranteed in compliance with Article 81 below;
 - c) the Market Participant is entitled to register transactions on the forward electricity accounts that it holds on the PCE;
 - d) it satisfies the adequacy verifications referred to in Article 35 of the PCE Rules.
- 69.6 GME's information system shall return the results of the validation and adequacy verifications referred to in para. 69.5 above, and:
- a) in case of negative outcome, it shall reject the registration of the net delivery position, specifying the reasons for the rejection and activating the procedure covered by para. 69.7 below, as well as the default procedure covered by Title V, Section III below;
 - b) in case of positive outcome, it shall permit the registration of the net delivery position, causing the registration onto the PCE of corresponding transactions on the forward electricity accounts indicated by the Market Participant and having GME as counterparty.
- 69.7 In case of failed (partial or total) registration of the net delivery position onto the PCE, GME shall - at the end of the delivery period - assign to the Market Participant a transaction of opposite sign in the MTE; this transaction shall have:
- a) a quantity equal to the electricity that has not been registered onto the PCE;
 - b) a price equal to the average of the PUN (*Prezzo Unico Nazionale* - National Single Price) of the hours belonging to the month of delivery, weighted for the hourly quantities that have not been registered onto the PCE.
- 69.8 The registration of transactions onto the PCE under this Article shall cause the Market Participants holding the electricity accounts and the Dispatching Users of the offer points associated with the electricity accounts to acquire the rights and obligations covered by the PCE rules.

Article 70

Information and results

- 70.1 For each trading session and each contract, GME shall publish at least the following data and information:
- a) minimum and maximum prices;
 - b) reference price of the session;
 - c) volume traded in the session.

**SECTION III
PLATFORM FOR PHYSICAL DELIVERY OF
FINANCIAL CONTRACTS CONCLUDED ON IDEX**

**SUBSECTION I
SCOPE OF APPLICATION**

***Article 70bis
Objective Scope of Application***

- 70bis.1 The provisions of this Section shall govern the procedures and time limits for execution of financial electricity derivatives contracts concluded on IDEX, for which the Participant, at the end of the trading period, has requested to exercise the option of physical delivery of the electricity underlying the same contract in the ME.
- 70bis.2 Physical delivery in the ME shall be allowed only in respect of financial derivatives contracts having a monthly trading period, in compliance with the time limits and procedures for exercising the option of physical delivery laid down in the Rules of CC&G and in the Rules of the markets organised and managed by Borsa Italiana, in accordance herewith.
The request for exercising the delivery option shall be made on IDEX and then notified to GME through IDEX, as agreed by Borsa Italiana, CC&G and GME.
- 70bis.3 The physical delivery of financial contracts concluded on IDEX shall be governed by the remaining provisions hereof, where compatible and not in conflict with this Section.

***Article 70ter
Subjective Scope of Application***

- 70ter.1 ME Participants holding an electricity account on the PCE may request physical delivery in the ME.

**SUBSECTION II
PROCEDURES AND TIME LIMITS FOR PHYSICAL DELIVERY**

***Article 70quater
Execution of physical delivery***

- 70quater.1 Physical delivery of the electricity underlying contracts for which the Participant has exercised the option shall take place by registering a transaction of a sign corresponding to the contracts delivered on the electricity accounts that the same Participant holds on the PCE, in accordance with the procedures and time limits established in the Technical Rules.

- 70quater.2 The transaction mentioned in para. 70quater.1 above covers a volume of electricity corresponding - in each of the hours included in the delivery period - to the number of financial electricity derivatives purchase or sale contracts concluded on IDEX for which the Participant has requested to exercise the option of physical delivery.
- 70quater.3 The registration of the transaction for the purposes of delivery shall take place at the price of settlement of the financial derivatives contracts having a monthly delivery period, as identified by CC&G and notified to GME, in accordance with the procedures and within the time limits established in the Technical Rules.
- 70quater.4 GME is the counterparty of Participants for the purchases and sales valued in accordance with para. 70quater.3 above, corresponding to transactions registered in the ME for the purposes of delivery.

Article 70quinquies
Validation and Adequacy Verifications

- 70quinquies.1 The registration of a transaction for the purposes of delivery as per Article 70quater above shall be admitted only if the following requirements are met:
a) the Participant has not been suspended from the ME and PCE;
b) it is guaranteed as per Article 81 below;
c) the Participant is entitled to register transactions on the electricity accounts that it holds on the PCE;
d) it satisfies the adequacy requirements referred to in Article 35 of the PCE Rules.
- 70quinquies.2 If the verifications referred to in para. 70quinquies.1 are not successful, GME shall not allow the registration of the transaction.
- 70quinquies.3 The registration of a transaction in accordance with this Section shall involve the rights and obligations referred in the PCE Rules for the holders of the electricity accounts, as well as for the dispatching users of the offer points associated with the electricity accounts.
- 70quinquies.4 GME reserves the right to limit the acceptance of requests to exercise the option of delivery under the circumstances defined in the Technical Rules.
- 70quinquies.5 With regard to the registration of transactions in accordance with this Section, no complaints as per Title VII below and Title VI of the PCE Rules shall be allowed.

TITLE IV
BILLING AND INVOICING OF PAYABLES AND RECEIVABLES ARISING IN THE ME

SECTION I
BILLING OF PAYABLES AND RECEIVABLES ARISING IN THE ME

Article 71
Billing of Accepted Bids/Offers

- 71.1 At the end of each session of the markets making up the ME, GME shall determine the payables and receivables pertaining to each accepted bid/offer. In particular, GME shall determine the values of:
- a) the preliminary hourly injection or withdrawal schedules resulting from the MGP;
 - b) the changes to the preliminary hourly injection or withdrawal schedules resulting from the MI;
 - c) the bids/offers accepted in the MSD pursuant to Article 59, para. 59.2 above;
 - d) the bids/offers accepted in the MTE pursuant to Article 67 above.
- 71.2 At the end of each session in the MPE, GME shall determine, for each applicable period and separately for the set of offer points available to each Market Participant:
- a) the sum of payables for all bids/offers accepted in the MGP and the MI;
 - b) the sum of payables for all bids/offers accepted in the MSD;
 - c) the sum of receivables for all bids/offers accepted in the MGP and the MI;
 - d) the sum of receivables for all bids/offers accepted in the MSD.
- 71.3 At the end of each session of the MTE, GME shall determine the following payables and receivables, increased by VAT (where applicable), and notify each Participant thereof:
- a) the purchases concluded under Article 67 above;
 - b) the sales concluded under Article 67 above;
 - c) the purchases concluded by GME under Article 93 below;
 - d) the sales concluded by GME under Article 93 below.
- 71.4 At the end of each invoicing period, GME shall determine the value of the purchases and sales attributed to each Market Participant by GME itself under Article 93 below and notify each Market Participant thereof.
- 71.4bis At the end of each session for physical delivery of financial contracts concluded on IDEX as per Title III, Section III above, GME shall determine the following payables and receivables, increased by VAT (where applicable), and notify them to each Participant that has exercised the option of physical delivery in respect of financial electricity derivatives contracts concluded on IDEX:
- a) the value of purchase transactions registered as per Title III, Section III above;
 - b) the value of sale transactions registered as per Title III, Section III above.

Article 72
Daily Billing in the MPE

- 72.1 For each day, after valuing the amounts and sums referred to in Article 71 above, increased by VAT (where applicable), GME shall determine for each Market Participant and separately for the set of offer points:
- a) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 a) above;
 - b) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 b) above;
 - c) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 c) above;
 - d) the sum, for all the applicable periods, of the amounts referred to in Article 71, para. 71.2 d) above.
- 72.2 On a daily basis, GME shall notify the Market Participant of the amounts referred to in para. 72.1 above.

Article 73
Payables and Receivables Pertaining to Terna

- 73.1 For each applicable period, GME shall determine the payables and receivables pertaining to Terna and notify Terna thereof. In particular, GME shall determine the values of:
- a) the margins relative to the MGP referred to in Article 44 above;
 - b) the margins relative to the MI referred to in Article 54 above;
 - c) the margins relative to the MI referred to in Article 55 above.

SECTION II
INVOICING OF PAYABLES AND RECEIVABLES ARISING IN THE ME

Article 74
Invoicing Period

74.1 The invoicing period for the billed payables and receivables arising in the ME shall be specified in the Technical Rules.

Article 75
Invoicing

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

- a) issue invoices for the amounts specified in Article 72, para. 72.1 a), Article 71, para 71.3 a) and para. 71.4, as well as para. 71.4bis a) above to each Market Participant in debit towards GME, for all the applicable periods included in the invoicing period;
- b) notify Terna of the amounts referred to in Article 72, para. 72.1 b) above, for each Market Participant in debit towards Terna and for all the applicable periods included in the invoicing period. Concurrently, a copy of such notification shall be sent to the Market Participant concerned;
- c) notify each Market Participant in credit towards GME of the amounts referred to in Article 72, para. 72.1 c), Article 71, para. 71.3 b) and para. 71.4, as well as para. 71.4bis b) above, for all the applicable periods included in the invoicing period;
- d) notify each Market Participant in credit towards Terna of the amounts referred to in Article 72, para. 72.1 d) above, for all the applicable periods included in the invoicing period. Concurrently, a copy of such notification shall be sent to Terna;
- e) notify Terna of the amounts relative to the margins referred to in Article 73 above for all the applicable periods included in the invoicing period, for invoicing purposes;
- f) issue invoices to each Market Participant for the fees due for the MWh traded as per Article 7, para. 7.1 above.

75.2 Following the notifications referred to in para. 75.1 b) above, Terna shall issue invoices to each Market Participant that is in debit.

75.3 Following the notifications referred to in para. 75.1 c) and d) above, Market Participants shall issue invoices for the specified amounts to GME and to Terna, respectively.

75.4 The time periods and formalities for the issuing of invoices to GME, as set forth in para. 75.3 above, for the purposes of the clearing referred to in Article 82 below, shall be specified in the Technical Rules.

75.5 The invoices and notifications referred to in paras. 75.1, 75.2 and 75.3 above shall be provided to Market Participants by electronic means according to the modalities set forth in the Technical Rules.

75.6 The time limits and modalities of invoicing concerning the defaulting Market Participant under Article 88, para. 88.2 a) below shall be defined in the Technical Rules.

Article 76 **Invoice Contents**

76.1 For each applicable period included in the invoicing period and for each session of the markets making up the MPE, the invoices and notifications referred to in Article 75, paras. 75.1, 75.2 and 75.3 above, shall include at least the following data, where applicable:

- a) the quantities of electricity relative to accepted bids/offers;
- b) the price at which the quantities mentioned in subpara. a) above are valued;
- c) the taxes applied;
- d) the total amount.

76.2 For each applicable period included in the invoicing period and for each session of the MTE, the invoices and notifications referred to in Article 75, paras. 75.1 and 75.3 above, shall include at least the following data, where applicable, for the applicable periods included in the invoicing period:

- a) the number and type of the traded contracts;
- b) the price at which the contracts mentioned in subpara. a) above are valued;
- c) the taxes applied;
- d) the total amount.

76.2bis For each applicable period included in the invoicing period and for each session of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above, the invoices and notifications referred to in Article 75, paras. 75.1 a) and c) above shall include at least the following data, where applicable:

- a) the volumes of electricity for purchases and sales pertaining to the registered transactions;
- b) the price at which the volumes mentioned in subpara. a) above are valued;
- c) the taxes applied;
- d) the total amount.

76.3 The provisions of paras. 76.1 and 76.2 above shall not apply to the invoices mentioned in Article 75, para. 75.1 f) above.

76.4 The invoices referred to in Article 75, para. 75.1 f) above shall include at least the following data:

- a) the quantities of electricity relative to accepted bids/offers;
- b) the fees applied for the MWh traded;
- c) the taxes applied;
- d) the total amount.

Article 77
Application of Fees for Services Provided by GME

- 77.1 The access fee, referred to in Article 7, para. 7.1 above, shall be invoiced within five days from admission of the applicant to the market.
- 77.2 The yearly fixed fee, referred to in Article 7, para. 7.1 above, shall be invoiced, for the first twelve months, as a single payment within five days from admission of the applicant to the market and, subsequently, every twelve months.

TITLE V
GUARANTEE SYSTEMS, SETTLEMENT OF PAYMENTS
AND DEFAULT IN THE ENERGY MARKETS

SECTION I
GUARANTEE SYSTEMS

Article 78
Treasury Services

78.1 GME shall entrust its treasury services to a leading bank or financial institution.

Article 79
Financial Guarantees of Market Participants

79.1 Market Participants shall post financial guarantees (which may be cumulated with one another), to cover their obligations arising in the energy markets or on the PCE, in the form of first-demand bank guarantees in accordance with the provisions of this Article.

Market Participants wishing to trade in the energy markets or on the PCE shall post financial guarantees in the form of bank guarantees in the format of Annex 3 hereto. For the purpose of submitting adequate bids/offers into the MPE only, Market Participants shall post financial guarantees in the form of bank guarantees in the format of Annex 5 or, alternatively or cumulatively, in the format of Annex 3 hereto.

For the purpose of submitting adequate bids/offers into the MPE only or requests for registrations onto the PCE, Market Participants shall post financial guarantees in the form of bank guarantees in the format of Annex 7 or, alternatively or cumulatively, in the format of Annex 3 hereto.

First-demand bank guarantees shall be issued by banks which are members of the professional association referred to in Article 13 of Legislative Decree no. 385 of 1 September 1993 and which have a long-term rating attributed by at least one of the following companies: Standard & Poor's Rating Services, Moody's Investor Service and Fitch. The rating shall not be lower than A- on Standard & Poor's or Fitch's scale or A3 on the scale of Moody's Investor Service.

Alternatively to or cumulatively with the guarantees posted in the form of bank guarantees, Market Participants may post guarantees in the form of a non-interest bearing cash deposit to be made into the account held by GME with the bank in charge of its treasury services.

79.2 Market Participants that have posted guarantees in the form of bank guarantees as per Annexes 3 and 7 hereto or in the form of a deposit may allocate the amount of such guarantees under the modalities defined in the Technical Rules.

79.3 In the case of a bank guarantee, if the bank issuing the guarantee is subject to control as per Art. 2359, paras. 1 and 2, of the Italian Civil Code and does not meet the requirements set forth in para. 79.1 above, then the guarantee issued by such bank shall be supported by a statement issued by its controlling company. In such

statement, the controlling company, which shall meet the requirements specified in paras. 79.1 above, shall undertake the following obligations:

- a) if a change takes place in the structure of the company and such change is such as to involve the loss of control as per art. 2359, paras. 1 and 2, of the Italian Civil Code, then the company shall timely notify GME thereof;
- b) if, when receiving a request for redeeming the bank guarantee, the issuing bank is in default or in the position referred to in subpara. a) above, then the company shall guarantee the fulfilment of the obligation undertaken by its controlled company.

- 79.4 If the bank issuing the guarantee or the controlling company that has issued the statement mentioned in para. 79.3 above no longer meets one or both of the requirements specified in para. 79.1 above, or if the controlling company loses the control of the bank issuing the bank guarantee as per art. 2359, paras. 1 and 1, of the Italian Civil Code, then the bank guarantees issued by such bank shall remain valid until the end of the time period specified in the Technical Rules.
- 79.5 The bank guarantee and the statement mentioned in para. 79.3 above must be submitted to the bank in charge of treasury services referred to in Article 78 above.
- 79.6 By the end of the working day following the one on which the bank guarantee and the statement mentioned in para. 79.3 above have been submitted, the bank in charge of treasury services shall verify whether the guarantee is complete and conforms to the format attached hereto, whether it has been issued by a bank meeting the requirements specified in para. 79.1 above and whether the statement issued by the controlling company has the content referred to in paras. 79.3 a) and b) above.
- 79.7 Within the time period specified in para. 79.6 above, the bank in charge of treasury services shall notify the Market Participant and GME of any deficiencies noted upon the verification of the submitted bank guarantee or of the statement mentioned in para. 79.3 above.
- 79.8 If the verification has a positive outcome, the bank in charge of treasury services shall notify GME, within the time period specified in para. 79.6 above, of the amount covered by the bank guarantee and of the start of the period of validity of the guarantee and of the statement mentioned in para. 79.3 above.
- 79.9 The Market Participant may dispute the results of the verification carried out by the bank in charge of treasury services by filing a complaint with GME. The complaint shall be referred to the Internal Appeal Board as set forth in Article 133 below.
- 79.10 The amount covered by the bank guarantee and by the statement referred to in para. 79.3 above shall be valid and effective only from the second working day following the day on which GME has received the notification referred to in para. 79.8 above.
- 79.11 The amount guaranteed by the non-interest-bearing cash deposit shall be valid and effective only from the second working day following the one on which such deposit has been credited to GME's bank account with the bank in charge of treasury services. The deposit shall be deemed to have been credited to GME's bank

account on the date and at the time recorded by the information system of the bank in charge of GME's treasury services.

Article 80 **Amount of the Guarantee**

- 80.1 The amount of the guarantee (whether a bank guarantee or a cash deposit) taken into consideration for the adequacy verification - as per Article 30, para. 30.2 b), Article 66, para. 66.1 d) and Article 69, para. 69.5 b) above and the provisions of Article 81 below - shall be determined by the Market Participant on the basis of the bids/offers that the same Participant wishes to submit into the Electricity Market or of the registrations that the same Participant wishes to make onto the PCE.
- 80.2 The Market Participant that has posted bank guarantees in accordance with Annex 3 may at any time request the modification of the guaranteed amount, by submitting an updating letter in the format of Annex 4 hereto or a new bank guarantee to the bank in charge of treasury services. The Market Participant that has posted bank guarantees in accordance with Annex 5 or Annex 7 may at any time request the modification of the guaranteed amount or of the period of validity and effect of the guarantee, by submitting an updating letter in the format of Annex 6 and Annex 8 hereto, respectively, or a new bank guarantee to the bank in charge of treasury services.
- 80.3 By the end of the working day following the presentation of the letter updating the bank guarantee, the bank in charge of treasury services shall verify whether the letter conforms to the specified format.
- 80.4 Within the time limit specified in para. 80.3 above, the bank in charge of treasury services shall notify the Market Participant and GME of any deficiencies noted upon the verification of the submitted updating letter.
- 80.5 If the verification has a positive outcome, the bank in charge of treasury services shall notify GME, within the time limit referred to in para. 80.3 above, of the new guaranteed amount and of the date from which the new value shall apply.
- 80.6 The new bank guarantee shall be verified according to the provisions contained in Article 79 above.
- 80.7 Notwithstanding para. 80.8 below, the modification of the guaranteed amount shall take effect from the later of the following dates:
- a) the second working day following the one on which GME has received the notification referred to in para. 80.5 above;
 - b) the date indicated in the notification referred to in para. 80.5 above.
- 80.8 If the request for modification referred to in para. 80.2 above concerns a reduction of the amount guaranteed by the bank guarantee, or the advance of the period of validity and effect thereof, in the case of bank guarantees submitted in the format of Annex 5 or Annex 7 hereto, the acceptance of such request shall be subject to

a verification by GME. GME shall verify whether the requesting Market Participant is in debit towards GME. If the Market Participant is not in debit, GME shall notify the Market Participant of the immediate validity of the requested modifications for the purposes of the adequacy verifications.

- 80.9 The Market Participant may at any time request the modification (increase or decrease) of the amount of the guarantee posted in the form of a cash deposit. The Market Participant may ask for refund (even partial) of the deposited amount provided that, by doing so, the Market Participant's position is entirely guaranteed. If the Market Participant requests an increase of the amount of the guarantee, it shall deposit the related amount into the account held by GME with the bank in charge of its treasury services. After verifying whether the Market Participant's deposit has been credited to its bank account, GME shall modify the guaranteed amount with validity and effect from the second working day following the one on which such deposit has been credited. The amount so credited shall be deemed to have been received on the date and at the time recorded by the information system of the bank in charge of treasury services.

Article 81

Available Amount of the Guarantee for Purposes of Adequacy Verification in the ME

- 81.1 GME shall determine and update the available amount of the guarantee in accordance with the modalities and time limits defined in the Technical Rules.
- 81.2 If the guarantee, updated under the modalities indicated in the Technical Rules, is not sufficient, the Market Participant shall adjust the guaranteed amount in accordance with the modalities and within the time limits defined in the Technical Rules. Pending the adjustment of the guaranteed amount, the Market Participant:
- a) shall not be allowed to conclude negotiations in the MTE;
 - b) shall make transactions in the MGP and MI only if they give rise to Market Participant's receivables;
 - c) may only register sale transactions for the purposes of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above.
- 81.3 If the Market Participant does not adjust the guaranteed amount as per para. 81.2 above, GME shall apply the default procedure referred to in Section III below.
- 81.4 After the submission of bids/offers into the ME and upon registration of the net delivery position onto the PCE pursuant to Article 69 above, as well as upon the request for registration of transactions as per Article 70 *quinquies* above, GME shall verify the technical adequacy with respect to the available amount of the guarantee in accordance with the modalities defined in the Technical Rules.
- 81.5 GME shall determine and update the available amount of the guarantee and carry out the technical adequacy verifications under the following principles:
- a) the guaranteed amount of Market Participants is decreased by 3% to cover default interest and penalties applied in case of late payment or redemption of the guarantees;

- b) the guaranteed amount of Market Participants having users authorised to submit bids/offers into the MTE is further decreased by an amount whose value is defined in the Technical Rules;
- c) the bids/offers submitted into the MGP and MI are technically adequate if the guarantees totally cover the payables arising therefrom;
- d) the demand bids and supply offers submitted into the MTE are technically adequate, if the guarantees partially cover the payables/receivables arising therefrom;
- e) if the registration of the net delivery position on the PCE concerns a purchase, it is technically adequate if the guarantees totally cover the related value;
- f) if the net delivery position cannot be registered onto the PCE as per Article 69, para. 69.5, GME may decrease the available amount of the guarantee;
- g) the registration of a purchase transaction for the purposes of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above is technically adequate if the related value is totally covered.

81.6 For the purposes of the technical adequacy verifications in the MTE, GME may define:

- a) a check price for each contract traded in the MTE; this price is determined on the basis of bids/offers submitted and/or concluded in the MTE; GME may determine the check price also on the basis of procedures of involvement of Market Participants;
- b) a parameter α , which is determined on the basis of the volatility of the prices of the traded contracts;
- c) a parameter β , which is determined on the basis of the correlation between the prices of the base-load and peak-load contracts;
- d) a parameter γ , which is determined on the basis of the correlation of prices between the different delivery periods.

81.7 The values of the parameters α , β and γ shall be defined in the Technical Rules.

81.8 The amounts referred to in the above paragraphs, which shall be taken into consideration upon the technical adequacy verification, shall not include the fees specified in Article 7, para. 7.1 above.

SECTION II
SETTLEMENT OF PAYMENTS IN THE ME

Article 82
Clearing

- 82.1 For each invoicing period and each Market Participant, GME shall determine the net financial position of debit or credit towards GME, in accordance with the modalities and within the time limits specified in the Technical Rules.
- 82.2 GME shall communicate to each Market Participant, according to the formalities and within the time periods specified in the Technical Rules, the results of the determination of the amounts referred to in para. 82.1 above, which form the basis for making payments according to the provisions and within the time periods specified in Article 83 and 86 below.

Article 83
Payments from Market Participants to GME

- 83.1 Market Participants that qualify as debtors towards GME, as a result of the determinations referred to in Article 82 above, shall pay the amounts due (notified by GME under Article 82, para. 82.2) to GME by bank transfer (*bonifici di importo rilevante* – BIR) or equivalent procedures, according to the formalities and within the time periods specified in the Technical Rules.
- 83.2 If the bank in charge of treasury services does not receive the payment of the amount due in accordance with the modalities referred to in para. 83.1 above, Market Participants qualifying as debtors towards GME may pay the amount due by bank transfer (*bonifici di importo rilevante* – BIR) or equivalent procedures, after adding to such amount the default interest (to be determined under the criteria indicated in Article 91 below) and a penalty equal to one per cent of the amount due, according to the provisions and within the time periods specified in the Technical Rules.
- 83.3 If the bank in charge of treasury services does not receive the payment of the amount due in accordance with the modalities set out in para. 83.2 above, GME shall apply the default procedure referred to in Section III below.

Article 84
Payments from Market Participants to Terna

- 84.1 Payments from Market Participants that qualify as debtors towards Terna shall be made under the procedures and within the time limits established by Terna itself.

Article 85
Payments of Fees

- 85.1 The amounts specified in Article 75, para. 75.1 f) above shall be paid in accordance with the procedures and within the time limits specified in the Technical Rules.

Article 86
Payments from GME to Market Participants

- 86.1 Payments to Market Participants that qualify as creditors towards GME as a result of the determinations referred to in Article 82 above, shall be made according to the provisions of this Article.
- 86.2 After receiving the payments referred to in Article 83, para. 83.1 above, GME shall make payments to Market Participants that qualify as creditors towards GME after the determinations referred to in Article 82 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 86.3 After receiving the payments referred to in Article 83, para. 83.2 above, GME shall make payments to Market Participants that qualify as creditors towards GME after the determinations referred to in Article 82 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 86.4 After receiving the payments referred to in Article 83, para. 83.3 above, GME shall make payments to Market Participants that qualify as creditors towards GME after the determinations referred to in Article 82 above, in accordance with the modalities and within the time limits established in the Technical Rules.
- 86.5 If, by its own fault, GME fails to make payments to creditor Market Participants within the time periods provided for in this Article, GME shall pay interest to such Market Participants at the rate posted on GME's website.

Article 87
Payments from Terna to Market Participants

- 87.1 Payments in favour of Market Participants that are creditors towards Terna shall be made according to the procedures and within the time periods established by Terna itself.

SECTION III DEFAULT IN THE ME

Article 88 Cases of Default by the Market Participant

- 88.1 A Participant of the MPE or a Participant that has registered transactions for the purposes of physical delivery of financial contracts concluded on IDEX as per Title III, Section III above shall be in default, if it has not made the payments to GME in accordance with Article 83, para. 83.2 above.
- 88.2 A Participant of the MTE shall be in default, if
- a) it has not adjusted the guarantee as per Article 81 above;
 - b) at the end of the trading period, as a result of the technical adequacy verifications made under Article 69, para. 69.5 above, it cannot register the net delivery position onto the PCE;
 - c) it has not made payments to GME as per Article 83, para. 83.2 above.

Article 89 Management of Default

- 89.1 In the cases of default referred to in Article 88, paras. 88.1 and 88.2 a) and c) above, GME
- a) shall suspend the market Participant from the Electricity Market;
 - b) shall redeem the guarantees posted under Section I of this Title;
 - c) shall close all the contractual positions of the defaulting Market Participant in the MTE under Article 93 below;
 - d) may register the net delivery position onto the PCE even for the applicable periods in respect of which the delivery has not yet been made under Article 69 above.
- 89.2 If the guarantees redeemed in compliance with para. 89.1 b) above are insufficient to cover the debit of the defaulting Market Participant or if the bank issuing the guarantee defaults on its obligations under Article 92 below, GME shall contribute to covering the debits of the defaulting Market Participants or the default by the bank issuing the guarantee by utilising its own funds, up to a maximum amount to be established on a year-by-year basis and allocated for such purpose. This amount shall be established by the Minister of Economic Development at the proposal of GME and posted on GME's website.
- 89.3 If the own funds utilised by GME as per para. 89.2 above are insufficient to cover the debits of the defaulting Market Participants or the default by the bank issuing the guarantee, GME shall - for the uncovered portion - resort to the risk pooling mechanism defined by AEEG.
- 89.4 GME shall initiate the ordinary judicial proceedings needed to recover the amounts due by the defaulting Market Participant or by the bank issuing the guarantee. The possibly recovered amounts shall be allocated to the refund of the portion of debits covered by the risk pooling mechanism.
- 89.5 In the cases of default covered by Article 88, para. 88.2 b) above, GME

- a) may reduce the available amount of the guarantee under Article 81, para. 81.5 f);
- b) shall assign to the Market Participant a transaction in the MTE under Article 69, para. 69.7 above;
- c) shall apply a penalty of 2 euro/MWh for each MWh underlying the net delivery position not registered onto the PCE. The allocation of the payments resulting from the application of the penalty shall be established by a resolution of AEEG.

Article 90
Suspension of the Market Participant

- 90.1 GME reserves the right of revoking the suspension of the Market Participant referred to in Article 89, para. 89.1, if the same Participant posts valid and effective additional guarantees, except as provided in para. 90.2 below.
- 90.2 Six months after the suspension of the Market Participant, GME shall exclude the same Participant from the market.

Article 91
Default Interest and Penalties

- 91.1 In case of redemption of the guarantees, the amount owed by the Market Participant in debit shall be increased by a penalty equal to one per cent, by default interest as specified in para. 91.2 below, as well as by the related redemption fees, if the guarantee has been posted in the form of a bank guarantee.
- 91.2 Default interest shall be determined by applying the legal interest rate to the amount owed by the Market Participant for a number of days equal to:
 - a) the number of days of late payment, if the Market Participant pays within the time limits specified in Article 83, para. 83.2;
 - b) the number of days elapsing from the deadline specified in Article 83, para. 83.1 to the day on which the bank issuing the guarantee pays GME the amount of the redeemed guarantee, if the bank guarantee is redeemed.
- 91.3 The payment of the penalty of one percent shall not apply to the Market Participants specified in Article 15, in the cases of late payment referred to in Article 83, para. 83.2 above, or of failure to make the payment.

Article 92
Default by the Bank Issuing the Guarantee

- 92.1 If the guarantee has been posted in the form of a bank guarantee and, after receiving a request for redemption of the bank guarantee, the bank issuing the guarantee fails to make the consequent payment within the time limit indicated therein, the other bank guarantees issued by the same bank shall remain valid until the time limit established in the Technical Rules.
- 92.2 If, after receiving a request for redemption of the bank guarantee, the bank issuing the guarantee fails to make the consequent payment within the time limit indicated therein, GME shall not accept any new bank guarantees issued by the same bank for the purposes of Article 79 above. If the bank issuing the guarantee fulfils its

guaranteed obligation after the time limit indicated therein, GME may not accept the new bank guarantees issued by the same bank for the purposes of Article 79 above, up to a maximum period of twelve months from the date of the late fulfilment.

Article 93

Closing of the Positions of the Market Participant

- 93.1 In the case of default referred to in Article 88, paras. 88.2 a) and c) above, GME shall close all the contractual positions of the defaulting Market Participant through transactions of opposite sign with the same Participant and conclude transactions in the MTE or MGP, in accordance with the modalities and time limits defined in the Technical Rules.

TITLE VI
GREEN CERTIFICATES MARKET (MCV)

SECTION I
GENERAL PROVISIONS

Article 94
Market Participants

- 94.1 Participation in the MCV organised by GME shall be open to the following purchasers and sellers: Gestore dei Servizi Energetici-GSE SpA, domestic and foreign producers, wholesale customers, importers of electricity and the associations specified in Article 2, para. 23, first sentence, of Law no. 481 of 14 November 1995.

Article 95
Access to the MCV Information System

- 95.1 The procedures for accessing the information system of the MCV and for submitting trading orders, as set forth in Article 101 below, shall be specified in the Technical Rules.

Article 96
Access of GME to the Green Certificates Registry

- 96.1 GME shall have access to Gestore dei Servizi Energetici-GSE SpA's Green Certificates Registry for the purpose of verifying ownership of the Green Certificates offered in the market.
- 96.2 GME shall notify the transactions carried out in the MCV to Gestore dei Servizi Energetici-GSE SpA, which shall update the registry.

Article 97
Green Certificates Admitted to Trading

- 97.1 Green Certificates of the value defined in the Technical Rules and which are still valid for the purposes of the verifications specified in Article 7 of the Ministerial Decree of 24 October 2005 shall be admitted to trading.

Article 98
Trading Formalities

- 98.1 In the contracts of sale and purchase of Green Certificates made in the MCV, GME shall be the counterparty of Market Participants.
- 98.2 Transactions in the MCV shall take place through continuous trading.
- 98.2 Trading sessions of the MCV shall take place at least once a week in the period from January to March of each year and at least once a month in the remaining months of the year.
- 98.3 The days and hours of the trading sessions of the MCV shall be published on GME's website.

Article 99
Information for the MCV

- 99.1 During each session of the MCV and for each year of validity of the Green Certificates admitted to trading, GME shall communicate to Market Participants the following data and information:
- a) price and quantity of the orders entered into the market which have not yet been matched;
 - b) price of the last three transactions made in the session;
 - c) minimum and maximum price of the session;
 - d) reference price of the session preceding the current one;
 - e) volume traded in the session.
- 99.2 At the end of each session, GME shall post the following data and information for each year of validity of the Green Certificates admitted to trading:
- a) minimum and maximum price of transactions made in the session;
 - b) reference price of the session;
 - c) volume traded in the session.

Article 100
Invoicing of Fees

- 100.1 GME shall issue monthly invoices to each Market Participant for the fees due for the trading of Green Certificates, as laid down in Article 7, para. 7.2 above. Market Participants shall make payments within thirty days from receipt of the invoices.

SECTION II TRADING

Article 101 Submission of Trading Orders

- 101.1 GME shall organise an order book for each year of validity of the Green Certificates admitted to trading.
- 101.2 During each trading session, Market Participants shall enter their trading orders into the order book, indicating the year of validity of the certificates, the number of certificates contained in the orders and the price referred to 1 MWh.
- 101.3 The minimum tradable quantity shall be equivalent to one Green Certificate.
- 101.4 Market Participants may enter sale orders into the MCV only for the certificates registered in the ownership account of the Green Certificates Registry that is held by Gestore dei Servizi Energetici-GSE SpA, as well as for any certificate already purchased during the same trading session.
- 101.5 GME shall verify in the Green Certificates Registry the availability of the Green Certificates offered for sale by Market Participants.
- 101.6 Trading orders, divided into purchase and sale orders, shall give rise to lists for each year of validity of the Green Certificates admitted to trading. In these lists, trading orders shall be ranked by price and, in case of equal price, by time of entry. Purchase orders shall be ranked by decreasing price order, while sale orders shall be ranked by increasing price. The order book will show the best purchase and sale orders.
- 101.7 Trading orders with a negative or zero price limit shall be rejected.
- 101.8 Purchase or sale orders without a price limit shall be accepted only if sale or purchase orders with a price limit are already present in the order book, respectively.
- 101.9 Market Participants may withdraw their trading orders by direct cancellation from the order book, if such orders have not been automatically matched according to the provisions of Article 103 below.
- 101.10 Market Participants may modify the orders entered into the MCV, if such orders have not been automatically matched for the entire quantity pursuant to Article 103 below. In the case of partially matched orders, the modification shall apply only to the non-executed portion. Modified orders shall lose the time priority that they have acquired.
- 101.11 Trading orders that are not matched in accordance with Article 103 below shall be automatically cancelled at the end of the trading session.

Article 102
Verification of Orders

- 102.1 A purchase order with a price limit shall be rejected if the related value (equal to the product between the quantity entered into the order and the price entered into the order), increased by VAT (where applicable), exceeds the available deposit mentioned in Article 106 below.
- 102.2 A purchase or sale order submitted by a Market Participant shall be rejected if a matching sale or purchase order submitted by the same Market Participant is already present in the order book, respectively.
- 102.3 A purchase order without a 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 in the order book), increased by VAT (where applicable), exceeds the available deposit mentioned in Article 106 below.

Article 103
Execution of Orders

- 103.1 During trading, orders shall be matched under the following criteria:
- a) purchase orders with a price limit shall be matched (to the extent necessary to fulfil the order) with sale orders at a price lower than or equal to the purchasing price limit and according to the priority order referred to in Article 101, para. 101.6 above;
 - b) sale orders with a price limit shall be matched (to the extent necessary to fulfil the order) with purchase orders at prices higher than or equal to the selling price limit and according to the priority order referred to in Article 101, para. 101.6 above;
 - c) purchase orders without a price limit shall be matched (to the extent necessary to fulfil the order) with one or more sale orders at a price equal to the best selling price available at the time of their entry, according to the priority order referred to in Article 101, para. 101.6 above;
 - d) sale orders without a price limit shall be matched (to the extent necessary to fulfil the order) with one or more purchase orders at a price equal to the best purchasing price available at the time of their entry, according to the priority order referred to in Article 101, para. 101.6 above.
- 103.2 For each transaction carried out by automatic matching, the price shall be equal to the one of the trading order with higher time priority.

- 103.3 Where an order with a price limit is partially executed, the non-executed portion of the order shall be automatically re-entered with the same price and time priority as the original order. Where an order without a price limit is partially executed, the non-executed portion of the order shall be automatically re-entered with the same time priority as the original order and a price equal to the last price applied to the executed portion.

Article 104
Registration of Executed Orders

- 104.1 GME shall register the following data concerning the transactions carried out in the MCV:
- a) identification code of the transaction;
 - b) price;
 - c) quantity;
 - d) type of certificate;
 - e) day and time of execution of the order;
 - f) identity of the purchasing or selling Market Participants.

Article 105
Flow of Information

- 105.1 Within twenty-four hours from the end of each session, GME shall confirm the executed orders to each Market Participant, also by electronic means or by fax, by notifying the following data:
- a) quantity;
 - b) price;
 - c) day and time;
 - d) type of Green Certificates purchased or sold;
 - e) value of the transaction.
- 105.2 GME shall notify Gestore dei Servizi Energetici-GSE SpA of the transfer of ownership of the certificate at the end of the session during which such transfer has occurred.

SECTION III GUARANTEES

Article 106 Guarantees

- 106.1 For the purpose of submitting purchase orders into the MCV, 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 an appropriate account of GME with value date on the same day, and notify GME of the amount paid in accordance with the formalities specified in the Technical Rules.
- 106.2 During the trading session, Market Participants may make increase their initial deposit referred to in para. 106.1. To do so, they shall make an interest-bearing deposit, by transferring the amount to an appropriate account of GME with value date on the same day, and notify GME of the amount paid in accordance with the formalities specified in the Technical Rules. Such payment shall have validity and effect within one hour from the time at which it has been credited to GME's account. The payment shall be deemed to be received on the date and at the time recorded by the information system of the bank in charge of GME's treasury services. GME shall update the initial deposit by an amount equal to the additional deposit, after deducting one day of interest; the interest shall be calculated by applying the interest rate applied by the bank in charge of GME's treasury services and posted on GME's website.
- 106.3 The initial deposit referred to in para. 106.1, possibly increased as per para. 106.2 above, shall be updated upon submission of a trading order:
- a) if the order has a price limit, by decreasing the deposit by an amount equal to the product between the price quoted in the order and the related quantity, increased by VAT (where applicable), or
 - b) if the order has no price limit, by decreasing it by an amount equal to the product between the price of the best sale order in the order book, increased by VAT (where applicable), and the quantity quoted in the trading order.
- 106.4 If a purchase order with a price limit is matched and the price at which the contract has been concluded is lower than the specified price limit, then GME shall up-adjust the amount the available deposit committed under para. 106.3 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, increased by VAT (where applicable).
- 106.5 Upon matching of a sale order, the Market Participant's available deposit is up-adjusted by an amount equal to the product between the price at which the order has been matched and the matched quantity, increased by VAT (where applicable).
- 106.6 On the assumption covered para. 106.3 a), if a trading order that has not yet been matched is cancelled, 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, increased by VAT (where applicable).

- 106.7 Notwithstanding the provisions of Article 109 below, GME shall - within twenty-four hours from the end of each session - return the amount of the available deposit, in accordance with the modalities and within the time limits defined in the Technical Rules.
- 106.8 On a quarterly basis, GME shall calculate the interest accrued by the Market Participant on the available deposit. The interest shall be calculated on the basis of the interest rate applied by the bank in charge of GME's treasury services.

SECTION IV
INVOICING AND SETTLEMENT OF PAYMENTS IN THE MCV

SUBSECTION I
INVOICING IN THE MCV

Article 107
Invoicing period

107.1 The invoicing period for the transactions made in the MCV shall be defined in the Technical Rules.

Article 108
Invoicing

108.1 For each invoicing period and in accordance with the modalities and within the time limits defined in the Technical Rules, GME shall:

- a) issue invoices to each Market Participant qualifying as debtor towards GME for the amounts pertaining to the purchase transactions made by the same market Participant;
- b) notify each Market Participant qualifying as creditor towards GME the amounts pertaining to the sale transactions made by the same Market Participant.

108.2 Following the notifications mentioned in para. 108.1 b) above, Market Participants shall issue invoices to GME for the notified amounts.

108.3 The time limits and modalities for issuing invoices to GME, as mentioned in para. 108.2 above, shall be defined in the Technical Rules.

108.5 The invoices and notifications referred to in paras. 108.1 and 108.2 above shall be made available to Market Participants according to the modalities and within the time limits specified in the Technical Rules.

108.5 The invoices and notifications referred to in paras. 108.1 and 108.2 above shall contain at least the following data (where applicable):

- a) the quantities of the traded green certificates;
- b) the price at which the quantities mentioned in subpara. a) above have been traded;
- c) the taxes applied;
- d) the total amount.

SUBSECTION II
SETTLEMENT OF PAYMENTS IN THE MCV

Article 109
Payments from Market Participants to GME

109.1 GME shall satisfy its receivables from debtor Market Participants in accordance with the modalities and within the time limits established in the Technical Rules, by utilising their available deposit until reaching the amount of such receivables.

Article 110
Payments from GME to Market Participants

110.1 GME shall pay to creditor Market Participants an amount equal to the value of their transactions in accordance with the modalities and within time limits defined in the Technical Rules.

TITLE VII
PENALTIES, COMPLAINTS AND DISPUTES IN THE MARKET

SECTION I
BREACHES AND PENALTIES

Article 111
Breaches of the Rules and Technical Rules

- 111.1 The following behaviours shall be considered as breaches of the Rules and of the Technical Rules:
- a) negligence, imprudence and unskilfulness in the use of the systems of communication and submission of bids/offers;
 - b) vexatious use of the complaint procedures defined in Section II below of this Title;
 - c) disclosure to third parties of confidential information related to the Market Participant or other Market Participants, in particular as regards the codes of access to GME's information system, any other data pertaining to such access and the contents of bids/offers submitted by other Market Participants to GME, except in the fulfilment of obligations arising from laws, regulations or decisions of competent authorities;
 - d) any attempt to access restricted areas of GME's information system;
 - e) any use for fraudulent purposes of the systems of communication and submission of bids/offers;
 - f) any other conduct contrary to common principles of honesty and good faith referred to in Article 3, para. 1.1 above.

Article 112
Penalties

- 112.1 If the breaches referred to in Article 111 above are shown to exist, GME may - respecting the principles of impartiality and equality of treatment and bearing in mind the seriousness of the breach and any previous occurrences - impose the following penalties on Market Participants on the basis of the scale referred to in Article 113 below:
- a) a private written notice of the violation;
 - b) a public written notice of the violation;
 - c) a financial penalty;
 - d) the suspension of the Market Participant from the market;
 - e) the exclusion of the Market Participant from the market.
- 112.2 In case of suspension or exclusion from the market, the Market Participant involved may - under the supervision of GME - close any transaction still in progress and carry out any other transaction unavoidably connected with the same.

- 112.3 If a breach is identified, GME shall serve a notice to the Market Participant. The notice shall include:
- a) a description of the alleged breach;
 - b) a deadline of at least ten days for the Market Participant to possibly submit documentation and request a hearing.
- 112.4 If the Market Participant requests a hearing, GME shall set the date of the same and promptly notify the Market Participant thereof. If the Market Participant does not appear at the hearing and the hearing is not postponed to another date for justified reasons, GME shall make a decision on the basis of available evidence.
- 112.5 Based on available evidence, GME shall impose a penalty or dismiss the case within thirty days from the notice specified in para. 112.3 above.
- 112.6 Where the breaches are such as to seriously threaten the proper operation of the Electricity Market, GME shall, on a precautionary basis, suspend the Market Participant from the market for the period of time necessary to examine the case.
- 112.7 The penalty and the reasons for it or the decision to dismiss the case shall be notified to the Market Participant concerned and a copy of such notification shall be sent to the Ministry of Economic Development.

Article 113
Graduation of Penalties

- 113.1 Where the breaches are due to the fault of the Market Participant, GME may impose the following penalties:
- a) a private written notice of the violation;
 - b) a public written notice of the violation;
 - c) suspension from the market for a minimum period of five days and a maximum period of one month. In case of recurrence of the violation, the suspension from the market shall be of one month.
- 113.2 If the breaches mentioned in para. 113.1 above have caused disturbances to the proper functioning of the market, GME may impose the following penalties:
- a) a public written notice of the violation;
 - b) suspension from the market for a minimum period of one month and a maximum period of one year. In case of recurrence of the violation, the suspension from the market shall be of one year.
- 113.3 If the breach is due to the intentional wrongdoing of the Market Participant, GME may impose the following penalties:
- a) suspension from the market for a minimum period of six months and a maximum period of eighteen months. In case of recurrence of the violation, the suspension from the market shall be of eighteen months.
 - b) exclusion from the market.

- 113.4 If the breaches mentioned in para. 113.3 above have caused disturbances to the proper functioning of the market, GME may impose the following penalties:
- a) suspension from the market for a minimum period of eighteen months and a maximum period of three years. In case of recurrence of the violation, the suspension from the market shall be of three years.
 - b) exclusion from the market.
- 113.5 As an alternative to the suspension from the market referred to in paras. 113.1 c), 113.2 b), 113.3 a) and 113.4 a), GME may impose a financial penalty of at least zero point five per cent of the Market Participant's annual turnover and, in any case, of a minimum of one hundred and fifty-five thousand/00 Euro and of a maximum of one hundred million/00 Euro.

Article 114
Suspension for Non-Fulfilment of Notification Obligations
and Non-Payment of Fees

- 114.1 Apart from the cases provided for in Articles 90 and 113 above, GME shall suspend the Participant from the market or impose the financial penalty referred to in Article 113, para. 113.5 in the following cases:
- a) where the Market Participant does not fulfil its obligation of notification as per Article 19, para. 19.1 above. The suspension shall have effect until the date on which GME receives said notification;
 - b) where the Market Participant fails to pay the fees specified in Article 7, paras. 7.1 and 7.2 above, according to the provisions of Article 75, para. 75.1 f), Article 77 and Article 100 above. The suspension shall have effect until the date on which the Market Participant fulfils such obligation and, anyway, for a period not exceeding six months; if, upon the expiration of such period, the Market Participant has not paid the fees, the Market Participant shall be suspended from the market.
- 114.2 At the request of Terna, GME shall suspend the Market Participant from the market, if the same Market Participant defaults towards Terna.
- 114.3 Article 114, para. 114.1 b) shall not apply to the Market Participants referred to in Article 15.

Article 115
Publication of Penalties

- 115.1 After imposing the penalties referred to in Article 112, para. 112.1 b), c), d) and e) above, GME shall publish the same on its website ten days after serving the relevant notice to the Market Participant concerned, unless the case has been referred to the Internal Appeal Board. In this case, GME shall disclose the penalty, together with the decision of the Internal Appeal Board that has confirmed such penalty, after receiving notice of such decision.

Article 116
Challenging Denial of Admission to the ME and Penalties

- 116.1 Notwithstanding Article 135 below, within ten days from the notice of denial of admission to the market or a penalty imposed under Article 112, para. 112.1 above, the applicant or Market Participant may file an appeal with the Internal Appeal Board.

SECTION II
COMPLAINTS PERTAINING TO THE MARKET

SUBSECTION I
COMPLAINTS PERTAINING TO THE MPE

Article 117
Submission Formalities and Minimum Complaint Contents

- 117.1 Complaints relating to the MPE shall be submitted, under penalty of inadmissibility, in electronic form within the time limits set forth in this Section and using the appropriate forms available in GME's information system.
- 117.2 All complaints shall include, under penalty of inadmissibility, the following elements:
- a) identification code of the disputed bid/offer, as assigned by GME's information system;
 - b) decision of GME which is being disputed;
 - c) concise description of the grounds for the complaint.

Article 118
***Complaints about Results of Validation
and Technical Adequacy Verification of Bids/Offers***

- 118.1 The Market Participant may dispute the results of the validation and verifications referred to in Articles 29 and 30 above, by sending a notification to GME within 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 119
Complaints about Market Results

- 119.1 The Market Participant may dispute the results of each of the markets making up the MPE, namely the results of the process of acceptance of bids/offers and of determination of their prices, by sending a notification to GME within 16:00 of the second working day following the one in which such results are notified to the Market Participant.

Article 120
Complaints about Billing Procedures

- 120.1 The Market Participant may dispute the results of the billing process referred to in Title IV, Section I above, by sending a notification to GME within 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 121
Complaints about Invoicing Procedures

- 121.1 The Market Participant may dispute the results of the invoicing procedures referred to in Title IV, Section II above, by sending a notification to GME within 16:00 of the second working day following the one on which the invoice or notification referred to in Article 75, para. 75.1 above are issued.
- 121.2 In the case specified in para. 121.1 above, GME shall suspend the payments relative to the transactions in dispute. Default interest shall be paid on the amounts payable after complaint resolution; the extent of the interest shall be calculated according to the provisions of Article 91 above.

Article 122
Complaint Resolution

- 122.1 GME shall notify the Market Participant concerned of the outcome of the verifications of the complaints specified in Articles 118, 119, 120 and 121 above, by 16:00 of the second working day following the deadline for submission of such complaints.
- 122.2 Where the Market Participant brings a complaint as specified in Articles 118 and 119 above, in respect of a bid/offer that has been deemed to be invalid, technically inadequate or rejected in the MGP or MI, and such complaint is upheld because GME is found to be responsible for errors or omissions, and such bid/offer would have been accepted in the absence of GME's disputed decision, then GME shall only pay to such Market Participant a compensation equal to the product, if positive, between the quantity specified in the bid/offer and:
- a) the difference between the balancing-up charges, determined under the applicable provisions, and the price resulting from the market to which the bid/offer refers, if the complaint refers to a demand bid;
 - b) the difference between the price resulting from the market to which the bid/offer refers and the balancing-down charges, determined under the applicable provisions, if the complaint refers to a supply offer.
- 122.3 Where a complaint brought as specified in Articles 118 and 119 above, in respect of a bid/offer that has been deemed to be invalid, technically inadequate or rejected in the MSD, is upheld because GME is found to be responsible for errors or omissions, and such bid/offer would have been accepted in the absence of GME's disputed decision, then GME shall only pay to the Market Participant concerned a compensation equal to the damage actually incurred and adequately documented by the Market Participant. Anyway, the compensation shall not exceed five per cent of the additional amounts that would have accrued from such bid/offer in the Electricity Market in the absence of such errors or omissions.
- 122.4 The acceptance of GME's compensation pursuant to paras. 122.2 and 122.3 above shall imply the Market Participant's waiver of the dispute resolution procedure mentioned in Section III of this Title.

- 122.5 The limits specified in paras. 122.2 and 122.3 above shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions of the Internal Appeal Board referred to in Article 131 below and to those resulting from the arbitration procedures referred to in Articles 134 and 135, para. 135.2 below.
- 122.6 If a complaint brought as specified in Articles 120 and 121 above is upheld, then GME shall make the related adjustments.
- 122.7 The acceptance of a complaint shall not modify the result of the market session to which it refers.

SUBSECTION II
COMPLAINTS PERTAINING TO THE MTE

Article 123
Submission Formalities and Minimum Complaint Contents

- 123.1 Complaints relating to the MTE shall be submitted, under penalty of inadmissibility, in electronic form within the time limits set forth in this Subsection and using the appropriate forms available in GME's information system.
- 123.2 All complaints shall include, under penalty of inadmissibility, the following elements:
- a) identification code of the disputed bid/offer, as assigned by GME's information system;
 - b) decision of GME which is being disputed;
 - c) concise description of the grounds for the complaint.

Article 124
**Complaints about Results of Validation
and Technical Adequacy Verification of Bids/Offers**

- 124.1 The Market Participant may dispute the results of the validation and verifications referred to in Article 66 above, by sending a notification to GME within 60 minutes from GME's decision.

Article 125
Complaints about the Results of the MTE

- 125.1 The Market Participant may dispute the results of the MTE, namely the results of the process of acceptance of bids/offers and of determination of their prices, by sending a notification to GME within 60 minutes from GME's decision.

Article 126
Complaints about Billing Procedures

126.1 The Market Participant may dispute the results of the billing process referred to in Title IV, Section I above, by sending a notification to GME within 16:00 of the second working day following the one on which such results are notified to the Market Participant.

Article 127
Complaints about Invoicing Procedures

127.1 The Market Participant may dispute the results of the invoicing procedures referred to in Title IV, Section II above, by sending a notification to GME within 16:00 of the second working day following the one on which the invoice or notification referred to in Article 75, para. 75.1 above is issued.

127.2 In the case specified in para. 127.1 above, GME shall suspend the payments relative to the transactions in dispute. Default interest shall be paid on the amounts payable after complaint resolution. The extent of the interest shall be calculated according to the provisions of Article 91 above.

Article 128
Complaint Resolution

128.1 GME shall notify the Market Participant concerned of the outcome of the verifications of the complaints specified in this Subsection by 16:00 of the second working day following the deadline for submission of such complaints.

128.2 Where the Market Participant brings a complaint as specified in this Subsection and such complaint is upheld because GME is found to be responsible for errors or omissions, then GME shall only pay to such Market Participant a compensation equal to a maximum of ten thousand euro.

128.3 The acceptance of GME's compensation pursuant to para. 128.2 above shall imply the Market Participant's waiver of the dispute resolution procedure mentioned in Section III of this Title.

128.4 The limit specified in para. 128.2 shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions by the Internal Appeal Board referred to in Article 131 below and to those resulting from the arbitration procedures referred to in Section III below.

128.5 If a complaint brought as specified in Articles 126 and 127 above is upheld, then GME shall make the related adjustments.

128.6 The acceptance of a complaint shall not modify the results of the market session to which it refers.

**SUBSECTION III
COMPLAINTS PERTAINING TO THE MCV**

**Article 129
Submission Formalities and Minimum Complaint Contents**

- 129.1 Complaints relating to the MCV shall be submitted, under penalty of inadmissibility, in electronic form and within sixty minutes from the closure of the session, using the appropriate forms available in GME's information system.
- 129.2 All complaints shall include, under penalty of inadmissibility, the following elements:
- a) identification code of the disputed order and/or transaction, as assigned by GME's information system;
 - b) concise description of the grounds for the complaint.

**Article 130
Complaint Resolution**

- 130.1 Within the working day following the day of receipt of a complaint, GME shall notify the Market Participant concerned of the verification result. If the complaint is upheld, then GME shall only pay to the Market Participant a compensation equal to the higher cost or lower income deriving from the disputed result of the MCV. For each Green Certificate involved in the disputed transaction, such compensation may not exceed:
- a) for demand bids with a specified price, the difference between the maximum price of transactions executed in the session and the price quoted in the order;
 - b) for supply offers with a specified price, the difference between the price quoted in the order and the minimum price of transactions executed in the session;
 - c) for orders with no specified price, the difference between the maximum and minimum price of transactions executed in the session.

SECTION III
DISPUTES IN THE MARKET

Article 131
Internal Appeal Board

- 131.1 The Internal Appeal Board shall be appointed by GME's Board of Directors.
- 131.2 The Internal Appeal Board shall be based at GME's registered office and be composed of three permanent members, one of whom shall act as Chairperson, and of one other supplementary member.
- 131.3 The members of the Internal Appeal Board shall be chosen for their high standards of ethical conduct and professional and technical expertise. They shall serve for a three-year term and may not be re-appointed. When a member does not appear, without justifiable reason, for three consecutive sittings, he/she shall be dismissed from office.
- 131.4 The resolution of GME's Board of Directors appointing the initial members of the Internal Appeal Board shall also set out criteria for the management of the activities of the Internal Appeal Board.
- 131.5 GME's Board of Directors may, after conducting appropriate enquiries, remove from office one or more members of the Internal Appeal Board, where the Chairperson of the Internal Appeal Board communicates difficulties in the running of the same Board arising from the conduct of one or more of its members or if GME receives evidence of the bad functioning of the Board.
- 131.6 The decisions of the Internal Appeal Board shall be taken, in accordance with the applicable laws and after hearing the views of the disputing parties, within forty-five days from the date of referral of the case to the same Board. Such decisions shall be timely notified to the disputing parties.
- 131.7 Any member of the Internal Appeal Board having any direct or indirect, professional or personal interest in the dispute shall abstain from the decisions of the same Board. In this case, such member shall immediately notify the Chairperson of the Internal Appeal Board of his/her conflict of interest and the Chairperson shall replace such member with the supplementary member of the same Board. Where a member does not disclose his/her conflict of interest and abstain, he/she shall be removed from office.
- 131.8 The office of each member of the Internal Appeal Board shall cease when the related term of office expires and, apart from the cases of dismissal referred to in para. 131.3 and removal in paras. 131.5 and 131.7 above, with a written letter of resignation submitted to the Chairperson and accepted by the Internal Appeal Board, which may reject the resignation only once.
- 131.9 In case of supervening incompatibility, dismissal, removal or resignation of one or more members of the Internal Appeal Board, GME's Board of Directors shall appoint one or more new members.

Article 132
Appeals to the Internal Appeal Board

- 132.1 If the Market Participant does not accept the result of the complaint examination referred to in Articles 122, 128 and 130 above, it may appeal to the Internal Appeal Board.
- 132.2 Apart from what is specified in Articles 116 and 132.1 above, the Internal Appeal Board shall also have jurisdiction over any other dispute arising between GME and Market Participants over the interpretation and application of the Rules and the Technical Rules, except as provided in Article 135, para. 135.1 below.
- 132.3 Appeals to the Internal Appeal Board shall, under penalty of inadmissibility, be delivered to GME's registered office or sent by registered letter with acknowledgement of receipt within ten calendar days from:
- a) notification of denial of admission to the market, or
 - b) notification of a penalty, or
 - c) notification of complaint examination, or
 - d) publication or notification of the decision against which the appeal is being lodged.
- 132.4 The appeal, signed by the Market Participant, must include, under penalty of inadmissibility, at least:
- a) GME's decision against which the appeal is being lodged;
 - b) grounds for the appeal;
 - c) for appeals against the results of the complaint examinations referred to in Articles 122, 128 and 130 above, the market, date and time of the bid/offer in dispute, as well as the items indicated in subparas. a) and b) above.

Article 133
Appeals to the Internal Appeal Board Pertaining to Financial Guarantee Verification

- 133.1 If the verifications of the financial guarantees referred to in Article 79, para. 79.6 above or of the updating letter referred to in Article 80, para. 80.3 above have a negative outcome, the Market Participant involved may request the Internal Appeal Board to make a new verification.
- 133.2 For the purposes of the verifications referred to in para. 133.1 above, a technical member selected among professionals with proven experience in the banking and financial sectors or among professors of law or economics applied to the same sectors shall be integrated into the Internal Appeal Board.
- 133.3 The technical member referred to in para. 133.2 above shall be appointed by a resolution of GME's Board of Directors for a period not exceeding one year and may be re-appointed only once for the same length of time.
- 133.4 If, after the new verification referred to in para.133.1 above, voting results in a tie, the vote of the Chairperson of the Internal Appeal Board shall prevail. The outcome of this verification carried out by the Internal Appeal Board, including the

technical member, shall be binding and definitive for GME, the Market Participant and the bank in charge of treasury services.

Article 134
Court of Arbitration

- 134.1 Notwithstanding the provisions of Article 135, para. 135.1 below, any dispute arising between GME and Market Participants over the interpretation and application of these Rules and the Technical Rules shall be finally settled by a Court of Arbitration.
- 134.2 Prior appeal to the Internal Appeal Board shall be a prerequisite for initiating the arbitration procedure.
- 134.3 The decisions of the Internal Appeal Board shall not be binding upon the Court of Arbitration, which shall have any and all powers to review the case independently.
- 134.4 To be valid, the arbitration procedure shall be initiated within thirty days from notification of the decision of the Internal Appeal Board.
- 134.5 The Court of Arbitration shall be composed of three members: one appointed by GME, one appointed by the Market Participant and a third member, acting as President, appointed jointly by both parties or, in case of disagreement, by the President of the Court of Rome, under Article 810 of the Italian Civil Procedure Code.
- 134.6 The Court of Arbitration shall render its decisions in accordance with the applicable laws and the arbitration procedure shall take place in compliance with Article 806 and subsequent Articles of the Civil Procedure Code.
- 134.7 The Court of Arbitration shall be based in Rome at GME's registered office.

Article 135
Dispute Resolution

- 135.1 In addition to the cases referred to in Article 89, para. 89.4, disputes concerning failure to make payments, including partial payments, for the following items shall be subject to the exclusive jurisdiction of Italian judges:
- a) fees referred to in Article 7, paras. 7.1 and 7.2;
 - b) amounts referred to in Article 112, para. 112.1 c);
 - c) amount referred to in Article 113, para. 113.5.
- 135.2 Notwithstanding the provisions of para. 135.1 above, on request of one of the interested parties, disputes between GME and Market Participants and between Market Participants shall be settled by arbitration in accordance with AEEG's provisions.

TITLE VIII
FORWARD CONTRACTS AND DERIVATIVES

Article 136
Forward Contracts and Derivatives

- 136.1 GME may promote the development of the trading of financial derivatives on the price of electricity.

**TITLE IX
TRANSITORY AND FINAL PROVISIONS**

**SECTION I
TRANSITORY PROVISIONS**

Article 137

Transitory Provisions Pertaining to Submission of Bids/Offers into the MGP

- 137.1 In accordance with the provisions of the Dispatching Rules:
- a) after the close of the MGP and within the time limit specified in the Technical Rules, GME shall – for each geographical zone and applicable period - notify Terna of the total quantity of electricity related to demand bids submitted into the MGP in respect of offer points for withdrawal;
 - b) within the time limit specified in the Technical Rules, Terna may submit additional supply offers or demand bids into the MGP in accordance with the criteria laid down in the Dispatching Rules. The provisions of Article 38, paras. 38.5 and 38.6 above shall not apply to such bids/offers.
- 137.2 GME shall post the quantities offered by Terna in accordance with para. 137.1 above on its website.

Article 138

***Transitory Provisions Pertaining to Guarantees, Billing,
Invoicing of Payables and Receivables and Settlement of Payments***

- 138.1 An appropriate agreement between GME and Terna shall define the procedures and time limits for the billing and invoicing of payables and receivables and for the settlement of payments in respect of the bids/offers submitted by Terna into the MGP under Article 137, para. 137.1 above.
- 138.2 The guarantees posted in the form of first-demand bank guarantees in the previous format of Annex 3 to the Integrated Text of the Electricity Market Rules shall continue to produce their effects only for participation in the MPE and until the expiration of their period of validity and effect. The guarantees posted in the form of first-demand bank guarantees in accordance with the previous Annex 5 to the Integrated Text of the Electricity Market Rules shall continue to produce their effects only for participation in the MPE and PCE and until the expiration of their period of validity and effect. The bank guarantees posted in accordance with the previous Annexes 3 and 5 to the Integrated Text of the Electricity Market Rules may be updated in accordance with Article 80, para. 80.2 above, after having being modified to conform to Annexes 5 and 7 hereto under the modalities defined by GME.
- 138.3 For the purpose of covering obligations acquired after the entry into force hereof, the guarantees posted in the form of first-demand bank guarantees in formats prior to the one of Annex 3 shall be deemed to be valid and effective also for participation

in the MTE, only if such formats are modified to conform to Annex 3 hereto under the modalities defined by GME.

SECTION II FINAL PROVISIONS

Article 139 Functioning of the Information System

- 139.1 GME may suspend, postpone or close in advance a market sitting or session in case of malfunctioning of its information system.
- 139.2 For the purposes of guaranteeing and safeguarding the proper technical functioning, as well as an efficient use of GME's information system and, in general, the proper functioning of the market, GME may impose limits to the submission, cancellation and modification of bids/offers or trading orders, as well as to the number of logons of each Market Participant or of specific categories of Market Participants to GME's information system.

Article 140 Awardees of Contracts for Provision of Services to the Electricity Market

- 140.1 Parties holding service and/or supply contracts for the implementation of GME's information system for the market shall not be admitted to such market for a period a three years running from the later of the following dates:
- a) the date of GME's take-over of the responsibilities specified in Article 1, para. 3 of Legislative Decree 79/99;
 - b) the date of awarding of the contract.



Annex 1

Market Participation Application

Market Participation Application Form
under art. 12, para. 12.1 a), Integrated Text of the Electricity Market Rules

I, the undersigned...
(*name and surname*)
born in...on.....
residing in...,
(*address*)
taxpayer's code..., VAT number...
telephone number..., fax number...
e-mail address...

or

The company.../other...
(*company name or registered name*)
having its registered office in ...
taxpayer's code..., VAT number...
telephone number..., fax number...
e-mail address...
represented by... in his/her capacity of...
(*legal representative or duly authorised person*)

WHEREAS

- the organisation, management and operation of the Electricity Market and of the Green Certificates Market are governed by the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules");
- the Technical Rules, referred to in article 4 of the Electricity Market Rules, are posted on GME's website and enter into force upon the date of their publication;
- with a view to complying with the obligations arising from this Application and, if such Application is accepted, with the obligations arising from the Electricity Market Rules, GME shall - under Legislative Decree no. 196 of 30 June 2003, as subsequently amended and supplemented - process the Applicant's personal data with a secure electronic system protecting the privacy of such data, in accordance with the privacy statement issued under article 13 of the aforementioned Decree and posted on GME's website.

NOW, THEREFORE,

I, the undersigned...
or
the company... /other....
represented by... in his/her capacity of...
(*legal representative or duly authorised person*)

APPLY/APPLIES

for admission to the following market/s under article 12 of the Electricity Market Rules:

- Electricity Market (*the admission to the Electricity Market involves the payment of the fees referred to in article 7, para. 7.1 of the Electricity Market Rules*)
- Green Certificates Market

in accordance with the procedure referred to in article 14 of the Electricity Market Rules.

For this purpose, I, the undersigned.../the company... /other... enclose/encloses the documents mentioned in article 13 of the Electricity Market Rules, which shall be an integral part hereof, as well as a signed copy of the Market Participation Agreement referred to in article 12, 12.1 b) of the Electricity Market Rules in the format enclosed thereto.

I, the undersigned ...
or
the company...../other...
represented by... in his/her capacity of...
(legal representative or duly authorised person)

- 1) declare/s that I/it have/has read and understood the Electricity Market Rules and the Technical Rules and accept/s to be bound thereby without any condition or reservation;
- 2) declare/s that I/it am/is proficient in the use of information and communication (ICT) technologies and related security systems or that I/it rely/relies on ICT-proficient employees or assistants;
- 3) authorise/s GME to process my/its personal data and disclose them to third parties, in compliance with the applicable legislation;
- 4) authorise/s GME to transfer my/its personal data, also for statistical purposes, to other parties providing the services required for the performance of GME's activities;
- 5) designate/s Mr./Mrs.....whose contact data areas contact person for notifications, if any;
- 6) designate/s the following parties to access GME's Information System on my/its behalf:

for the Spot Electricity Market (MPE)

- a. Mr. /Mrs..., born in..., on..., residing in..., taxpayer's code...telephone number....e-mail address...;
- b. ...
- c. ...

for the Forward Electricity Market (MTE)

- a. Mr. /Mrs..., born in..., on..., residing in..., taxpayer's code...telephone number....e-mail address...;
- b. ...
- c. ...

for the Green Certificates Market (MCV)

- a. Mr./Mrs....., born in..., on..., residing in..., taxpayer's code...telephone number....e-mail address...;
- b. ...
- c. ...

- 7) (where applicable) declare/s that my/its identification code, assigned by *Terna*, is as follows:
(for the Electricity Market);
- 8) (where applicable) declare/s that my/its identification code, assigned by *Gestore dei Servizi Energetici – GSE SpA*, is as follows: ...
(for the Green Certificates Market).

Place and date

....

Signature

.....



Annex 2

Market Participation Agreement

**Market Participation Agreement Form,
under article 12, para. 12.1 b) of the Integrated Text of the Electricity Market Rules**

BETWEEN

Gestore dei Mercati Energetici S.p.A., with registered office in Rome, Viale Maresciallo Pilsudski, 92, taxpayer's code and VAT number 06208031002, represented by ..., in his/her capacity of, (hereinafter referred to as "GME"),

AND

(name and surname) ... /the company/other ... (company name or registered name),
residing in/with registered office in ... (address),
taxpayer's code ..., VAT number ...,
represented by ..., in his/her capacity of ..., (hereinafter referred to as the "Contracting Party");

GME and the Contracting Party, hereinafter defined individually as the "Party" and jointly as the "Parties",

WHEREAS

- A) GME is the company (*Società per Azioni*) which was set up in accordance with article 5, para. 1 of Legislative Decree no. 79 of 16 March 1999 (hereinafter referred to as Legislative Decree 79/99) and vested with the economic management of the Electricity Market. Pursuant to Article 6 of the Decree of the Minister of Industry, Trade and Handicraft of 11 November 1999, published in *Gazzetta Ufficiale, Serie Generale*, no. 292 of 14 December 1999 - repealed and superseded by the Decree of the Minister of Economic Development of 24 December 2005, in turn repealed and superseded by the Decree of the Minister of Economic Development issued jointly with the Minister of the Environment, Land and Sea Protection on 18 December 2008, published in *Gazzetta Ufficiale* no. 1 of 2 January 2009 (hereinafter referred to as "Ministerial Decree of 18 December 2008"), GME is entrusted, as part of such management, with the organisation of a venue for the trading of Green Certificates;
- B) *Terna-Rete Elettrica Nazionale S.p.A.* (hereinafter referred to as "Terna") is the company (*Società per Azioni*) which was set up as a result of the merger of ownership and management/operation of the national power transmission grid in accordance with article 1 of the Decree of the President of the Council of Ministers of 11 May 2004, published in *Gazzetta Ufficiale, Serie Generale*, no. 115 of 18 May 2004, and which exercises the activities of transmission and dispatching of electricity, including the unified management and operation of the national power transmission grid;
- C) *Gestore dei Servizi Energetici-GSE S.p.A.* is the company (*Società per Azioni*) which was set up in accordance with article 3, para. 4 of Legislative Decree 79/99 and of article 1, paras. 1 a), b) and c) and 3 of the above-mentioned Decree of the President of the Council of Ministers;
- D) Pursuant to article 5, para. 1 of Legislative Decree 79/99 and after hearing the opinion of *Autorità per l'Energia Elettrica e il Gas* (AEEG – the Italian electricity & gas regulator), the Minister of Industry, Trade and Handicraft approved the Integrated Text of the Electricity Market Rules with his Decree of 9 May 2001, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127, dated 4 June 2001 (hereinafter referred to as "Ministerial Decree of 9 May 2001");
- E) Pursuant to article 3, para. 3.2 of the Integrated Text of the Electricity Market Rules referred to in the Ministerial Decree of 9 May 2001 and after hearing the opinion of AEEG, the Minister of Productive Activities approved the Instructions to the Integrated Text of the Electricity Market Rules, limited to the provisions relating to the venue for the trading of Green Certificates, with his Decree of 14 March 2003, published in *Gazzetta Ufficiale, Serie Generale*, no. 65 of 19 March 2003;
- F) Pursuant to article 2, para. 2.3 of the Integrated Text of the Electricity Market Rules referred to in the Ministerial Decree of 9 May 2001 and after hearing the opinion of AEEG, the Minister of Productive Activities approved the amendments to the Integrated Text of the Electricity Market Rules with his Decree of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003 (hereinafter referred to as the "Electricity Market Rules");

- G) Pursuant to article 12, para. 12.1 b) of the Electricity Market Rules, a party wishing to participate in the market shall submit to GME a signed copy of *Contratto di adesione al mercato* (Market Participation Agreement, hereinafter referred to as the “Agreement”);
- H) The Technical Rules referred to in article 4 of the Electricity Market Rules shall be published on the website of GME and become effective as of the date of their publication;
- I) For the purposes and effects of the Electricity Market Rules, GME shall be the counterparty of Market Participants in the energy markets and in the Green Certificates Market;
- J) For the purposes and effects of the Electricity Market Rules, Terna shall be the counterparty of Market Participants in the Ancillary Services Market (MSD);
- K) (*limited to the Green Certificates Market*) the Contracting Party is one of the parties mentioned in article 94 of the Electricity Market Rules.

NOW, THEREFORE,

the Parties agree as follows:

Article 1
Scope of the Agreement and Validity of the Whereas

- 1.1 This Agreement defines:
 - a) the Contracting Party's rights and obligations towards GME;
 - b) the terms and conditions on which GME shall provide its services in connection with transactions in the Electricity Market and in the Green Certificates Market (hereinafter referred to as the “Services”).
- 1.2 The Whereas shall be an integral and essential part hereof.

Article 2
Obligations of the Contracting Party

- 2.1 The Contracting Party declares that it is aware of and accepts, without condition or reservation, the rules of the Electricity Market and of the Green Certificates Market (hereinafter jointly referred to as the “Market”) as they result from the applicable legislation. The Contracting Party also declares that it fully understands GME's information system (hereinafter referred to as the System) in its present configuration or that, in any case, it undertakes to do so.
- 2.2 The Contracting Party undertakes:
 - a) to comply with the Electricity Market Rules and the Technical Rules and to keep itself updated with any amendments thereto. It is understood that, where the Contracting Party does not intend to accept any amendments to the Electricity Market Rules or to the Technical Rules, it may withdraw herefrom, giving notice according to the procedures and to the address specified in article 9, para. 9.7 below. However, the withdrawal shall have effect only after the Contracting Party has carried out transactions of opposite sign in order to close its contractual positions in the Forward Electricity Market existing upon submission of the request for withdrawal and, in any case, only after the Contracting Party has fulfilled obligations arising from participation in the Market. Fifteen days after the legal publication of such amendments, where the Contracting Party has not given notice of its intent to withdraw herefrom, such amendments shall be assumed to have been tacitly accepted. Except for transactions made to give effect to the withdrawal, any transaction carried out in the Market before the end of the above period shall be understood as tacit acceptance of the new terms and conditions. In no case may such amendments constitute a valid reason for the Contracting Party to default on obligations acquired in the Market;
 - b) to adopt technological systems that are suitable for trading and compatible with the System, as well as to update them as a result of any modification as GME may make to the same System;

- bbis) to adopt technological systems suitable for issuing invoices for the transactions made in the Electricity Market, compatible with the System and ensuring a correct, timely and secure exchange of the data and information transmitted electronically, under the procedures and within the time limits specified in the Electricity Market Rules and in the Technical Rules;
- c) to employ staff with adequate professional skills and competence in the use of the technological systems referred to in subpara. b) above;
- d) where it intends to participate in the Electricity Market, to join the service of settlement of payments and the guarantee systems specified in Title V of the Electricity Market Rules;
- e) where it also/only intends to participate in the Green Certificates Market, to join the service of settlement of payments specified in Title VI, Sections III and IV of the Electricity Market Rules;
- f) where applicable, to fulfil the obligations specified in article 11, paras. 1, 2 and 3 of Legislative Decree 79/99, under the procedures provided for in the Ministerial Decree of 18 December 2008;
- g) to notify GME timely and, where possible, in good time for GME to make any necessary corrective actions for the purposes of guaranteeing the proper functioning of the Market, of any problem or operational malfunction of a technical nature or any other event which has resulted or might result in the failure to provide or incorrect provision of the Services. In particular, the Contracting Party shall notify GME with the maximum speed and according to the procedures specified in article 9, para. 9.7 below, of the occurrence of any event even potentially dangerous for the integrity and security of the System (including but not limited to the theft of confidential documents regarding access to the System or unauthorised access to the Contracting Party's premises where such documents are kept);
- h) to co-operate with GME or with third parties designated by the same, also permitting access of their employees or assistants to the Contracting Party's premises for carrying out any operations on the Contracting Party's hardware and software as may be necessary to ensure the proper functioning of the Market. It is understood that, pursuant to article 2049 of the Italian Civil Code, GME shall be liable for any damage caused upon such operations;
- i) to respect GME's rights of ownership on the data transmitted through the System and on the trademarks registered or used by the same, as well as GME's or third-party suppliers' rights of ownership on the software programmes used for the carrying out of the Services;
- j) to maintain confidentiality and privacy as regards the devices referred to in article 4, para. 4.1 below or permit their use by specifically designated parties solely for access to and trading in the Market. The Contracting Party shall thus be liable for unauthorised access to the Market by third parties and hold GME harmless against any damage or danger to the integrity or security of the System that may result from the negligence of the Contracting Party or of its staff in the safekeeping of such devices.
- k) to timely ask GME to disable the devices referred to in subpara. j) above and to assign new or different devices in all cases where the Contracting Party has reason to believe that unauthorised parties may make an improper use thereof;
- l) to hold GME harmless against any damage or cost as GME may incur, also as a result of actions of third parties, caused by the actions or conduct of the Contracting Party, as well as of its staff members, assistants or consultants, if any, in violation of this Agreement, of the Electricity Market Rules and of the Technical Rules and of any other legislative provisions or regulations, or instruments and provisions issued by GME or competent authorities.

Article 3
Services of GME

- 3.1 The Services shall be supplied by GME to the Contracting Party in compliance with this Agreement, the Electricity Market Rules and the Technical Rules. The obligations of GME as regards the supply of the Services shall constitute “obligations of means”.
- 3.2 GME shall give the Contracting Party the necessary co-operation for access to the System, namely in accordance with what is specified in the Technical Rules. It is understood that the carrying out of activities and the provision of the necessary means of access shall be the exclusive responsibility and at the sole expense of the Contracting Party.
- 3.3 GME may modify technical, functional, operational and administrative procedures for the supply of the Services, as a result of amendments to the Electricity Market Rules or Technical Rules.
- 3.4 Without prejudice to what is provided for in the Electricity Market Rules and Technical Rules, if the supply of the Services is interrupted, suspended, delayed or subject to malfunctions caused by technical problems with the System, GME shall do whatever is necessary to overcome such disservices. It is understood that if the aforesaid events result from technical problems with the hardware or software used by the Contracting Party to access the System, the Contracting Party shall eliminate the relative causes with the maximum speed. GME and the Contracting Party shall co-operate within the scope of their responsibilities to identify the causes of interruptions, suspensions, delays or malfunctions and to restore the proper functioning of the System as soon as possible.
- 3.5 GME shall be responsible for the correct management and transmission of data and information entered by third parties into the System or resulting from the Market. GME and the Contracting Party agree that GME's obligations shall not include the checking of the truthfulness, accuracy and completeness of data and information provided by third parties and made available to the Contracting Party as part of the provision of the Services.
- 3.6 GME and the Contracting Party agree that GME is not responsible for non-functioning or malfunctioning of lines of communication (for example, telephone lines), as well as of access to the Internet.
- 3.7 The Contracting Party agrees that GME may make use of third parties designated by GME for the supply of the Services, while it is understood that in every case, the contractual relationship shall be exclusively between the Contracting Party and GME.
- 3.8 GME undertakes to respect the Contracting Party's rights of ownership on the data transmitted through the System and on the trademarks registered or used by the Contracting Party and made known to GME.
- 3.9 GME shall hold the Contracting Party harmless against any damage or cost as the Contracting Party may incur, also as a result of actions of third parties, caused by the actions or conduct of GME or of its staff members, assistants or consultants in the management and supply of the Services which are in violation of this Agreement, the Electricity Market Rules or Technical Rules, as well as of any other legislative provision or regulation applicable hereto.

Article 4
Means of access to the System

- 4.1 For the purpose of accessing the System, the Contracting Party shall use the technical security devices indicated by GME, such as, for example, the user code together with password, smart card or other means of strong authentication.
- 4.2 Access to the System shall take place in compliance with the provisions specified in the Technical Rules.

Article 5
Consideration

- 5.1 For the Services supplied in accordance herewith, the Contracting Party shall pay the fees determined by GME under article 7 of the Electricity Market Rules and the procedures referred to in articles 75, 77 and 100 thereof.
- 5.2 Where the System is totally disabled and such as to prevent the Contracting Party from carrying out transactions in the Market, the fees referred to in para. 5.1 above shall be reduced proportionally to the period in which such disabling has occurred.

Article 6
Limitation of liability, force majeure and fortuitous events

- 6.1 Notwithstanding the provisions of the Electricity Market Rules, GME shall, in carrying out the Services, be liable for damages of a contractual and extra-contractual nature, exclusively when they constitute the immediate and direct consequence of wilful or serious misconduct and, in the latter case, are foreseeable upon the date of the signing of this Agreement. The Parties agree that there shall be no obligation of compensation or indemnity for damages that are an indirect or unpredictable consequence of the conduct of GME, including but not limited to damages resulting from the loss of business opportunities, customers or profits.
- 6.2 The Contracting Party shall notify GME, under penalty of lapse of time limit, of any claim to compensation relating to the supply of the Services within and not later than fifteen working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the occurrence of the damaging event, providing a detailed report of the circumstances of the damaging event and of the damages so produced. The relative documentation in support of the claim shall be transmitted to GME within and not later than twenty working days from the day on which the Contracting Party has come to know or should have known, using proper diligence, of the occurrence of the damaging event.
- 6.3 GME and the Contracting Party shall not be liable for default due to force majeure, fortuitous cases, or events beyond their control, including but not limited to wars, uprisings, earthquakes, floods, fires, strikes, interruptions in electricity supply or in operation of the data transmission lines which are part of the System, when such interruptions are exclusively the fault of third parties.
- 6.4 GME may, in cases of force majeure or fortuitous events, and, in general, in all cases where the operations of the Contracting Party may potentially damage the integrity or security of the System, suspend access to the System without the necessity of prior notification of the circumstances giving rise to the suspension.

Article 7
Duration

- 7.2 This Agreement shall be valid and effective from the date of submission of the Market Participation Application.
- 7.3 This Agreement will cease to have validity and effect upon the occurrence of one of the following events:
- a) exclusion of the Contracting Party from the Market;
 - b) total disabling of the System as a result of amendments to the applicable rules;
 - c) Contracting Party's withdrawal herefrom.
- 7.4 The dissolution of the Agreement under this Article shall not impair any other right of either party under the Agreement or under the applicable legislation, and any right or obligation of either party that has already arisen upon the date of dissolution.

Article 8
Termination

- 8.1 Any loss for whatever reason of the status of Market Participant, as acquired in accordance with article 14 of the Electricity Market Rules, shall constitute reason for *de jure* termination of this Agreement pursuant to article 1456 of the Italian Civil Code, notwithstanding the right of GME to withhold the fixed fee specified in article 77, para. 77.2 of the Electricity Market Rules by way of indemnity and any other further right to compensation for any additional damages.

Article 9
General Clauses

- 9.1 The invalidity or nullity of one or more of the clauses of this Agreement shall not affect the validity of the remaining clauses, which shall retain in every case their full force and effect.
- 9.2 This Agreement and the rights and obligations for the Parties resulting therefrom shall not be assigned to third parties unless otherwise specified herein.
- 9.3 Notwithstanding the provisions of article 6, para. 6.2 above, failure or delay by either Party to exercise the rights arising herefrom shall not represent a waiver of such rights.
- 9.4 Where the Contracting Party is admitted to only one of the markets for which it has submitted a Participation Application, the Agreement shall be considered to be effective only with regard to the market to which the same Applicant has been admitted.
- 9.5 This Agreement, signed and initialled on each page by the Parties, is done in two originals in the Italian language. Any amendment hereto shall be made in written form.
- 9.6 For the purposes of this Agreement, the Parties elect domicile at the following addresses:
- Gestore dei Mercati Energetici S.p.A., Viale Maresciallo Pilsudski 92, 00197 Roma,
-
- 9.7 Every communication or notification to be made in accordance herewith shall be made in writing and delivered by hand, even by courier or sent by registered letter with return receipt, or by fax or by e-mail with acknowledgment of receipt, to the following addresses:
- Gestore dei Mercati Energetici S.p.A., Viale Maresciallo Pilsudski 92, 00197 Roma,
fax number +39 06 8012 4524; e-mail address info@mercatoelettrico.org;
- ... (*address*)
fax number ..., e-mail address ...
- 9.8 Communications shall be deemed to have been received upon the date of signature of their receipt of delivery, if delivered by hand, or when they reach the receiver's address, if sent by registered letter with return receipt, or upon the date of receipt recorded by the fax machine if sent by fax, or upon the date of receipt of the acknowledgement of receipt, if sent by e-mail.

Article 10
Governing Law

- 10.1 This Agreement shall be governed by the Italian law.

Article 11
Disputes

11.1 Any dispute arising between GME and the Contracting Party in connection herewith shall be settled in accordance with the provisions contained in Title VII of the Electricity Market Rules, which shall be deemed to be integrally referenced and transcribed herein.

GME

the Contracting Party

....

.....

For the purposes and effects of Articles 1341 and 1342 of the Italian Civil Code, I hereby specifically approve the following clauses of the Agreement: Article 2 (Obligations of the Contracting Party); Article 3 (Services of *GME*); Article 6 (Limitation of liability, Force Majeure and Fortuitous events); Article 7 (Duration); Article 8 (Termination); Article 9 (General Clauses); Article 10 (Governing Law) and Article 11 (Disputes).

The Contracting Party

.....

Rome, *(date)*



Annex 3
Bank Guarantee
Electricity Market

**Bank Guarantee Form,
under article 79, para. 79.1 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 92
00197 Roma

(place) ..., (date) ...

Bank guarantee (ref. no. ...)

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. ... of the Register of Companies (*Registro delle Imprese*) and at no. ... of the Register of Banks (*Albo delle Banche*), capital stock Euro ..., represented by its legal representatives ... (hereinafter referred to as the "Bank"),

WHEREAS

- ... (surname and name/company name or registered name), ... (date and place of birth), ... (place of residence and, if different, domicile/registered office)
taxpayer's code....., VAT number ...
capital stock Euro ..., of which ... (subscribed), of which ... (paid-up), registered with (hereinafter referred to as the "Market Participant" or "Applicant"), is

an Electricity Market Participant included in the Register of Market Participants pursuant to article 16 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001 and published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules"). In accordance with article 12, para. 12.1 b) of the Electricity Market Rules, the Market Participant has signed the Market Participation Agreement, in the format attached to the aforesaid Rules, on ...(date). As a result, the Market Participant has acquired all the financial obligations towards *Gestore dei Mercati Energetici S.p.A* (hereinafter referred to as "GME") in the Day-Ahead Market (MGP), Intra-Day Market (MI) and Forward Electricity Market (MTE) (hereinafter jointly defined as the "energy markets");

(to be completed only if the guarantee is to be extended to obligations contracted towards GME on the PCE) a Participant in the Forward Electricity Account Trading Platform (hereinafter referred to as the "PCE") included in the List of Participants, as per article 23 of the Rules Governing the Forward Electricity Account Trading Platform (hereinafter referred to as the "PCE Rules"), successfully verified by the Director of Markets of *Autorità per l'Energia Elettrica e il Gas* (the Italian electricity & gas regulator, hereinafter referred to as "AEEG") with resolution of 7 February 2007. In accordance with article 18, para. 18.1 b) of the PCE Rules, the Participant has signed the PCE Participation Agreement, in the format attached to the same Rules, on ...(date). As a result, the Participant has acquired financial obligations towards Gestore dei Mercati Energetici S.p.A (hereinafter referred to as "GME") on the PCE; these obligations, in respect of which GME is the counterparty of the same Participant, include but are not limited to transmission capacity fees (CCT), payments of default interest and of redemption fees;

- as per article 79, para. 79.1 of the Electricity Market Rules, for the purpose of submitting adequate bids/offers in the energy markets and requests for registration onto the PCE, Participants may post a bank guarantee issued by banks meeting the requirements specified in the same article 79, para. 79.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in article 78 of the Electricity Market Rules), which shall verify the bank guarantee;
- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all prior and future obligations towards GME, in connection with its

participation in the energy markets and in the PCE, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules and article 7 of the PCE Rules (hereinafter referred to as “prior and future obligations”);

- “prior obligations” shall mean all those obligations - even if they are not yet liquid and/or payable - that have already been acquired at the time of effect of this bank guarantee; “future obligations” shall mean all those obligations acquired after such time.

NOW, THEREFORE,

the Bank issues this guarantee in favour of GME on the terms and conditions indicated below and, anyway, in accordance with the Electricity Market Rules and the PCE Rules.

Article 1
(Validity and effect of the bank guarantee)

The bank guarantee shall be valid and effective from ... and not subject to any condition, provided that the verification conducted by the bank in charge of treasury services under article 79, para. 79.6 of the Electricity Market Rules has had a positive outcome.

Article 2
(Waiver of preventative redemption)

The Bank shall - irrevocably and formally waiving the benefit of preventative redemption as specified in article 1944 of the Italian Civil Code - guarantee the fulfilment of all of the Market Participant’s “prior obligations” and “future obligations” towards GME arising from participation in the energy markets and in the PCE.

Article 3
(No assessment of the Market Participant’s credit worthiness)

The Bank agrees and declares that, as the obligations mentioned in article 2 above arise from participation in the energy markets and in the PCE, they do not involve GME’s prior assessment of the Market Participant’s credit worthiness, notwithstanding that this letter also represents a special authorisation granted by the Bank to GME for the purposes and effects of article 1956 of the Italian Civil Code.

Article 4
(Substitution in the bank guarantee contract during the transitional period)

If GME is guaranteed by other guarantees that the Market Participant has previously posted in favour of GME to cover obligations acquired in the energy markets and in the PCE and that have been issued in formats other than the present one, then this bank guarantee may substitute the previous guarantees, provided that: i) the guarantee is posted for an amount at least equal to the amount of the “prior obligations”; and ii) the Market Participant submits an appropriate application to GME and to the bank in charge of treasury services upon the submission of this bank guarantee. The substitution shall relieve the previous bank guarantee issuer of its obligations.

Otherwise, this bank guarantee shall not impair the validity and effect of the previous guarantees. In this case, the prior guarantees and this bank guarantee issued to GME shall merely cumulate, without relieving the guarantors of their obligations, notwithstanding the fact that GME may preliminarily redeem the prior guarantees. Moreover, this bank guarantee shall cover the “prior obligations” and the “future obligations” even in case of guarantees preceding this bank guarantee.

Article 5
(Substitution and succession of bank guarantees over time)

The provisions on substitution and succession of the guarantees over time, referred to in Article 4 above, shall also apply to the cases of multiple bank guarantees that are posted in this format. However, the subsequent guarantor shall waive the benefit of preventative redemption of the previous guarantor.

Article 6
(Extension of the Bank's liability)

Notwithstanding the provisions of Article 1 above, where the Bank loses one of the qualifications required by the applicable legislation and by the Electricity Market Rules for issuing and maintaining the bank guarantees referred to in article 79 of the Electricity Market Rules, the Bank shall continue to be liable for all the obligations acquired by the Market Participant until that time and until the same Participant replaces this bank guarantee with another appropriate guarantee.

Article 7
(First-demand payment)

As an effect of the provisions of Article 2 above, the Bank shall - irrevocably and without delay - pay any amount, without examining the reasons for the request for payment and without raising any exception and/or objection and in spite of any exception, complaint or objection made by the Market Participant and/or third parties (including other guarantors of the same Participant) in connection therewith, upon the submission of a mere written request by GME, up to a maximum total amount of Euro ...

Article 8
(Modalities of payment by the Bank)

After receiving the request referred to in Article 7 above, to be sent by registered letter with return receipt, preceded by a fax to fax no... or by e-mail with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days from the date of receipt of the registered letter with return receipt and with value date on the same day, by means of bank transfer (*bonifico di importo rilevante [BIR]*) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.

Article 9
(Derogation from the provisions of Article 1957 of the Italian Civil Code)

The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of article 1957 of the Italian Civil Code, notwithstanding that, by way of derogation from such article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not diligently persisted in such request.

Article 10
(Partial redemption)

This guarantee may also be partially redeemed, but it shall remain valid and effective for the residual amount.

Article 11
(Autonomy of the bank guarantee)

By way of derogation from article 1939 of the Italian Civil Code, this guarantee shall be valid and effective even if the Market Participant's principal obligation towards GME is declared invalid or ineffective or if it is modified in any form, even unilaterally only, by GME.

Article 12
(Waiver of the rights covered by Articles 1945, 1947 and 1955 of the Italian Civil Code)

The Bank hereby explicitly and irrevocably waives its rights in accordance with Articles 1945, 1947 and 1955 of the Italian Civil Code.

Article 13
(Waiver of claims or actions)

The Bank explicitly waives any defence, exception, right to compensation, claim or action towards GME in connection with the obligations arising herefrom, including but not limited to any defence, exception, compensation, claim or action that the Applicant may in any way institute against GME.

Article 14
(Delegation of the rights covered by this bank guarantee)

The Bank hereby accepts that GME's rights of redemption of this guarantee be exercised by GME or a party specially authorised in writing by GME.

Article 15
(Waiver of the bank guarantee by GME)

GME may at any time and in its sole judgement waive this bank guarantee, by notifying the Bank and the Market Participant's thereof and with effect from 24:00 of the working day on which the Bank receives such notification. In this case, the Bank shall be liable for all the obligations acquired by the Market Participant until that time.

Article 16
(Unilateral withdrawal by the Bank)

The Bank may withdraw from this bank guarantee, by notifying GME and the bank in charge of GME's treasury services thereof by registered letter with return receipt. The withdrawal from the bank guarantee shall have effect and the bank guarantee shall cease ten days after receipt of the notification by GME.

Article 17
(Effects of withdrawal)

GME shall notify the Bank of the amount of obligations, even if they are not yet liquid and/or payable, contracted until the time of effect of the withdrawal, specifying the related reference period. The bank shall be liable for all obligations, even if they are not yet liquid and/or payable, contracted until the time of effect of the withdrawal, if the Market Participant does not submit to GME a guarantee to cover such obligations.

Article 18
(Notifications)

Notwithstanding the provisions of Article 8 above, all communications or notifications shall be made by registered letter with return receipt or by e-mail with acknowledgment of receipt or by fax to the following addresses:

.... (surname and name/company name or registered name), ...(address)

e-mail address ...

Communications or notifications shall be deemed to have been received upon their arrival at the receiver's address, if sent by registered letter with return receipt, or upon the date of acknowledgement of receipt, if sent by e-mail, or upon the date of the message of confirmation, if sent by fax.

Article 19
Jurisdiction

13. The Court of Rome shall have exclusive jurisdiction over any dispute arising herefrom.

Registered Name of the Bank

Signatures of its Proxy Holders

For the purposes and effects of articles 1341 and 1342 of the Italian Civil Code, the Bank hereby specifically approves the clauses and conditions specified in Articles 2 (*Waiver of preventative redemption*), 4 (*Substitution in the bank guarantee contract during the transitional period*), 5 (*Substitution and succession of bank guarantees over time*), 6 (*Extension of the Bank's liability*), 7 (*First-demand payment*), 9 (*Derogation from the provisions of Article 1957 of the Italian Civil Code*), 10 (*Partial redemption*), 11 (*Autonomy of the bank guarantee*), 12 (*Waiver of the rights specified in Articles 1945, 1947 and 1955 of the Italian Civil Code*), 13 (*Waiver of claims or actions*) and 19 (*Jurisdiction*) of this bank guarantee.

The Bank

N.B.: the signatures of the proxy holders shall be certified in accordance with the applicable legislation.



Annex 4

Updating of Bank Guarantee

Electricity Market

**Letter for Updating the Amount of Bank Guarantees,
under article 80, para. 80.2 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 92
00197 Roma

(place) ... (date) ...

Letter updating the bank guarantee issued on ... , ref. no. ...

The bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. of the Register of Companies (*Registro delle Imprese*) and at no.of the Register of Banks (*Albo delle banche*), with capital stock of Euro ..., represented by its legal representatives ... (hereinafter the Bank),

GRANTS

to ...(*Market Participant*)

- the modification of the maximum amount guaranteed by the bank guarantee issued on ..., ref. no., to take effect from ...(*date*). As a result, the amount guaranteed by the aforesaid bank guarantee shall be equal to Euro ...

The terms and conditions stated in the bank guarantee letter issued on ... , ref. no., shall remain valid.

Registered Name of the Bank
Signatures of its Proxy Holders

N.B.: the signatures of the proxy holders shall be certified in accordance with the applicable legislation.



Annex 5
Bank Guarantee
Spot Electricity Market

**Bank Guarantee Form,
under article 79, para. 79.1 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 92
00197 Roma

(place) ..., (date) ...

Bank guarantee (ref. no. ...)

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. ... of the Register of Companies (*Registro delle Imprese*) and at no. ... of the Register of Banks (*Albo delle Banche*), capital stock Euro ..., represented by its legal representatives ... (hereinafter referred to as the "Bank"),

WHEREAS

- ... (*surname and name/company name or registered name*), ... (*date and place of birth*), ... (*place of residence and, if different, domicile/registered office*)
taxpayer's code....., VAT number ...
capital stock Euro ..., of which ... (*subscribed*), of which ... (*paid-up*), registered with (hereinafter referred to as the "Market Participant" or "Applicant"), is an Electricity Market Participant included in the Register of Market Participants pursuant to article 16 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001 and published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules");
- in accordance with article 12, para. 12.1 b) of the Electricity Market Rules, the Market Participant has signed the Market Participation Agreement, in the format attached to the aforesaid Rules, on ...(*date*);
- for the purposes and effects of article 35, para. 35.1, and article 45, para. 45.1 of the Electricity Market Rules, the Market Participant has acquired financial obligations towards *Gestore dei Mercati Energetici S.p.A* (hereinafter referred to as "GME") in the Day-Ahead Market (MGP) and in the Intra-Day Market (MI) (hereinafter jointly defined as the "markets");
- as per article 79, para. 79.1 of the Electricity Market Rules, for the purpose of covering obligations acquired in the markets, Market Participants are required to post a bank guarantee issued by banks meeting the requirements specified in the same article 79, para. 79.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in article 78 of the Electricity Market Rules), which shall verify the bank guarantee;
- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all obligations towards GME, in connection with its participation in the markets, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules;

NOW, THEREFORE,

the Bank issues this guarantee in favour of GME on the terms and conditions indicated below and, anyway, in accordance with the Electricity Market Rules.

1. The bank guarantee shall be valid and effective from ... to
2. The Bank shall - irrevocably, unconditionally and formally waiving the benefit of preventative redemption as specified in article 1944 of the Italian Civil Code - guarantee the fulfilment of all of the Market Participant's obligations towards GME arising from its participation in the markets, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules, in the period of validity and effect of this bank guarantee.
3. Notwithstanding the provisions of point 1 above, where the Bank loses one of the qualifications required for issuing bank guarantees or where the Bank - in case of redemption of the bank guarantee issued under article 79, para. 79.1 of the Electricity Market Rules - fails to pay the guaranteed amount, this bank guarantee shall be valid until the end of the invoicing period following the one in which such loss or failure to pay has occurred. It is understood that the Bank shall be liable not only for the Applicant's obligations acquired until such date but also for any other obligation which may be connected with this bank guarantee and which may subsequently arise.
4. As an effect of the provisions of point 2 above, the Bank shall - irrevocably and without delay - pay any amount, without examining the reasons for the request for payment and in spite of any exception, complaint or objection made by the Market Participant in connection therewith, upon the submission of a mere written request by GME, up to a maximum total amount of Euro ...
5. After receiving the request referred to in point 4 above, to be sent by registered letter with return receipt, preceded by a fax to fax no..... or by e-mail message with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days from the date of receipt of the registered letter with return receipt and with value date on the same day, by means of bank transfer (*bonifico di importo rilevante [BIR]*) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.
6. The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of article 1957 of the Italian Civil Code, notwithstanding that, by way of derogation from such article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not persisted in such request.
7. This guarantee may also be partially redeemed, but it shall remain valid and effective for the residual amount.
8. By way of derogation from article 1939 of the Italian Civil Code, this bank guarantee shall be valid and effective even if the Market Participant's principal obligation towards GME is declared invalid.
9. The Bank hereby explicitly and irrevocably waives its rights in accordance with Articles 1945, 1947 and 1955 of the Italian Civil Code.
10. The Bank explicitly waives any defence, exception, right to compensation, claim or action towards GME in connection with the obligations arising herefrom, including but not limited to any defence, exception, compensation, claim or action that the Applicant may in any way institute against GME.
11. The Bank hereby accepts that GME's rights of redemption of this bank guarantee be exercised by GME or a party specially authorised by GME.
12. Notwithstanding the provisions of point 5 above, all communications or notifications shall be made by registered letter with return receipt or by e-mail with acknowledgment of receipt or by fax to the following addresses:

.... (*surname and name/company name or registered name*), ...(*address*)

e-mail address ... fax no.....

Communications or notifications shall be deemed to have been received upon their arrival at the receiver's address, if sent by registered letter with return receipt, or upon the date of acknowledgement of receipt, if sent by e-mail, or upon the date of acknowledgement of receipt, if sent by fax.

13. The Court of Rome shall have exclusive jurisdiction over any dispute arising herefrom.

Registered Name of the Bank

Signatures of its Legal Representatives

For the purposes and effects of articles 1341 and 1342 of the Italian Civil Code, the Bank hereby specifically approves the clauses and conditions specified in points 2 (*Waiver of preventative redemption*), 3 (*Extension of the Bank's liability*), 4 (*First-demand payment*), 6 (*Derogation from the provisions of Article 1957 of the Italian Civil Code*), 7 (*Partial redemption*), 8 (*Derogation from validity*), 9 (*Waiver of the rights specified in Articles 1945, 1947 and 1955 of the Italian Civil Code*), 13 (*Waiver of claims or actions*) and 13 (*Jurisdiction*) of this bank guarantee.

The Bank

N.B.: the signatures of the legal representatives shall be certified in accordance with the applicable legislation.



Annex 6
Updating of Bank Guarantee
Spot Electricity Market

**Letter for Updating the Amount of Bank Guarantees,
under article 80, para. 80.2 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 92
00197 Roma

(place) ... (date) ...

Letter updating the bank guarantee issued on ... , ref. no. ...

The bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. of the Register of Companies (*Registro delle Imprese*) and at no.of the Register of Banks (*Albo delle banche*), with capital stock of Euro ..., represented by its legal representatives ... (hereinafter the Bank),

GRANTS

to ...(*Market Participant*)

- the modification of the maximum amount guaranteed by the bank guarantee issued on ..., ref. no. ..., to take effect from ...(*date*). As a result, the amount guaranteed by the aforesaid bank guarantee shall be equal to Euro ...

and/or

- the modification of the period of validity and effect referred to in point 1 of the same bank guarantee. As a result, the bank guarantee shall be valid and effective until.....

The terms and conditions stated in the bank guarantee letter issued on ... , ref. no. ..., shall remain valid.

Registered Name of the Bank
Signatures of its Legal Representatives

N.B.: the signatures of the legal representatives shall be certified in accordance with the applicable legislation.



Annex 7

Integrated Bank Guarantee

Spot Electricity Market and Forward Electricity Account Trading Platform

**Bank Guarantee Form,
under article 79, para. 79.1 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 92
00197 Roma

(place) ..., (date) ...

Bank guarantee (ref. no. ...)

The Bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. ... of the Register of Companies (*Registro delle Imprese*) and at no. ... of the Register of Banks (*Albo delle Banche*), capital stock Euro ..., represented by its legal representatives ... (hereinafter referred to as the "Bank"),

WHEREAS

- ... (surname and name/company name or registered name), ... (date and place of birth), ... (place of residence and, if different, domicile/registered office)
taxpayer's code....., VAT number ...
capital stock Euro ..., of which ... (subscribed), of which ... (paid-up), registered with (hereinafter referred to as the "Market Participant" or "Applicant"), is an Electricity Market Participant included in the Register of Market Participants pursuant to article 16 of the Integrated Text of the Electricity Market Rules, approved by the Decree of the Minister of Industry, Trade and Handicraft of 9 May 2001 and published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 127 of 4 June 2001, as amended by the Decree of the Minister of Productive Activities of 19 December 2003, published in *Supplemento Ordinario, Gazzetta Ufficiale, Serie Generale*, no. 301 of 30 December 2003, as subsequently amended and supplemented (hereinafter referred to as the "Electricity Market Rules");
- the Applicant is a Participant of the Forward Electricity Account Trading Platform (hereinafter referred to as the "PCE") in accordance with article 23 of the Rules Governing the PCE (hereinafter referred to as the "PCE Rules"), successfully verified by the Director of Markets of *Autorità per l'Energia Elettrica e il Gas* (hereinafter referred to as "AEEG" – the Italian electricity & gas regulator) with resolution of 7 February 2007;
- as per article 12, para. 12.1 b) of the Electricity Market Rules, the Market Participant has signed the Market Participation Agreement, in the format attached to the aforesaid Rules, on ... (date);
- as per article 18, para. 18.1 of the PCE Rules, the Market Participant has signed the PCE Participation Agreement, in the format attached to the aforesaid Rules;
- for the purposes and effects of article 35, para. 35.1, and article 45, para. 45.1 of the Electricity Market Rules, the Market Participant has acquired financial obligations towards *Gestore dei Mercati Energetici S.p.A* (hereinafter referred to as "GME") in the Day-Ahead Market (MGP) and in the Intra-Day Market (MI) (hereinafter jointly defined as the "markets");
- for the purposes and effects of article 57, para. 57.1 of the PCE Rules, the Market Participant has acquired financial obligations towards GME in respect of transmission capacity fees ("CCT"), default interest and redemption fees;
- as per article 79, para. 79.1 of the Electricity Market Rules, for the purpose of covering obligations acquired in the markets and on the PCE, Participants may post a bank guarantee issued by banks meeting the requirements specified in article 79, para. 79.1;
- the above-mentioned bank guarantee shall be submitted to the bank in charge of GME's treasury services (as set forth in article 78 of the Electricity Market Rules), which shall verify the bank guarantee;

- the Market Participant has submitted a formal request for the above-mentioned bank guarantee for a maximum amount of Euro ... to cover all obligations towards GME, in connection with its participation in the markets and in the PCE, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules and in article 7, para. 7.1 of the PCE Rules;

NOW, THEREFORE,

the Bank issues this guarantee in favour of GME on the terms and conditions indicated below and, anyway, in accordance with the Electricity Market Rules and PCE Rules.

1. The bank guarantee shall be valid and effective from ... to
2. The Bank shall - irrevocably, unconditionally and formally waiving the benefit of preventative redemption as specified in article 1944 of the Italian Civil Code - guarantee the fulfilment of all of the Market Participant's obligations towards GME arising from its participation in the markets and in the PCE, in whatever form (including accessory obligations), except those arising from failure to pay the fees referred to in article 7, para. 7.1 of the Electricity Market Rules and in article 7, para. 7.1 of the PCE Rules, in the period of validity and effect of this bank guarantee.
3. Notwithstanding the provisions of point 1 above, where the Bank loses one of the qualifications required for issuing bank guarantees or where the Bank - in case of redemption of the bank guarantee issued under article 79, para. 79.1 of the Electricity Market Rules and article 56, para. 56.1 b) of the PCE Rules – fails to pay the guaranteed amount, this bank guarantee shall be valid until the end of the invoicing period following the one in which such loss or failure to pay has occurred. It is understood that the Bank shall be liable not only for the Applicant's obligations acquired until such date but also for any other obligation which may be connected with this bank guarantee and which may subsequently arise.
4. As an effect of the provisions of point 2 above, the Bank shall - irrevocably and without delay - pay any amount, without examining the reasons for the request for payment and in spite of any exception, complaint or objection made by the Market Participant in connection therewith, upon the submission of a mere written request by GME, up to a maximum total amount of Euro ...
5. After receiving the request referred to in point 4 above, to be sent by registered letter with return receipt, preceded by a fax to fax no.....or by e-mail message with acknowledgement of receipt, the Bank shall pay the amount in Euro indicated in the request for payment within ten days from the date of receipt of the registered letter with return receipt and with value date on the same day, by means of bank transfer (*bonifico di importo rilevante [BIR]*) or equivalent procedures. Where the date of payment falls on a holiday, the deadline shall be postponed to the following first working day.
6. The Bank hereby explicitly relieves GME of the obligation to act in accordance with the provisions of article 1957 of the Italian Civil Code, notwithstanding that, by way of derogation from such article, the Bank shall remain bound by its obligations, even if GME has not submitted a request to the Market Participant or has not persisted in such request.
7. This guarantee may also be partially redeemed, but it shall remain valid and effective for the residual amount.
8. By way of derogation from article 1939 of the Italian Civil Code, this bank guarantee shall be valid and effective even if the Market Participant's principal obligation towards GME is declared invalid.
9. The Bank hereby explicitly and irrevocably waives its rights in accordance with Articles 1945, 1947 and 1955 of the Italian Civil Code.
10. The Bank explicitly waives any defence, exception, right to compensation, claim or action towards GME in connection with the obligations arising herefrom, including but not limited to any defence, exception, compensation, claim or action that the Applicant may in any way institute against GME.
11. The Bank hereby accepts that GME's rights of redemption of this bank guarantee be exercised by GME or a party specially authorised by GME.

12. Notwithstanding the provisions of point 5 above, all communications or notifications shall be made by registered letter with return receipt or by e-mail with acknowledgment of receipt or by fax to the following addresses:

.... (*surname and name/company name or registered name*), ...(*address*)

e-mail address ... fax no.....

Communications or notifications shall be deemed to have been received upon their arrival at the receiver's address, if sent by registered letter with return receipt, or upon the date of acknowledgement of receipt, if sent by e-mail, or upon the date of acknowledgement of receipt, if sent by fax.

13. The Court of Rome shall have exclusive jurisdiction over any dispute arising herefrom.

Registered Name of the Bank

Signatures of its Legal Representatives

For the purposes and effects of articles 1341 and 1342 of the Italian Civil Code, the Bank hereby specifically approves the clauses and conditions specified in points 2 (*Waiver of preventative redemption*), 3 (*Extension of the Bank's liability*), 4 (*First-demand payment*), 6 (*Derogation from the provisions of Article 1957 of the Italian Civil Code*), 7 (*Partial redemption*), 8 (*Derogation from validity*), 9 (*Waiver of the rights specified in Articles 1945, 1947 and 1955 of the Italian Civil Code*), 13 (*Waiver of claims or actions*) and 13 (*Jurisdiction*) of this bank guarantee.

The Bank

N.B.: *the signatures of the legal representatives shall be certified in accordance with the applicable legislation.*



Annex 8

Updating of Bank Guarantee

Spot Electricity Market and Forward Electricity Account Trading Platform

**Letter for Updating the Amount of Bank Guarantees,
under article 80, para. 80.2 of the Integrated Text of the Electricity Market Rules**

Gestore dei Mercati Energetici S.p.A.
Viale Maresciallo Pilsudski, 92
00197 Roma

(place) ... (date) ...

Letter updating the bank guarantee issued on ... , ref. no. ...

The bank ..., branch of ..., with registered office in ..., taxpayer's code ..., VAT number ..., listed at no. of the Register of Companies (*Registro delle Imprese*) and at no.of the Register of Banks (*Albo delle banche*), with capital stock of Euro ..., represented by its legal representatives ... (hereinafter the Bank),

GRANTS

to ...(*Market Participant*)

- the modification of the maximum amount guaranteed by the bank guarantee issued on ..., ref. no. ..., to take effect from ...(*date*). As a result, the amount guaranteed by the aforesaid bank guarantee shall be equal to Euro ...

and/or

- the modification of the period of validity and effect referred to in point 1 of the same bank guarantee. As a result, the bank guarantee shall be valid and effective until.....

The terms and conditions stated in the bank guarantee letter issued on ... , ref. no. ..., shall remain valid.

Registered Name of the Bank
Signatures of its Legal Representatives

N.B.: the signatures of the legal representatives shall be certified in accordance with the applicable legislation.