

**Technical Rule no. 04 rev. 3 ME**

(under Article 4, Integrated Text of the Electricity Market Rules,  
approved by the Decree of the Minister of Productive Activities of 19 December 2003, as  
subsequently amended and supplemented)

<b>Title</b>	<b>Allocation of guarantees</b>
Reference Legislation	Article 79, paras. 79.1 and 79.2, Integrated Text of the Electricity Market Rules

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## 1. Foreword

Article 79, para. 79.1 of the Integrated Electricity Market Rules (hereafter “Electricity Market Rules”) provides that:

- Market Participants wishing to trade in the energy markets (MGP, MI and MTE) or on the PCE shall post financial guarantees in the form of bank guarantees, in the format of Annex 3 to the Electricity Market Rules;
- 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 and/or Annex 3 to the Electricity Market Rules;
- 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 and/or Annex 3 to the Electricity Market Rules.

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.

Article 79, para. 79.2 of the Electricity Market Rules provides that the Market Participant may allocate the amount of the financial guarantees, posted in the form of bank guarantees as per Annexes 3 and 7 or in the form of a deposit, under the modalities indicated in the Technical Rules.

## 2. Utilisation of the guarantee

A Market Participant that has posted a guarantee in favour of GME in the format of Annex 3 to the Electricity Market Rules or in the form of a deposit may allocate part of such guarantee for covering payables arising in the various energy markets and/or on the PCE. To do so, the Market Participant must provide GME with a statement issued by the legal representative of the company or other duly authorised person; the statement must be submitted in the format published on GME's website and specify the amount of the bank guarantee to be allocated for:

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

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

The Market Participant that has posted a guarantee in favour of GME in the format of Annex 7 to the Electricity Market Rules or in the form of a deposit may allocate part of such guarantee for covering payables arising in the MGP, MI and on the PCE. To do so, the Market Participant must provide GME with a statement issued by the legal representative of the company or other duly authorised person; the statement must be submitted in the format published on GME's website and specify the amount of the bank guarantee to be allocated for:

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

In accordance with art. 81, para. 81.5 a) of the Electricity Market Rules and art. 60, para. 60.2 of the PCE Rules, the share of the bank guarantee allocated for the PCE will be decreased by an amount equal to 2% to cover default interest in case of late payment.

The above statements may be re-submitted at any time, whenever the Market Participant wishes to modify the allocation of the guaranteed amount for covering the various payables.

For the purposes of the technical adequacy verification of demand bids submitted into the Electricity Market, such statement will take effect from the later of the following two dates:

- a) the second working day following the one on which GME receives the statement;
- b) the start date of the validity of the allocation specified in the statement.

Where the statement involves a decrease of the amount covering the payables arising on the PCE or in the Electricity Market, GME will accept the request after ensuring that the amounts for which the requesting Market Participant is in debit on the PCE and in the Electricity Market are adequately guaranteed.

Where the Market Participant does not submit any statement to specify the allocation of the bank guarantee between the energy markets and the PCE, the amount of the bank guarantee will be entirely allocated for covering payables in the MGP and MI.

With regard to the allocation of the amount of the bank guarantees posted in the formats annexed to the Electricity Market Rules in force until 31 October 2009, if the Market Participant has not - within 28 October 2009 - modified the bank guarantees to conform to the formats annexed to the

Electricity Market Rules in force from 31 October 2009, then GME will allocate the residual amount of the part of the guarantee allocated to the MTE for covering payables arising in the MPE.

Conversely, if the Market Participant has - within 28 October 2009 - modified the bank guarantees to conform to the formats annexed to the Electricity Market Rules in force from 31 October 2009, then, failing a new allocation, the allocation of the amount of the bank guarantees previously notified to GME will remain valid.