

Technical Rule no. 03 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)

Title	Loss of Qualifications or Default by the Bank Issuing the Bank Guarantee
Reference Legislation	Article 79, para. 79.4, Article 92, para. 92.1, Integrated Text of the Electricity Market Rules

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1. Foreword

Article 79, para. 79.4 of the Integrated Text of the Electricity Market Rules (hereinafter “the Electricity Market Rules”) stipulates that, if the bank issuing the bank guarantee or the controlling company issuing the statement mentioned in Article 79, para. 79.3 no longer meets one or both of the requirements specified in Article 79, para. 79.1 or 79.3 of the Electricity Market Rules, then the guarantees provided by such bank shall remain valid until the date specified in the Technical Rules.

Article 92, para. 92.1 of the Electricity Market Rules provides that, 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, the other bank guarantees issued by the same bank shall remain valid until the date established in the Technical Rules.

2. Loss of qualifications by the bank issuing the bank guarantee

If the bank issuing the bank guarantee or the controlling company that has issued the statement mentioned in Article 79, para. 79.3 loses one or both of the qualifications specified in Article 79, para. 79.1 or 79.3 of the Electricity Market Rules, then

- for the purposes of financial adequacy verifications, for the share of the overall amount of the guarantees allocated to the MPE, the guarantees issued by such bank will remain valid until the end of the invoicing period following the one in which such loss of qualifications has occurred, unless the Market Participant priorly submits a new valid and effective bank guarantee;
- for the purposes of the financial adequacy verifications, for the share of the overall amount of the guarantees allocated to the MTE/CDE:
 - i) for the submission of bids/offers and the conclusion of trades in the MTE, the guarantees will immediately lose their validity;
 - ii) for the delivery of the net position on the PCE, the guarantees will remain valid until the end of the invoicing period following the one in which the loss of qualifications has occurred, unless the Participant priorly submits a new valid and effective bank guarantee.

For the purposes of the adequacy verification of bids/offers submitted into the Electricity Market for subsequent periods, the Market Participant must submit a new bank guarantee issued by a different bank meeting the requirements indicated in Article 79, para. 79.1 or 79.3 of the Electricity Market Rules or make a non-interest-bearing deposit in favour of GME as per Article 79, para. 79.1 thereof.

ii) Default by the bank issuing the bank guarantee

If the banks issuing the bank guarantees receive a request for redeeming the guarantees and fail to make the consequent payment within the time limit stated therein, then the guarantees will remain valid until the end of the invoicing period following the one in which such default has occurred and, anyway, until the Market Participant submits a new valid and effective bank guarantee.

For the purposes of the technical adequacy verification of bids/offers submitted into the Electricity Market for subsequent periods, the Market Participant must submit a new bank guarantee issued by a different bank meeting the requirements indicated in Article 79, para. 79.1 or 79.3 of the Electricity Market Rules or make a non-interest bearing deposit in favour of GME as per Article 79, para. 79.1 thereof.