



**REGULATIONS OF THE GAS BALANCING PLATFORM
UNDER ARTICLE 5 OF DECISION ARG/gas 45/11 OF "AUTORITA' PER
L'ENERGIA ELETTRICA E IL GAS" (*)**

Approved by "Autorità per l'energia elettrica e il Gas" with ...

() 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 Regulations (hereafter "Regulations"), adopted in compliance with Article 5 of Decision ARG/gas 45/11 of 14 April 2011 of "Autorità per l'energia elettrica e il gas", as subsequently amended and supplemented (hereafter "AEEG's Decision ARG/gas 45/11"), and the documents attached hereto, which are an integral and essential part hereof, shall govern the organisation and operation of the Gas Balancing Platform (hereafter "PB-GAS") as per AEEG's Decision ARG/gas 45/11.

Article 2
Definitions

- 2.1 For the purposes hereof, reference shall be made, where applicable, to Article 1 of AEEG's Decision ARG/gas 45/11:
- 2.2 In these Regulations:
- a) **Accepted Bid/Offer** shall mean a technically adequate bid/offer for which the PB-GAS Participant acquires the right to receive the requested service or the obligation to supply the offered service, at prices established in accordance herewith;
 - b) **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;
 - c) **AEEG's Decision ARG/gas 45/11** shall mean the Decision adopted by AEEG on 14 April 2011 concerning rules on merit-order balancing of natural gas;
 - d) **Applicable Period** shall mean the time period, equal to the gas-day, to which an individual bid/offer entered into the PB-GAS shall refer;
 - e) **Balancing Operator** shall mean *Snam Rete Gas*;

- f) **Electricity Market Participant** shall mean a natural person (individual) or legal person (organisation) admitted to trading in the Electricity Market organised and managed by GME;
- g) **Exclusion from the PB-GAS** shall mean the loss of the status of PB-GAS Participant;
- h) **Gas-day** shall mean the period of 24 consecutive hours beginning at 06:00 of each calendar day and ending at 06:00 of the following calendar day;
- i) **GME** shall mean *Gestore dei Mercati Energetici S.p.A.*, the company (*società per azioni*) which is vested, among others, with the economic management of the Electricity Market under Article 5 of Legislative Decree 79/99, the economic management of the Gas Market under Article 30 of Law no. 99 of 23 July 2009, the management of the Platform for the trading of bids/offers of natural gas (*Piattaforma di Negoziazione per l'Offerta di Gas*) under the Decree of the Minister of Economic Development of 18 March 2010, as well as with the organisation and management of the Gas Balancing Platform as per Article 5 of AEEG's Decision ARG/gas 45/11;
- j) **Identification Code of the PB-GAS Participant** shall mean the alphanumeric code which uniquely identifies a Participant in view of participation in the PB-GAS;
- k) **Identification Code of the Session** shall mean the alphanumeric code which uniquely identifies a session of the PB-GAS;
- l) **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;
- m) **Legislative Decree 164/00** shall mean Legislative Decree no. 164 of 23 May 2000 implementing Directive 98/30/EC concerning common rules for the internal market in natural gas, as per Article 41 of Law no. 144 of 17 May 1999, published in *Gazzetta Ufficiale* no. 142 of 20 June 2000;
- n) **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;

- o) **M-GAS Participant** shall mean a natural person (individual) or legal person (organisation) admitted to trading in the Gas Market organised and managed by GME;
- p) **Multiple bid/offer** shall mean a bid/offer consisting of a set of simple bids/offers submitted by a same Participant for the same applicable period and of the same type, i.e. demand bids or supply offers;
- q) **Network Code** shall mean the rules on access to and provision of the natural gas transmission service, prepared by *Snam Rete Gas* under Article 24, para. 5 of Legislative Decree 164/00 and approved by AEEG with its Decision no. 75 of 4 July 2003, as subsequently amended and supplemented;
- r) **PB-GAS** shall mean the venue where gas demand bids and supply offers are traded in respect of each gas-day immediately preceding the one of the session of the PB-GAS;
- s) **PB-GAS Participant** shall mean the authorised user admitted to trading on the PB-GAS;
- t) **Predefined Bid/Offer** shall mean a bid/offer which is deemed to have been submitted by a Participant in each sitting of the PB-GAS where the same Participant has not submitted bids/offers in respect of volumes satisfying the limits specified in Article 31 below. The submission of a predefined bid/offer expresses the Participant's willingness to enter, in each session of the PB-GAS, a simple bid/offer at the price quoted in the predefined bid/offer and with the volume defined in Article 31 below;
- u) **Remuneration Price** shall mean the remuneration price referred to in Article 33 hereof;
- v) **Session of the PB-GAS** shall mean the set of activities directly related to receiving and processing bids/offers, as well as determining the corresponding results;
- w) **Simple bid/offer** shall mean a bid/offer specifying a gas volume to be purchased or sold and a unit price for the purchase or sale of gas;
- x) **Sitting of the PG-GAS** shall mean the time period during which bids/offers must be submitted in order to be considered as valid;
- y) **Snam Rete Gas** shall mean *Snam Rete Gas S.p.A.*, a company (*società per azioni*) established on 15 November 2000 and carrying out activities of gas transmission and dispatching;

- z) **Suspension of the Participant from the PB-GAS** shall mean the temporary prohibition for a PB-GAS Participant to submit bids/offers into the PB-GAS;
- aa) **Technically Adequate Bid/Offer** shall mean a valid bid/offer which has been verified successfully as prescribed herein;
- bb) **Valid Bid/Offer** shall mean a bid/offer submitted in accordance with the procedures and within the time limits indicated herein;
- cc) **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.

Article 3

General Principles and Amendments to the Regulations

- 3.1 GME shall organise and manage the PB-GAS under the criteria specified in AEEG's Decision ARG/gas 45/11.
- 3.2 GME shall exercise its functions in transparent and non-discriminatory ways, so as to safeguard the proper operation of the PB-GAS.
- 3.3 With exception to the confidentiality obligations mentioned herein or in the participation agreement referred to in Article 15, para. 15.1 b) hereof, GME may at any time report to the competent authorities any behaviour which may directly or indirectly affect the proper operation of the PB-GAS.
- 3.4 GME shall put in place an organisational structure suitable for preventing real or potential conflicts of interest and adopt procedures for monitoring compliance both with these Regulations and with the Technical Rules.
- 3.5 In their activities on the PB-GAS, Participants are required to conform to common principles of correctness and good faith.
- 3.6 GME may propose amendments hereto and notify them to all the parties concerned by posting them on its website or by other suitable means, allowing at least fifteen days for submission of comments, if any. Taking into

account the comments received, GME shall submit the proposed amendments (and their rationale) to the approval of AEEG.

- 3.7 The procedure referred to in para. 3.6 above shall not apply to urgent amendments hereto having the purpose of safeguarding the proper functioning of the PB-GAS. Any such amendment proposed by GME shall have effect as of the date of its publication on GME's website and be promptly submitted to the approval of AEEG. In case of non-approval, the amendment shall cease to have effect as of the date of notification of AEEG's decision to GME. GME shall timely notify the outcome of the approval procedure to Participants by posting it on its website.

Article 4 **Technical Rules**

- 4.1 The implementing and procedural provisions hereof shall be set out in the Technical Rules (*Disposizioni Tecniche di Funzionamento* - DTF). In formulating the Technical Rules, GME shall adopt criteria of neutrality, transparency, objectivity and competition between 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 draft versions of the Technical Rules available to interested parties, setting a date by which such parties may submit their comments, if any.

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

- 5.1 For the purposes of the PB-GAS:
- a) for gas volumes, the unit of measurement shall be the GJ/day, specified with one decimal;

- b) for monetary quantities, the unit of measurement shall be the Euro, specified with two decimals;
- c) for unit prices of gas, the unit of measurement shall be the Euro/GJ, specified with four decimals.

5.2 For the purposes of the PB-GAS, all 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.

5.3 If bids/offers are accepted under the *pro quota* criterion referred to in Article 33, para. 33.5 below and if the application of the provisions of para. 5.2 above results into remainders, such remainders shall be assigned to the bid/offer with the highest time priority. For the purposes of this paragraph, predefined bids/offers shall always be considered to have a lower time priority than the remaining types of bids/offers.

Article 6

Access to GME's Information System

6.1 Access to GME's information system shall take place through the Internet, in compliance with the procedures and time limits defined in the Technical Rules or by any other means as defined therein.

Article 7

Fees for the Services Provided by GME

7.1 For the service provided by GME on the PB-GAS, Participants shall pay:

- a) an access fee;
- b) a yearly fixed fee;
- c) a fee for the GJ traded.

7.2 If the PB-GAS Participant is at the same time an M-GAS Participant, he/she shall not pay to GME the fees referred to in para. 7.1 a) and b) above. If the

PB-GAS Participant is at the same time an Electricity Market Participant, he/she shall not pay to GME the fee referred to in para. 7.1 a) above.

- 7.3 On a yearly basis, GME shall determine the amount of the fees referred to in para. 7.1 above. The fees, having effect from 1 January of the subsequent year, shall be published on GME's website.

Article 8
Invoicing of Fees

- 8.1 GME shall issue invoices for the fees covered by Article 7 above under the procedures and within the time limits established in the Technical Rules.

Article 9
Payment of Fees

- 9.1 Participants shall pay the amounts invoiced under Article 8 above in accordance with the procedures and within the time limits established in the Technical Rules.

Article 10
Information about the PB-GAS

- 10.1 The aggregated data and results of the PB-GAS shall be of public domain and published on GME's website. Each Participant shall have access to the data and results of the PB-GAS that directly concern him/her.
- 10.2 Unless laws, regulations or other instruments issued by authorities require the disclosure of information, GME shall publish the data of bids/offers submitted into the PB-GAS on the seventh day following the gas-day to which the same data refer. For this purpose, GME shall publish, for each Participant:
- a) name and surname, company name or registered name;
 - b) volume offered for purchase and sale;
 - c) price quoted in the bid/offer.
 - d) storage company to which the bid/offer refers.

- 10.3 GME shall only transmit to Snam Rete Gas the information that the latter requires for the activities falling under its responsibility pursuant to AEEG's Decision ARG/gas 45/11.

Article 11

Communication and Publication of Data and Information

- 11.1 Unless otherwise specified, the communication and publication of the data and information mentioned herein shall be carried out by electronic means. In particular:
- a) communication to a Participant shall take place by making available data and information in the section of GME's information system whose access is restricted to that 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.
- 11.2 Bids/offers submitted by 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 have been 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.
- 11.3 For the purpose of determining the time of receipt of a communication, the time shall be obtained from GME's records. For electronic communications, the time shall be obtained from GME's information system.

Article 12
Security of Access

- 12.1 Participants shall have access to the PB-GAS through special procedures defined in the Technical Rules. Such procedures shall guarantee the identification of Participants and authenticate their transactions.

- 12.2 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 PB-GAS

Article 13
Participants

- 13.1 Participation in the PB-GAS shall be open to the authorised users referred to in Article 1, para. 1 k) of AEEG's Decision ARG/gas 45/11 (that Snam Rete Gas has notified to GME under Article 21 below), as well as to Snam Rete Gas itself.

Article 14
Requirements for Admission to the PB-GAS

- 14.1 For admission to the PB-GAS, the parties referred to in Article 13 above shall have adequate experience and competence in the use of ICT systems and related security systems, or have employees or assistants with such experience and competence.

Article 15
PB-GAS Participation Application and PB-GAS Participation Agreement

- 15.1 The party intending to participate in the PB-GAS must submit to GME (in accordance with the procedures and within the time limits established in the Technical Rules):
- a) a PB-GAS participation application (*Domanda di ammissione alla PB-GAS*) in the format enclosed hereto (*Annex A*) together with the documents indicated in Article 16 below;
 - b) a signed copy of the PB-GAS participation agreement (*Contratto di adesione alla PB-GAS*) in the format enclosed hereto (*Annex B*).

Article 16

Documents to Be Enclosed to the PB-GAS Participation Application

- 16.1 If the applicant is a legal person (organisation), the PB-GAS participation application, duly signed by its legal representative or other duly authorised person, shall be accompanied by 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 documents based on which GME shall carry out a substantial equivalence evaluation.
- 16.2 If the documents referred to in para. 16.1 above are already held by GME, the applicant shall be exempted from submitting them, but he/she shall submit a declaration indicating this fact, specifying the date of submission of the documents to GME and certifying that the content of such documents is still current.

Article 17

Admission Procedure

- 17.1 GME shall notify the applicant of his/her admission to the PB-GAS or of the rejection of his/her application (accompanied by the reasons for the rejection) within fifteen calendar days from receipt of the application, after verifying the regularity of the submitted documents. The notification shall be made in accordance with the modalities and time limits defined in the Technical Rules.
- 17.2 For the purpose of verifying the fulfilment of the requirements referred to in Article 14 above, GME may ask the applicant to provide appropriate documents.
- 17.3 In case of incomplete or irregular documents, GME shall - under the modalities and within the time limits defined in the Technical Rules – notify the applicant of the steps necessary to complete or regularise the documents, as well as the date by which he/she shall do so. The notification shall suspend the time limit referred to in para. 17.1 above, which shall run again from the date upon which GME receives the completed or regularised documents.

17.4 Upon admission, the applicant shall acquire the status of PB-GAS Participant.

Article 18

By-Right PB-GAS Participants

18.1 With exception to Article 17 above, Snam Rete Gas shall by right acquire the status of PB-GAS Participant.

Article 19

List of PB-GAS Participants

19.1 The parties admitted to the PB-GAS as per Articles 17 and 18 above shall be entered into an appropriate List of PB-GAS Participants (*Elenco degli operatori ammessi alla PB-GAS*). The list shall be created and held by GME in compliance with Legislative Decree no. 196 of 30 June 2003, as subsequently amended and supplemented.

19.2 The List of PB-GAS Participants shall include the following data for each Participant:

- a) Participant's identification code assigned by GME;
- b) surname and name, company name or registered name, place of residence and place of domicile (if different from the place of residence) or registered office, taxpayer's code, VAT number, fax and telephone numbers, e-mail addresses, contact persons for communications, if any, and their addresses;
- c) status of the Participant on the PB-GAS: admitted, active, suspended, pending request for exclusion, excluded;
- d) authorisation for storage services under AEEG's Decision ARG/gas 45/11;
- e) Participant's taxation scheme.

19.3 GME shall post the following data and information about Participants on its website:

- a) surname and name, company name or registered name;
- b) place of residence or registered office.

- 19.4 Each Participant may access his/her own data and information contained in the List of PB-GAS Participants.

Article 20

Data and Information for Participation in the PB-GAS

- 20.1 For the purpose of entering the data and information referred to in Article 19, para. 19.2 e) above, the Participant shall transmit a statement to GME indicating his/her VAT taxation scheme, as set forth in the Technical Rules.
- 20.2 After receiving the statement referred to in para. 20.1 above, GME shall update the List of PB-GAS Participants. The modification shall take effect within the second working day following receipt of the request by GME.
- 20.3 The entry of the data and information referred to in Article 19, para. 19.2 d) above shall follow the notification referred to in Article 21 below.

Article 21

Data and Information about PB-GAS Participants

- 21.1 To verify the authorisation referred to in Article 13 above, GME shall - under the procedures and within the time limits established by GME and Snam Rete Gas in an appropriate agreement - daily acquire from Snam Rete Gas the updated list of authorised users; for each user, the list shall include at least the following data:
- a) identification data;
 - b) code assigned by Snam to the authorised user.
- 21.2 The data referred to in para. 21.1 above shall take effect on the dates indicated in the Technical Rules.
- 21.3 If the Participant is no longer an authorised user, as notified by Snam Rete Gas to GME under para. 21.1 above, he/she may not submit bids/offers into the PB-

GAS until he/she reacquires such status. If, after five consecutive sessions of the PB-GAS, the Participant has not reacquired the above status, GME shall exclude him/her from the PB-GAS and notify the matter to AEEG.

Article 22

Request of Information

- 22.1 GME shall enforce compliance with these Regulations and the Technical Rules, with a view to ensuring the proper functioning of the PB-GAS according to principles of neutrality, transparency, objectivity and competition between Participants. To this end, GME may request Participants to provide information or documents concerning their transactions on the PB-GAS and also convene them for a hearing.
- 22.2 GME shall verify whether Participants still meet the requirements for admission to the PB-GAS. To this end, GME may require additional documents or the updating of the already submitted documents.

Article 23

Notification Obligations

- 23.1 Participants are required to notify GME promptly - and in any case within three working days from its occurrence - of any change in circumstances that may involve the change of any of the data and information referred to in Article 19, para. 19.2 b) and e) above, that they have declared and that have been entered into the List of PB-GAS Participants.
- 23.2 GME shall update the List of PB-GAS Participants taking into account the notifications mentioned in para. 23.1 above.

Article 24

Exclusion from the PB-GAS on Request

- 24.1 For the purposes of exclusion from the PB-GAS, Participants shall - under the modalities and within the time limits defined in the Technical Rules – hand in or deliver to GME's registered office an appropriate written request indicating the date from which exclusion is requested.
- 24.2 Exclusion from the PB-GAS on request shall run from the later of the following dates:
- a) the second working day following the date of receipt by GME of the request referred to in para. 24.1 above;
 - b) the date indicated in the request referred to in para. 24.1 above.
- 24.3 Without prejudice to the provisions of the above paragraphs, the exclusion from the PB-GAS on request shall not exempt the Participant from fulfilling obligations arising from commitments made on the PB-GAS.

TITLE III
OPERATION OF THE PB-GAS

Article 25

Purpose of the PB-GAS

- 25.1 On the PB-GAS, Snam Rete Gas shall – as balancing operator – procure the storage resources needed to cover the overall system imbalance.
- 25.2 In each session of the PB-GAS, Snam Rete Gas shall submit a single demand bid, if the overall system imbalance is negative or a single supply offer if the overall system imbalance is positive.
- 25.3 In each session of the PB-GAS, Participants shall submit demand bids and supply offers concerning the storage resources that they have available.
- 25.4 Transactions on the PB-GAS shall take place under the auction-trading mechanism.
- 25.5 GME shall collect the demand bids and supply offers concerning storage resources submitted by Participants and determine their remuneration price in accordance with the following articles of this Title III.
- 25.6 In the gas purchase and sale contracts made on the PB-GAS, Snam Rete Gas shall be the counterparty to Participants.
- 25.7 On the PB-GAS, the volumes and related unit prices shall refer to gas.
- 25.8 The opening and closing hours of the sitting and of the session of the PB-GAS shall be established in the Technical Rules.
- 25.9 The PB-GAS session shall be held on a daily basis and refer to the gas-day immediately preceding the day of closing of the session.

Article 26

Definitivity of Transactions

- 26.1 The gas transactions concluded on the PB-GAS shall be definitive and binding - also in view of the obligations arising thereon – from the time at which demand bids and supply offers are verified as valid and technically adequate and accepted in the bidding system under Article 33 below and transmitted to Snam Rete Gas under Article 34 below.

Article 27

Submission of Bids/Offers by Participants

- 27.1 During the trading session, Participants shall submit bids/offers in accordance with the procedures defined in the Technical Rules. The bids/offers shall contain at least following data:
- a) identification code of the Participant submitting the bid/offer;
 - b) identification code of the session of the PB-GAS for which the bid/offer is submitted;
 - c) type of bid/offer (demand bid/supply offer);
 - d) offered volume, except in case of predefined bids/offers;
 - e) unit price;
 - f) code of the storage company to which the bid/offer refers;
 - g) if a predefined bid/offer is submitted, specification of predefined bid/offer.
- 27.2 The volumes specified in demand bids and supply offers shall only have positive values.
- 27.3 Participants shall not enter bids/offers without a price limit.
- 27.4 The price associated with demand bids and supply offers shall have values greater than or equal to zero and not exceed the price referred to in Article 5, para. 5.6 a) of AEEG's Decision ARG/gas 45/11.
- 27.5 Participants may submit simple, multiple or predefined bids/offers. 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 results

of the PB-GAS, each multiple bid/offer shall be considered as a set of simple bids/offers.

- 27.6 Predefined bids/offers shall be submitted with a price limit and without specifying the volume. The price associated with predefined supply offers and demand bids shall have values greater than or equal to zero and not exceed the price referred to in article 5, para. 5.6 a) of AEEG's Decision ARG/gas 45/11.
- 27.7 Predefined bids/offers shall contribute to the determination of the results of the PB-GAS, as set forth in Article 33 below, only if the conditions of Article 31, para. 31.5 below are satisfied.
- 27.8 If a Participant has already submitted:
- a) demand bids during a sitting of the PB-GAS, he/she shall not submit supply offers with a price lower than or equal to the price of the already submitted demand bids;
 - b) supply offers during a sitting of the PB-GAS, he/she shall not submit demand bids with a price greater than or equal to the price of the already submitted supply offers.
- 27.9 For the purpose of determining the results of the PB-GAS under Article 33 below, the volumes quoted in demand bids or supply offers may also be partially accepted.
- 27.10 A valid bid/offer as per Article 29 below may be replaced with a new bid/offer until the end of the auction sitting.
- 27.11 A valid offer as per Article 29 below may be revoked until the end of the auction sitting.

Article 28

Submission of Bids/Offers by Snam Rete Gas

- 28.1 Snam Rete Gas shall submit bids/offers in accordance with the procedures and within the time limits defined in the Technical Rules, specifying at least the following data:
- a) identification code of the session of the PB-GAS for which the bid/offer is submitted;
 - b) type of bid/offer (demand bid/supply offer);
 - c) offered volume;
 - d) unit price for the offered volume, as set forth in paras. 28.3 and 28.4 below.
- 28.2 The volumes specified in demand bids and supply offers shall only have positive values.
- 28.3 Demand bids shall be entered at the price referred to in Article 5, para. 5.6 a) of AEEG's Decision ARG/Gas 45/11.
- 28.4 Supply offers shall be entered at a price equal to zero.
- 28.5 For the purpose of determining the results of the PB-GAS under Article 33 below, the volumes quoted in demand bids or supply offers may also be partially accepted.
- 28.6 Within the time limit specified in the Technical Rules, Snam Rete Gas shall notify GME of the occurrence of emergency conditions due to gas surplus or deficit, under which the remuneration price shall be determined in compliance with Article 33, para. 33.2 b) ii. and iii. below, respectively.

Article 29

Validation and Priority Order of Bids/Offers

- 29.1 GME shall verify the validity of bids/offers submitted by Participants into the PB-GAS as per Article 27 above, ensuring that:
- a) the Participant is not suspended from the PB-GAS upon receipt of the bid/offer;
 - b) the bid/offer has been submitted in compliance with the modalities referred to in Article 27 above;
 - c) the bid/offer specifies all the data referred to in Article 27 above and satisfies the price limits indicated therein.
- 29.2 GME's shall verify the validity of bids/offers submitted by Snam Rete Gas into the PB-GAS, ensuring that they have been submitted in compliance with the modalities referred to in Article 28 above and that they specify all the data indicated therein.
- 29.3 GME shall verify the validity of received bids/offers within the time limit specified in the Technical Rules.
- 29.4 Supply offers which have been verified to be valid shall be ranked by non-decreasing price order, from those with the lowest price to those with a price equal to the one of Article 5, para. 5.6 a) of AEEG's Decision ARG/gas 45/11.
- 29.5 Demand bids which have been verified to be valid shall be ranked by non-increasing price order, from those with the highest price to those with a price equal to zero.
- 29.6 With exception to paras. 29.4 and 29.5 above, bids/offers submitted by Snam Rete Gas under Article 28 above shall have the maximum price priority with respect to bids/offers entered by Participants under Article 27 above.

Article 30

Verification of Technical Adequacy of Bids/Offers

- 30.1 At the end of the sitting of the PB-GAS, GME shall verify the technical adequacy of bids/offers which have been submitted by Participants and verified to be valid.
- 30.2 A bid/offer submitted by a Participant is technically adequate if it meets the following requirements:
- a) the Participant is not suspended from the PB-GAS;
 - b) the Participant is authorised as indicated in Article 13 above, based on the latest data received from Snam Rete Gas under Article 21, para. 21.1 above, in respect of the applicable period to which the bid/offer refers;
 - c) the bid/offer satisfies the overall daily minimum and maximum volume limits indicated in Article 6 of AEEG's Decision 45/11, as provided for in Article 31 below;
 - d) the bid/offer is guaranteed pursuant to Article 32, para. 32.2 below.

Article 31

Minimum and Maximum Limits of Tradable Volumes

- 31.1 By the time of closing of each sitting of the PB-GAS, GME shall acquire from Snam Rete Gas the overall daily minimum and maximum limits of tradable volumes of gas that each authorised user is required to bid on the PB-GAS, in respect of each storage company with which he/she is authorised.
- 31.2 If Snam Rete Gas fails to provide the data referred to in para. 31.1 above within the time limits established therein, GME shall postpone the time of closing of the sitting of the PB-GAS by the maximum period indicated in the Technical Rules and notify Participants thereof. If, within the new time of closing of the sitting of the PB-GAS, Snam Rete Gas fails to provide such data, GME shall notify Participants thereof and hold the session of the PB-GAS considering - for the purposes of the technical adequacy verifications mentioned in Article 30 above - the latest minimum and maximum limits acquired from Snam Rete Gas or, failing the latter limits, considering the minimum and maximum limits to be equal to zero.

- 31.3 For demand bids entered into the PB-GAS by each Participant, in respect of each storage company with which he/she is authorised, GME shall – under Article 30, para. 30.2 c) above – ensure that the sum of the gas volumes specified therein:
- a) is not lower than the lower value between the overall daily minimum and maximum limit of gas which may be purchased in respect of the above-mentioned storage company;
 - b) is not higher than the overall daily maximum limit of gas which may be purchased in respect of the above-mentioned storage company.
- 31.4 For supply offers entered into the PB-GAS by each Participant, GME shall – under Article 30, para. 30.2 c) above – ensure that the sum of the gas volumes specified therein:
- a) is not lower than the lower value between the overall daily minimum and maximum limit of gas which may be sold in respect of the above-mentioned storage company;
 - c) is not higher than the overall daily maximum limit of gas which may be sold in respect of the above-mentioned storage company.
- 31.5 If the Participant has submitted demand bids whose overall volumes are lower than the value indicated in para. 31.3 a) or supply offers whose overall volumes are lower than the value indicated in para. 31.4 a) and if the same Participant has submitted a corresponding predefined bid/offer, GME shall assign a bid/offer to the same Participant for an amount equal to the one which is required to reach the value of para. 31.3 a) above or para. 31.4 a) above, and at a price equal to the one quoted in the predefined bid/offer. If the Participant has not submitted predefined bids/offers, GME shall not assign any additional bid/offer to the same Participant. GME shall notify AEEG of the above facts.
- 31.6 If the daily maximum limits of bids/offers covered by para. 31.3 b) or para. 31.4 b) above are not satisfied, GME shall consider as technically adequate only the bids/offers (or portions thereof) whose volumes contribute - under the economic merit-order criterion - to reaching the overall daily maximum limit.

GME shall reject the remaining bids/offers which have been submitted, or portions thereof, and notify AEEG thereof.

Article 32

Available Amount of Guarantees

- 32.1 For carrying out the verifications mentioned in Article 30, para. 30.2 d) above, GME shall acquire from Snam Rete Gas – under the modalities and within the time limits set out in the Technical Rules and for each authorised user – the maximum value of purchases that he/she may make on the PB-GAS, determined by Snam Rete Gas itself pursuant to AEEG's Decision ARG/gas 45/11.
- 32.2 In accordance with the modalities set out in the Technical Rules, the submitted bid/offer is fully or partially guaranteed, as per Article 30, para. 30.2 d) above, for an amount not exceeding the maximum value of purchases that the Participant may make on the PB-GAS, pursuant to para. 32.1 above, decreased by the value of demand bids of higher priority and already verified to be technically adequate.

Article 33

Results of the PB-GAS

- 33.1 GME shall identify the accepted bids/offers and the corresponding remuneration price in accordance with this Article.
- 33.2 GME shall accept the technically adequate bids/offers entered by Participants in accordance with what is specified in Annex C and in such a way that:
- a) the net value of the resulting transactions is maximum, provided that the gas volume of accepted supply offers is equal to the gas volume of accepted demand bids;
 - b) the remuneration price of the volumes of combined bids/offers is equal to:
 - i. the price associated with the bid/offer of Snam Rete Gas, if the volumes of the Participants' bids/offers which have been accepted are lower than those associated with the bid/offer of Snam Rete Gas;

- ii. zero if, on a given gas-day, Snam Rete Gas has reduced gas injections into the network, as established in its Network Code under emergency conditions due to gas surplus;
- iii. the price referred to in Article 5, para. 5.6 a) of AEEG's Decision ARG/gas 45/11 if, on a given gas-day, Snam Rete Gas has activated the procedures established in its Network Code under emergency conditions due to gas deficit;
- iv. the price of the latest accepted bid/offer of a sign opposite to the one of the bid/offer of Snam Rete Gas in all other cases.

33.3 For the purposes of para. 33.2 above, net value of transactions shall mean the difference between the overall value of accepted demand bids and the overall value of accepted supply offers. These overall values shall be determined by valuing the gas volume specified in each accepted bid/offer, or the accepted volume in case of partial acceptance of the bid/offer, at the price specified in the same bid/offer.

33.4 In the cases referred to in para. 33.2 b), ii. and iii. above, GME shall – under the modalities defined in paras. 33.2 and 33.3 above – combine only the bids/offers which are compatible with the remuneration price determined as per subparas. ii. and iii. above, as described in Annex C.

33.5 If, pursuant to this Article and to Annex C, bids/offers having the same price and, pursuant to Article 29, paras. 29.4 and 29.5 above, having the lowest price priority among accepted bids/offers are to be partially accepted, such bids/offers shall be accepted under the *pro quota* criterion for a volume proportional to the volume covered by the aforesaid bids/offers. Except in case of para. 33.2 b) i. above, partial acceptance shall not apply to the bid/offer of Snam Rete Gas, which always has the maximum priority.

Article 34

Notification of the Results of the PB-GAS

- 34.1 Within the time limit defined in the Technical Rules, GME shall publish the results of the PB-GAS, specifying at least the following data and information:
- a) remuneration price as per Article 33, para. 33.2 b) above;
 - b) overall gas volumes of accepted demand bids and supply offers;
 - c) occurrence of emergency conditions, as notified by Snam Rete Gas pursuant to Article 28, para. 28.6 above.
- 34.2 At the end of each session of the PB-GAS, GME shall transmit to Snam Rete Gas the data mentioned in para. 34.1 a) and b) above, as well as the data concerning the gas volumes corresponding to accepted bids/offers for each Participant.

Article 35

Emergency Procedure

- 35.1 Emergency conditions shall be as follows:
- a) the case where GME is unable to receive the bids/offers submitted by Participants according to the modalities referred to in Articles 27 and 28 above, due to malfunctioning of its telecommunications systems;
 - b) the case where GME is unable to determine the results of a session of the PB-GAS owing to, among others, malfunctioning of its information system;
 - c) the case where GME is unable to communicate the results of a session of the PB-GAS to Participants owing to, among others, malfunctioning of its information system or telecommunication systems.

- 35.2 If the case referred to in para. 35.1 a) above occurs, GME shall - in accordance with the modalities stated in the Technical Rules - notify Snam Rete Gas and other Participants of the occurrence of the emergency condition and of the new time of closing of the sitting of the PB-GAS. If, by the new time of closing of the sitting of the PB-GAS, the emergency condition persists, GME shall temporarily suspend transactions on the PB-GAS.
- 35.3 If the cases referred to in para. 35.1 b) and c) above occur, GME shall - in accordance with the modalities stated in the Technical Rules - suspend transactions on the PB-GAS and notify Snam Rete Gas and other Participants of the occurrence of the emergency condition.

Article 36

Suspension of the PB-GAS

- 36.1 Upon emergency conditions in the gas system, i.e. gas shortages or unavailability, or under the exceptional conditions identified in the Network Code or other documents published by Snam Rete Gas, GME may - at the request of Snam Rete Gas - suspend the PB-GAS.
- 36.2 Without prejudice to para. 36.1 above, if GME identifies or suspects abnormal trends of transactions on the PB-GAS, or irregular or unlawful behaviours by one or more Participants, it shall timely notify AEEG thereof and, at the request of AEEG, suspend transactions on the PB-GAS or one or more sessions thereof, even with immediate effect.
- 36.3 GME shall make known the suspension decision as per paras. 36.1 and 36.2 above by publishing it on its website.
- 36.4 GME shall make known the resumption of transactions on the PB-GAS, suspended as per paras. 36.1 and 36.2 above, by publishing it on its website.

TITLE IV

SETTLEMENT OF PAYABLES/RECEIVABLES

Article 37

Reference to Other Provisions

- 37.1 The payables/receivables arising from transactions concluded on the PB-GAS shall be settled between Snam Rete Gas and Participants in accordance with AEEG's Decision ARG/gas 45/11.

TITLE V
PENALTIES, COMPLAINTS AND DISPUTES

SECTION I
BREACHES AND PENALTIES

Article 38

Breaches of the Regulations and Technical Rules

- 38.1 The following behaviours shall be considered as breaches of these Regulations 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 Participant or third 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 third Participants to GME, except in the fulfilment of obligations arising from laws, regulations or decisions of competent authorities;
 - d) attempted unauthorised access to restricted sections 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 the common principles of correctness and good faith referred to in Article 3, para. 3.5 above, including the submission of bids/offers or the disclosure of information which might alter the proper operation of the PB-GAS and/or cause a distortion of the prices and of the results of thereof.

Article 39

Penalties

- 39.1 If the breaches referred to in Article 38 above are shown to exist, GME may - respecting the principles of impartiality and equality of treatment and bearing in mind the severity of the breach and its possible recurrence - impose the following penalties on Participants on the basis of the scale referred to in Article 40 below:
- a) a private written notice of the breach;
 - b) a public written notice of the breach;
 - c) a pecuniary penalty;
 - d) the suspension of the Participant from the PB-GAS;
 - e) the exclusion of the Participant from the PB-GAS.
- 39.2 In case of suspension or exclusion from the PB-GAS, the Participant involved may - under the supervision of GME - close any transaction still in progress and carry out any other transaction unavoidably connected therewith.
- 39.3 After identifying a breach, GME shall serve a notice to the Participant. The notice shall include:
- a) a description of the alleged breach;
 - b) a deadline of at least ten days for the Participant to possibly submit pleadings and documents and to request a hearing.
- 39.4 If the Participant requests a hearing, GME shall set the date of the same and promptly notify the Participant thereof. If the 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.
- 39.5 Based on available evidence, GME shall impose a penalty or dismiss the case within thirty days from the sending of the notice specified in para. 39.3 above.

- 39.6 Where the breaches are such as to seriously threaten the proper operation of the PB-GAS, GME shall, on a precautionary basis, suspend the Participant from the PB-GAS for the period of time necessary to examine the case.
- 39.7 The penalty and the grounds for it or the decision to dismiss the case shall be notified to the Participant concerned and a copy of such notification shall be sent to AEEG and Snam Rete Gas.

Article 40
Graduation of Penalties

- 40.1 Where the breaches are due to the fault of the Participant, GME may impose the following penalties:
- a) a private written notice of the breach;
 - b) a public written notice of the breach;
 - c) suspension from the PB-GAS for a minimum period of five days and a maximum period of one month. In case of recurrence of the breach, the suspension from the PB-GAS shall be of one month.
- 40.2 If the breaches mentioned in para. 40.1 above have caused disturbances to the proper functioning of the PB-GAS, GME may impose the following penalties:
- a) a public written notice of the breach;
 - b) suspension from the PB-GAS for a minimum period of one month and a maximum period of one year. In case of recurrence of the breach, the suspension from the PB-GAS shall be of one year.
- 40.3 If the breaches are due to the intentional wrongdoing of the Participant, GME may impose the following penalties:
- a) suspension from the PB-GAS for a minimum period of six months and a maximum period of eighteen months. In case of recurrence of the breach, the suspension from the PB-GAS shall be of eighteen months.
 - b) exclusion from the PB-GAS.

- 40.4 If the breaches mentioned in para. 40.3 above have caused disturbances to the proper functioning of the PB-GAS, GME may impose the following penalties:
- a) suspension from the PB-GAS for a minimum period of eighteen months and a maximum period of three years. In case of recurrence of the breach, the suspension from the PB-GAS shall be of three years.
 - b) exclusion from the PB-GAS.
- 40.5 As an alternative to the suspension from the PB-GAS referred to in paras. 40.1 c), 40.2 b), 40.3 a) and 40.4 a) above, GME may impose a pecuniary penalty of a minimum of twenty thousand/00 Euro and of a maximum of one hundred million/00 Euro; the amount of the penalty shall be determined on the basis of the extent and severity of the damage caused by the breach.

Article 41

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

- 41.1 Apart from the cases provided for in Article 40 above, GME shall suspend the Participant from the PB-GAS or impose the pecuniary penalty referred to in Article 40, para. 40.5 above in the following cases:
- a) where the Participant does not fulfil his/her obligation of notification as per Article 23, para. 23.1 above. The suspension shall have effect until the date on which GME receives said notification;
 - b) where the Participant fails to pay the fees specified in Article 7 above, according to the provisions of Article 9 above. The suspension shall have effect until the date on which the Participant fulfils such obligation.

Article 42

Suspension for non-fulfilment of obligations towards Snam Rete Gas

- 42.1 At the request of Snam Rete Gas, GME shall suspend the Participant from the PB-GAS, if the Participant is in default towards Snam Rete Gas.

Article 43

Publication of Penalties

- 43.1 After imposing the penalties referred to in Article 39, para. 39.1 b), c), d) and e) above, GME shall publish the same on its website ten days after serving the relevant notice to the Participant concerned, unless the case has been referred to the Court of Arbitration. In this case, GME shall disclose the penalty, together with the award of the Court of Arbitration that has confirmed such penalty, after receiving notice of such award.

Article 44

Challenging Denial of Admission to the PB-GAS and Penalties

- 44.1 Without prejudice to Article 50 below, the Participant may file an appeal with the Court of Arbitration against the denial of admission to the PB-GAS or the penalties imposed under Article 39, para. 39.1 above. The appeal must be filed - under penalty of lapse - within thirty days from the notification of the denial or of the penalties.

SECTION II

COMPLAINTS

Article 45

Submission Formalities and Minimum Complaint Contents

- 45.1 Complaints relating to the PB-GAS 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.

- 45.2 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, or any other reference permitting to univocally identify it;
 - b) decision of GME being disputed;
 - c) concise description of the grounds for the complaint.

Article 46

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

- 46.1 The 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 have been made known to the Participant.

Article 47

Complaints about Results of the PB-GAS

- 47.1 The Participant may dispute the results of the PB-GAS, namely the results of the process of acceptance of bids/offers and determination of the prices at which they have been valued, by sending a notification to GME within 16:00 of the second working day following the one on which such results have been notified to the Participant.

Article 48

Complaint Resolution

- 48.1 GME shall notify the Participant concerned of the outcome of the verifications of the complaints as per Articles 46 and 47 above, by 16:00 of the second working day following the deadline for submission of such complaints.
- 48.2 Where the Participant brings a complaint as specified in Articles 46 and 47 above, in respect of a bid/offer that has been deemed to be invalid,

technically inadequate or rejected on the PB-GAS, and such complaint is upheld because GME is responsible for errors or omissions, and such bid/offer would have been accepted without GME's decision being disputed, then GME shall pay a compensation of a maximum of ten thousand/00 Euro to the Participant.

- 48.3 The acceptance of GME's compensation pursuant to para. 48.2 above shall imply the Participant's waiver of the dispute resolution procedure mentioned in Section III of this Title.
- 48.4 The limit specified in para. 48.2 above shall apply not only to the complaints indicated therein and to any dispute arising therefrom, but also to the decisions resulting from the arbitration procedures referred to in Articles 49 and 50, para. 50.2 below.
- 48.5 The acceptance of a complaint shall not modify the result of the session of the PB-GAS to which it refers.

SECTION III DISPUTES

Article 49 Court of Arbitration

49.1 Without prejudice to the provisions of Article 50, para. 50.1 below, any dispute arising between GME and Participants over the interpretation and application of these Regulations and of the Technical Rules shall be settled by a Court of Arbitration.

- 49.2 The Court of Arbitration shall be composed of three members: one appointed by GME, one appointed by the 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.
- 49.3 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.
- 49.4 The Court of Arbitration shall be based in Rome at GME's registered office.

Article 50
Dispute Resolution

- 50.1 Disputes concerning failure to make payments, in full or in part, for the following items shall be subject to the exclusive jurisdiction of Italian courts:
- a) fees referred to in Article 7, para. 7.1;
 - b) amounts referred to in Article 39, para. 39.1 c);
 - c) amount referred to in Article 40, para. 40.5.
- 50.2 Without prejudice to the provisions of para. 50.1 above, at the request of one of the parties concerned, disputes between GME and Participants and between Participants shall be settled by arbitration in accordance with AEEG's provisions.

TITLE VI
TRANSITORY AND FINAL PROVISIONS

SECTION I
TRANSITORY PROVISIONS

Article 51
Combination of bids/offers

51.1 In accordance with AEEG's Decision ARG/gas 45/11, until 31 March 2012, GME shall combine bids/offers under Article 33 above, by considering only the bids/offers submitted by Participants as per Article 27 above and having a sign opposite to the one of the bid/offer of Snam Rete Gas submitted as per Article 28 above.

SECTION II
FINAL PROVISIONS

Article 52
Functioning of the Information System

- 52.1 GME may suspend, postpone or close in advance a sitting or session of the PB-GAS in case of technical malfunctioning of its information system.
- 52.2 For the purpose 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 PB-GAS, GME may impose limits to the submission, cancellation and change of bids/offers, as well as to the number of logons of each Participant or of specific categories of Participants to GME's information system.



Annex A

PB-GAS Participation Application

**Application for participation in the PB-GAS as per Article 15, para. 15.1 a)
of the Regulations of the Gas Balancing Platform
referred to in Article 5 of AEEG's Decision ARG/gas 45/11**

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 ...

(address)

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 PB-GAS are governed by the Regulations of the Gas Balancing Platform, referred to in Article 5 of Decision ARG/gas 45/11 adopted by *Autorità per l'energia elettrica e il gas* (AEEG – electricity & gas regulator) (hereafter "Regulations"), approved by AEEG with ...;
- the Technical Rules, referred to in Article 4 of the Regulations, 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 Regulations, 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 PB-GAS under Article 15 and the procedure referred to in Article 17 of the Regulations.

For this purpose, I/the company ... /*other*... enclose/s the documents mentioned in Article 16 of the Regulations, which shall be an integral and essential part hereof, as well as a signed copy of the PB-GAS Participation Agreement referred to in Article 15, 15.1 b) of the Regulations, in the format annexed 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 Regulations and the Technical Rules and that I/it accept/s to be bound thereby without any condition or reservation;
- 2) declare/s that I/it am/is proficient in the use of ICT systems 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) also authorise/s GME to transfer my/its personal data, including 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 are ... as contact person for communications, if any;

6) designate/s the following party/parties to access GME's information system on behalf of the Applicant:

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

7) declare/s that the Applicant is one of the parties referred to in Article 1, para. 1 k) of AEEG's Decision ARG/gas 45/11.

Place, date

...

Signature

....



Annex B

PB-GAS Participation Agreement

**Agreement for participation in the PB-GAS as per Article 15, para. 15.1 b) of the
Regulations of the Gas Balancing Platform
referred to in Article 5 of AEEG's Decision ARG/gas 45/11**

BETWEEN

Gestore dei Mercati Energetici S.p.A., with registered office in Rome, Largo Giuseppe Tartini, 3-4, taxpayer's code and VAT number 06208031002 (hereafter "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 ... (hereafter "Contracting Party"),

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

WHEREAS

- A. GME is the company (*Società per Azioni*) which is vested, among others, with the economic management of the Electricity Market in accordance with Article 5 of Legislative Decree no. 79/99, the economic management of the Gas Market under Article 30 of Law no. 99 of 23 July 2009, the management of the Platform for the trading of natural gas bids/offers under the Decree of the Minister of Economic Development of 18 March 2010, as well as with the organisation and management – on behalf of *Snam Rete Gas S.p.A.* (hereafter "Snam Rete Gas") of the Gas Balancing Platform as per Article 5 of Decision ARG/gas 45/11 adopted by *Autorità per l'energia elettrica e il gas* (hereafter "AEEG" – electricity & gas regulator);
- B. Snam Rete Gas S.p.A. is the company which was established on 15 November 2000 to carry out natural gas transmission and dispatching activities;
- C. pursuant to Article 5 of AEEG's Decision ARG/gas 45/11, GME prepared the Regulations of the Gas Balancing Platform referred to in Article 5 of AEEG's Decision ARG/gas 45/11 (hereafter "Regulations");

- D. pursuant to Article 5 of its Decision ARG/gas 45/11, AEEG approved the Regulations with....;
- E. pursuant to Article 15, para. 15.1 b) of the Regulations, a party intending to participate in the PB-GAS shall submit to GME a signed copy of the *Contratto di adesione alla PB-GAS* (PB-GAS participation agreement, hereafter "Agreement");
- F. the Technical Rules referred to in Article 4 of the Regulations shall be published on the website of GME and have effect as of the date of their publication;
- G. for the purposes and effects of the Regulations, Snam Rete Gas shall be the counterparty to Participants on the PB-GAS;
- H. for the purposes and effects of Article 34, para. 34.2 of the Regulations, GME shall transmit to Snam Rete Gas the data concerning the gas volumes corresponding to the accepted bids/offers for each PB-GAS Participant;
- I. the Contracting Party is one of the parties referred to in Article 1, para. 1 k) of AEEG's Decision ARG/gas 45/11;

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 on the PB-GAS (hereafter "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 he/she is aware of and accepts, without any condition or reservation, the Regulations, as they result from the applicable legislation. The Contracting Party also declares that he/she fully understands GME's support information system (hereafter "System") in its present configuration or that, in any case, he/she undertakes to do so.
- 2.2 The Contracting Party undertakes:
- a) to comply with the Regulations and the Technical Rules and to keep himself/herself updated with any amendments thereto. It is understood that, where the Contracting Party does not intend to accept any amendments and additions to the Regulations or to the Technical Rules, he/she may withdraw herefrom, giving notice according to the procedures and to the address specified in Article 9, paras. 9.6 and 9.7 below. Fifteen days after the legal publication of such amendments, if the Contracting Party has not given notice of his/her intent to withdraw herefrom, such amendments shall be assumed to have been tacitly accepted. Any further transaction carried out on the PB-GAS 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 on the PB-GAS;
 - b) to adopt technological systems that are suitable for the trading activity 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;
 - c) to employ staff with adequate professional skills and competence in the use of the technological systems referred to in subpara. b) above;
 - d) 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 operation of the PB-GAS, of any problem or operational malfunction of a technical nature or any other event which has resulted or might result into 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, paras. 9.6 and 9.7 below, of the occurrence of any event actually or 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);

- e) to co-operate with GME or with third parties designated by GME, 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 PB-GAS. It is understood that, pursuant to Article 2049 of the Italian Civil Code, GME shall be liable for any damage caused upon such operations;
- f) to respect GME's rights of ownership on the data transmitted through the System and on the trademarks registered or used by GME, as well as GME's or third-party suppliers' rights of ownership on the software programmes used for the provision of the Services;
- g) to maintain confidentiality and privacy as regards the devices referred to in Article 4, para. 4.1 below and use or permit their use by specifically designated parties solely for access to and trading on the PB-GAS. The Contracting Party shall thus be liable for any unauthorised access to the PB-GAS 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 his/her staff in the safekeeping of such devices.
- h) to timely ask GME to disable the devices referred to in subpara. g) 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;
- i) 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 his/her staff members, assistants and consultants, if any, in violation of this Agreement, of the Regulations and of the Technical Rules and of any other legislative provisions or regulations, or instruments and provisions issued by GME or competent authorities.

- 2.3 a) the Contracting Party shall authorise GME – under Article 34, para. 34.2 of the Regulations – to transmit to Snam Rete Gas the data concerning the gas volumes corresponding to the bids/offers accepted on the PB-GAS;

- a) if the Contracting Party has submitted predefined demand bids or supply offers into the PB-GAS under Article 27 of the Regulations, he/she shall authorise GME to assign such predefined offers/bids to him/her for a volume equal to the one required to reach the value referred to in Article 31, para. 31.3 a) and Article 31, para. 31.4 a) of the Regulations, respectively, and at a price equal to the one specified in the related predefined bid/offer;
- b) the Contracting Party shall hold GME harmless against any damage or cost as GME may incur as a result of the assignment of predefined bids/offers under subpara. b) above, including delays in the assignment of the same bids/offers.

Article 3
GME's services

- 3.1 GME shall supply the Services to the Contracting Party in compliance with this Agreement, the Regulations 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 or additions to the Regulations or Technical Rules.
- 3.4 Without prejudice to what is provided for in the Regulations 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 operation of the System as soon as possible.

- 3.5 GME shall be responsible for the correct processing and transmission of data and information entered by third parties into the System or arising on the PB-GAS. 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 telecommunication (for example, telephone lines), as well as of access to the Internet.
- 3.7 The Contracting Party agrees that GME may resort to 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 Regulations and the 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 Regulations, in accordance with the procedures and within the time limits defined in Article 9 thereof.

Article 6
Limitation of liability, force majeure and fortuitous events

- 6.1 Without prejudice to what is provided in the Regulations, 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 misconduct or gross negligence and, in the latter case, are predictable upon the date of signature of this Agreement. The Parties agree that there shall be no obligation of compensation 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 any claim for damages 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 at the same time a detailed report of the circumstances of the damaging event and of the damages so produced. The documents 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 dedicated 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 activities of the Contracting Party may 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

- 7.1 This Agreement shall be executed by and upon the signature of the Contracting Party and the receipt of its original copy by GME. Its duration shall be unlimited. The Agreement shall have effect after GME has successfully verified the completeness and correctness of the documents submitted by the Contracting Party and the fulfilment of the requirements for admission of the Contracting Party to the PB-GAS. GME shall notify the Contracting Party of the outcome of the above verifications as per Article 17 of the Regulations.
- 7.2 This Agreement will cease to have effect upon the occurrence of one of the following events:
- a) exclusion of the Contracting Party from the PB-GAS;
 - b) total disabling of the System as a result of amendments to the applicable provisions;
 - c) Contracting Party's withdrawal herefrom.
- 7.3 The dissolution of the Agreement under this article shall not impair any other right of either party under the Agreement or 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 Participant, as acquired in accordance with Article 17 of the Regulations, shall constitute reason for *de jure* termination of this Agreement pursuant to Article 1456 of the Italian Civil Code, without prejudice to the right of GME to withhold the fixed fee specified in Article 7, para. 7.1 b) of the Regulations 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 impair 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 Without prejudice to 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 Any amendment hereto shall be made in writing.
- 9.5 For the purposes of this Agreement, the Parties elect domicile at the following addresses:
- Gestore dei Mercati Energetici S.p.A., Largo Giuseppe Tartini 3-4 - 00198 Roma,
- ...
(address)
- 9.6 Every communication or notification to be made in accordance herewith shall be made in writing and delivered by hand or 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., Largo Giuseppe Tartini 3-4 - 00198 Roma,
fax number +39 06 8012 4524; e-mail address info@mercatoelettrico.org;
- ...
(address)
fax number ..., e-mail address ...
- 9.7 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 V of the Regulations, which shall be deemed to be fully referred to and transcribed herein.

The Contracting Party

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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 2.2 (a) (Regulations, Technical Rules and amendments thereto); Article 2.2 (j) (Disclaimer); Article 2.3 (a) (Authorisation for transmission of information); Article 2.3 (b) (Authorisation for assigning predefined bids/offers); Article 2.3 (c) (Disclaimer); Articles 3.5 and 3.6 (Limitation of liability); Article 6 (Limitation of liability, lapse, suspension of the service); Article 7 (Cease of effect of the Agreement); Article 8 (Termination); Article 9.2 (No assignment); Article 10 (Governing law); Article 11 (Disputes).

The Contracting Party

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Rome, *(date)*



Annex C

Determination of the Results of the PB-GAS

Determination of the results of the PB-GAS

Article 33 of the PB-GAS Regulations defines the criteria under which GME shall identify the accepted bids/offers and the corresponding valuing price.

The following are some graphs describing the volumes and clearing prices identified in the various cases of intersection between the aggregated demand curve and supply curve.

1. General criterion

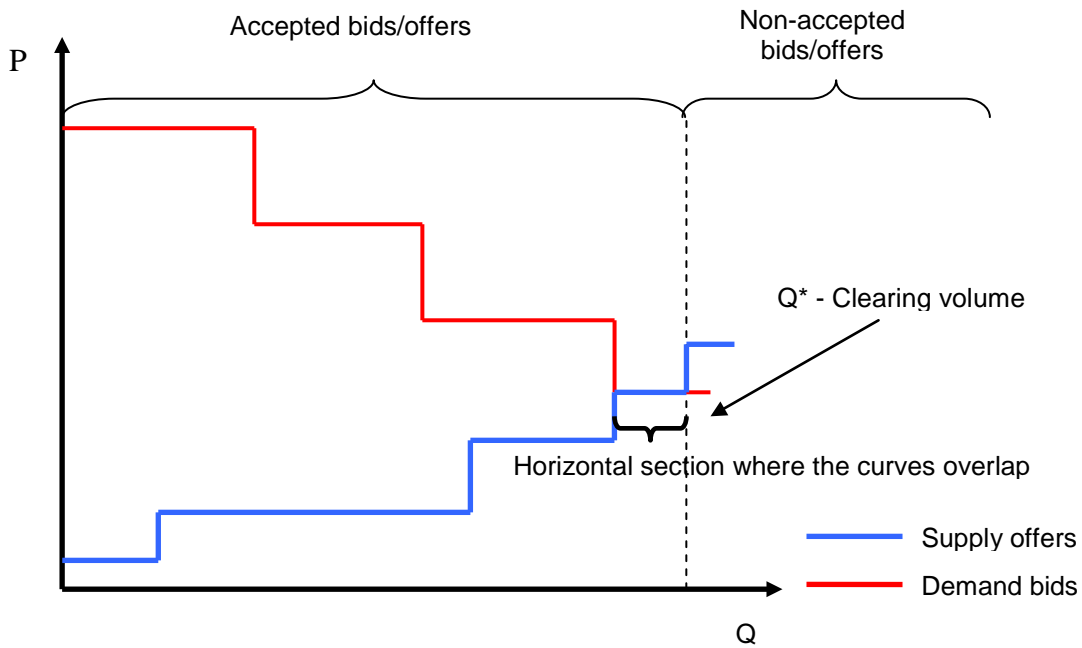
Under the general criterion indicated in Article 33.2 a) of the Regulations, the accepted bids/offers shall be identified in such a way that the net value of the resulting transactions is maximum, provided that the gas amount covered by the accepted supply offers is equal to the gas amount covered by the accepted demand bids.

The net value of transactions shall – pursuant to Article 33.3 of the Regulations – mean the difference between the overall value of the accepted demand bids and the overall value of the accepted supply offers.

Therefore, under the general rule for acceptance of bids/offers, GME shall identify the accepted bids/offers in such a way that the accepted volumes for sale are equal to the accepted volumes for purchase and that the area included between the demand curve and the supply curve is maximised.

If the supply and demand curves intersect in the horizontal section of both curves, as shown in Figure 1, any quantity along the horizontal section where the two curves overlap is compatible with the above-described criterion. In this case, as shown in Figure 1, GME shall identify the accepted bids/offers at the clearing volume (Q^*) corresponding to the highest value of the volume range in the horizontal section where the demand and supply curves overlap.

Figure 1



As regards the identification of the remuneration price of bids/offers, the general rule establishes that such price shall be equal to the latest accepted bid/offer of a sign opposite to the one of the balancing operator, as shown in the following figures from 2 to 6.

Figure 2a

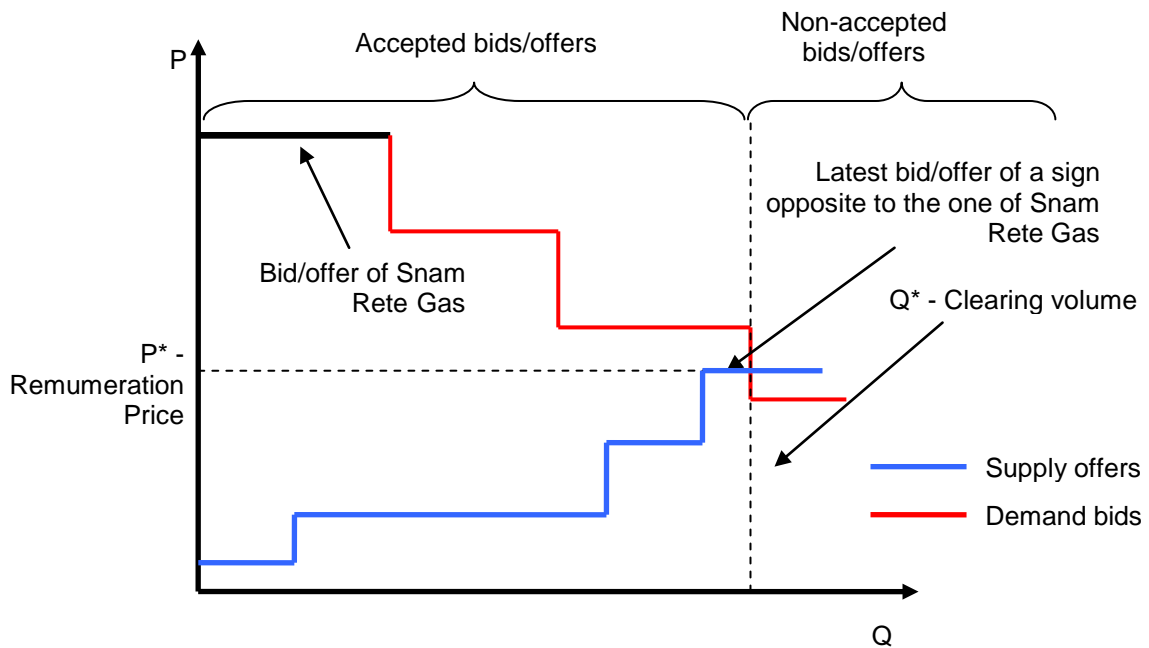


Figure 2b

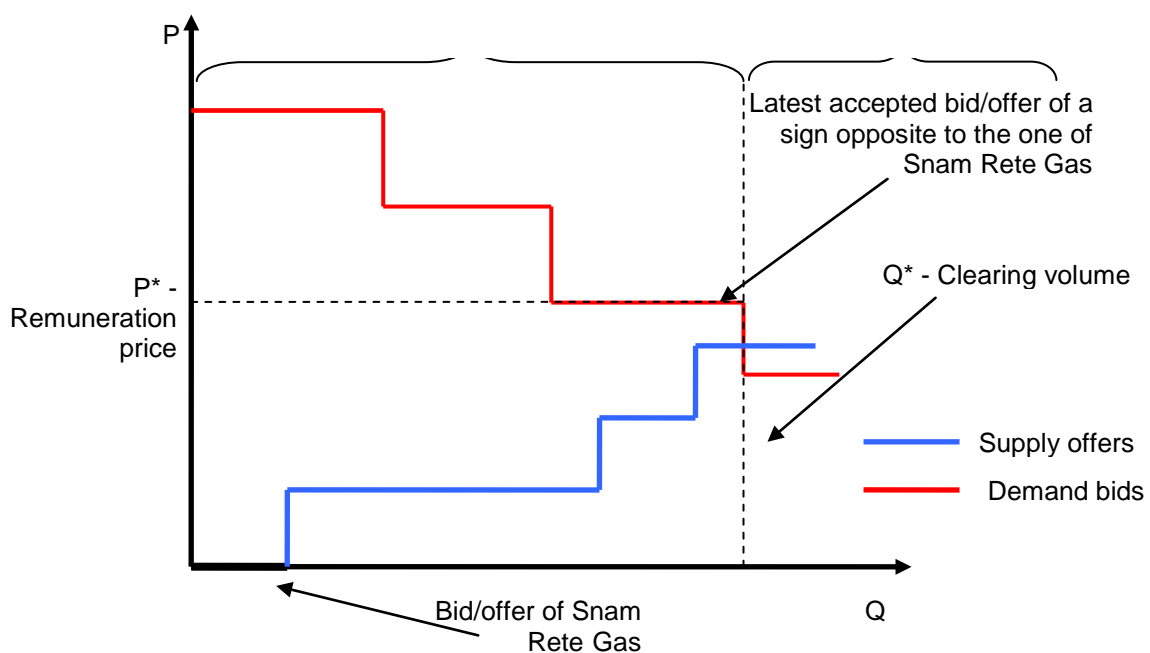


Figure 3a

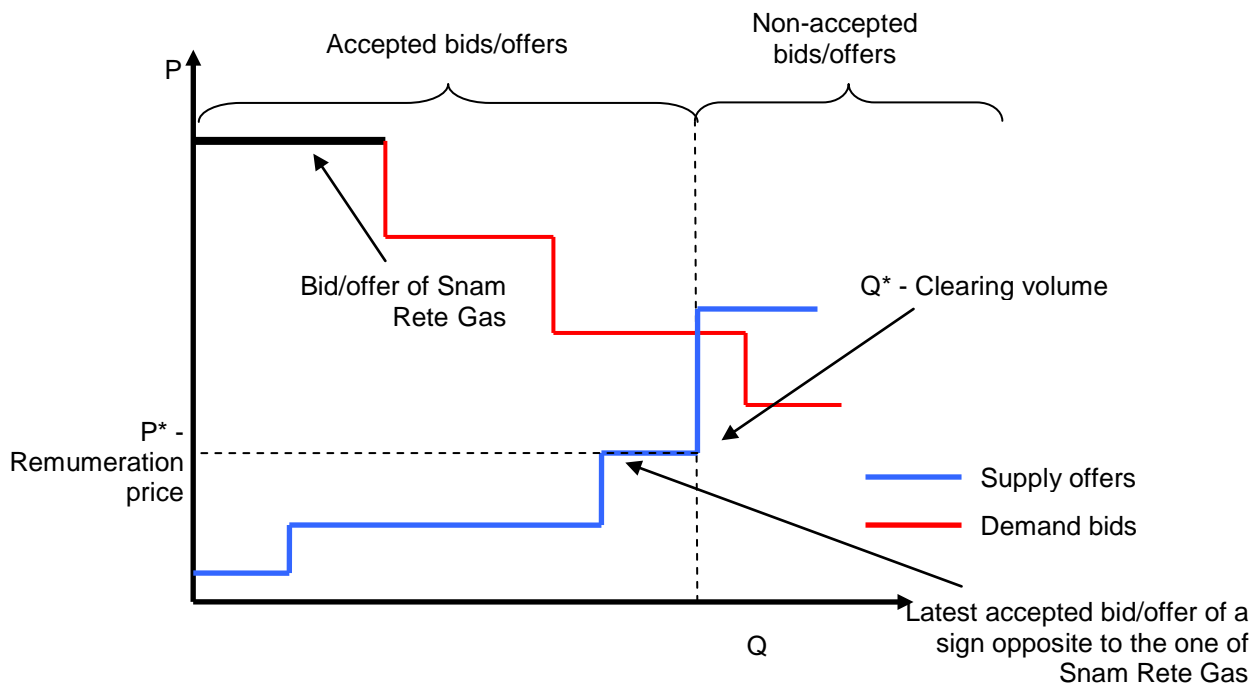


Figure 3b

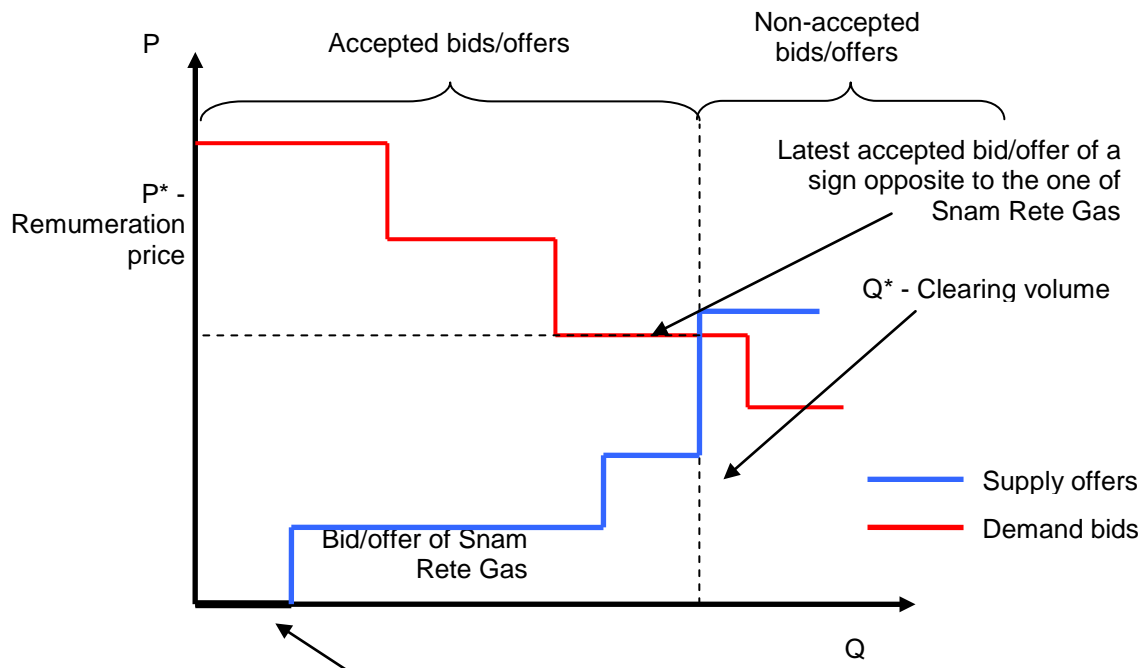


Figure 4a

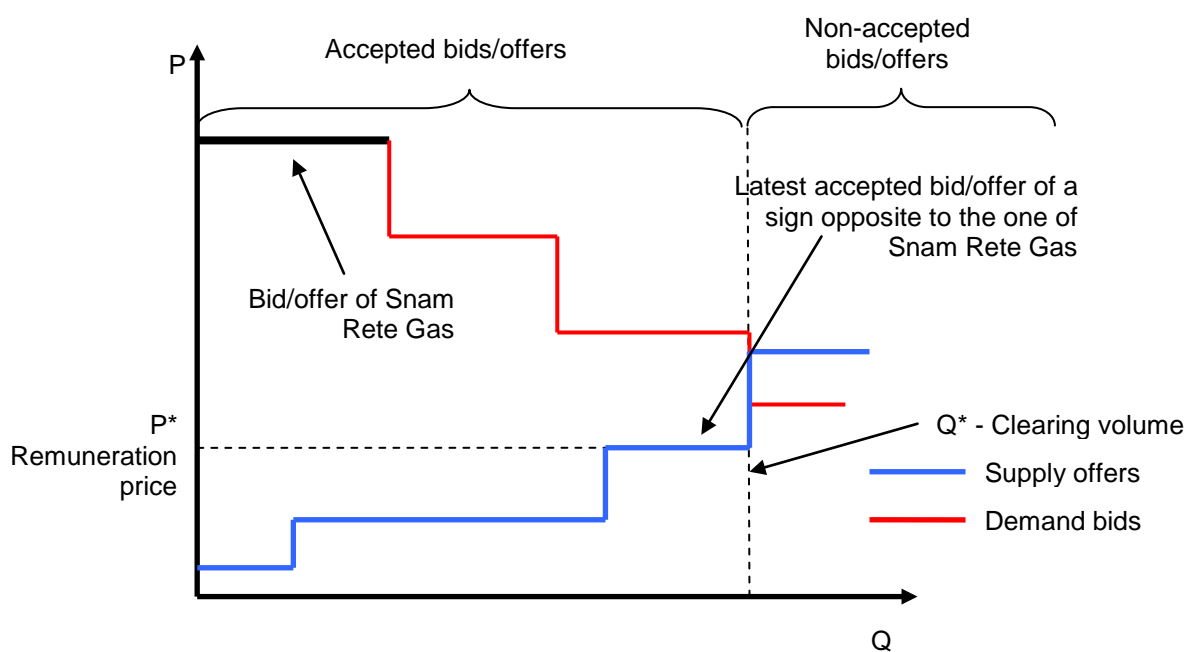


Figure 4b

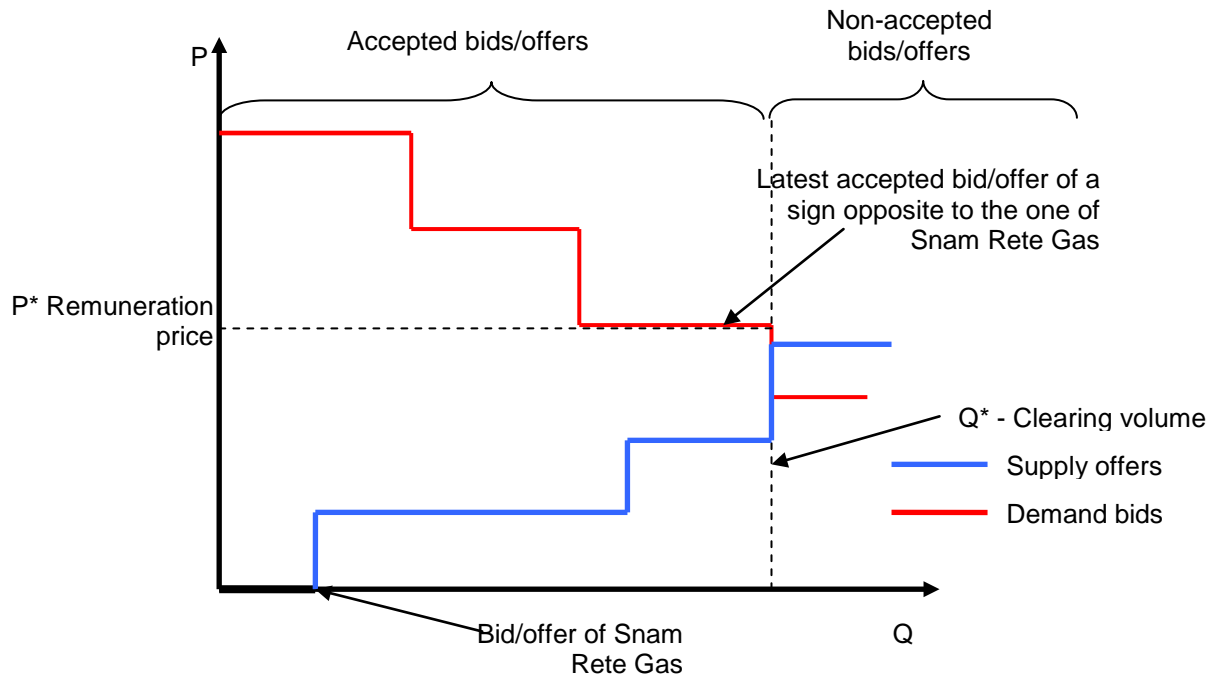


Figure 5a

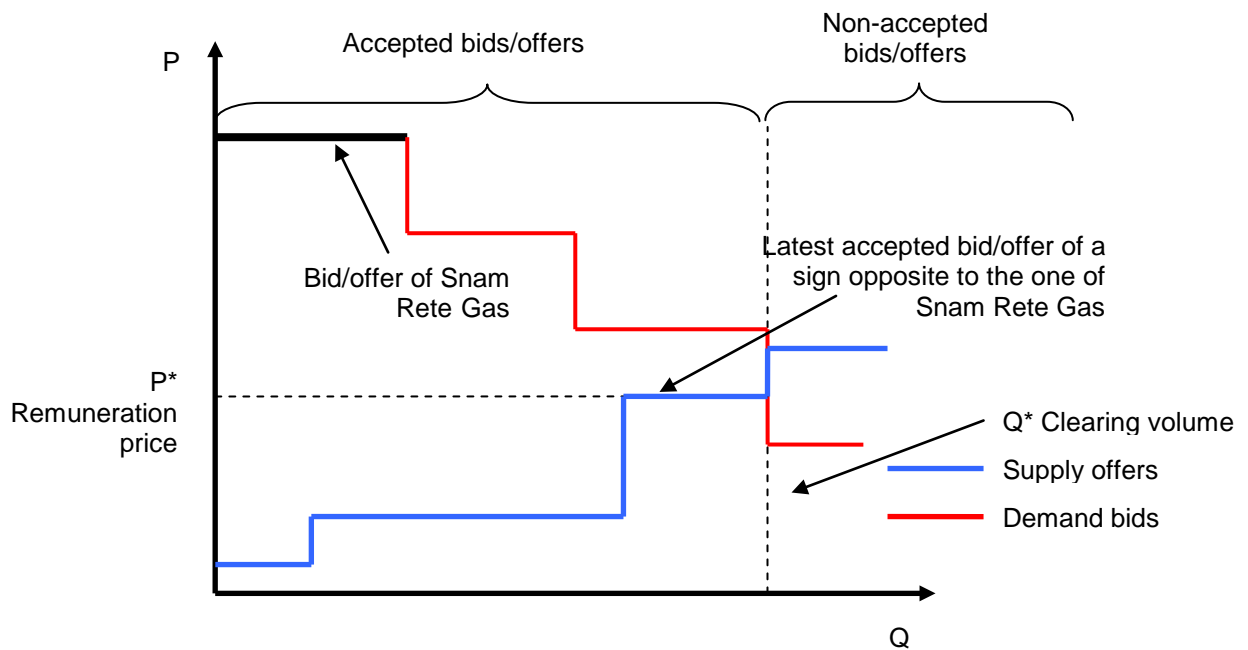


Figure 5b

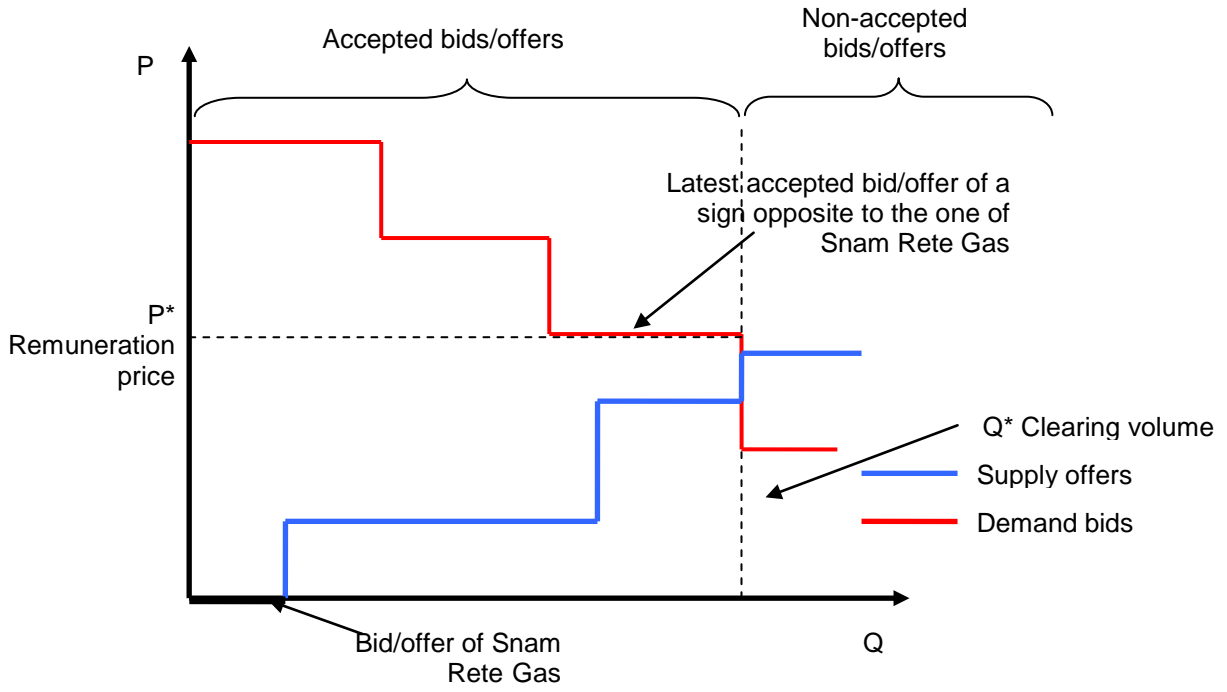
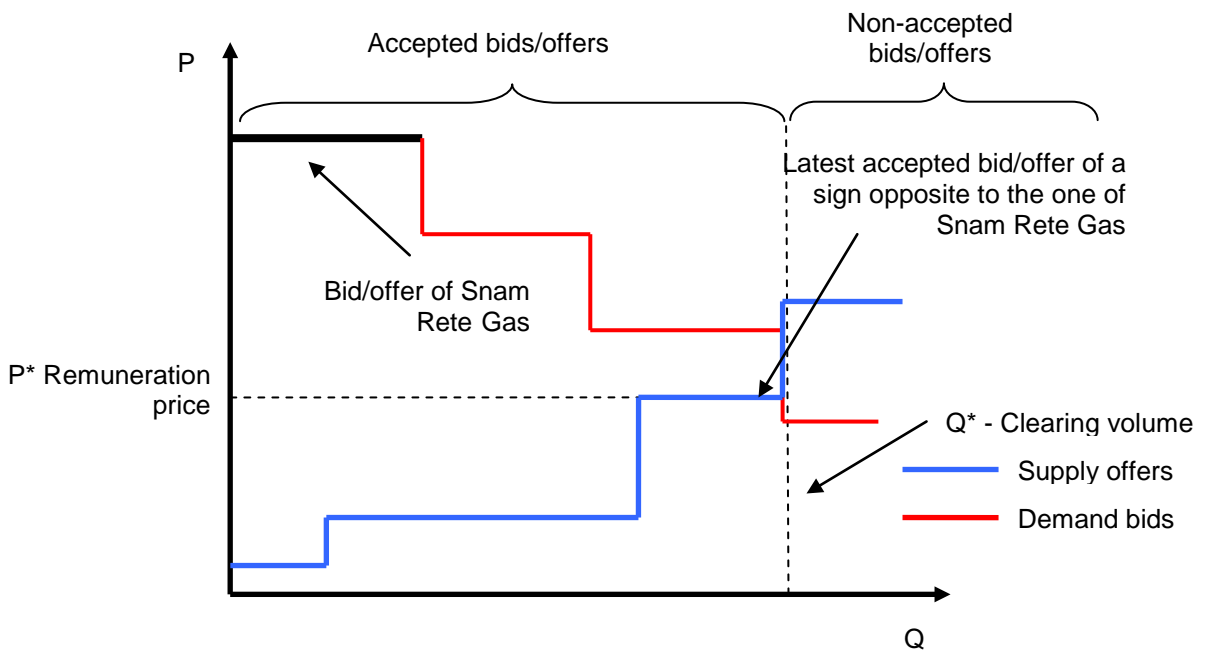
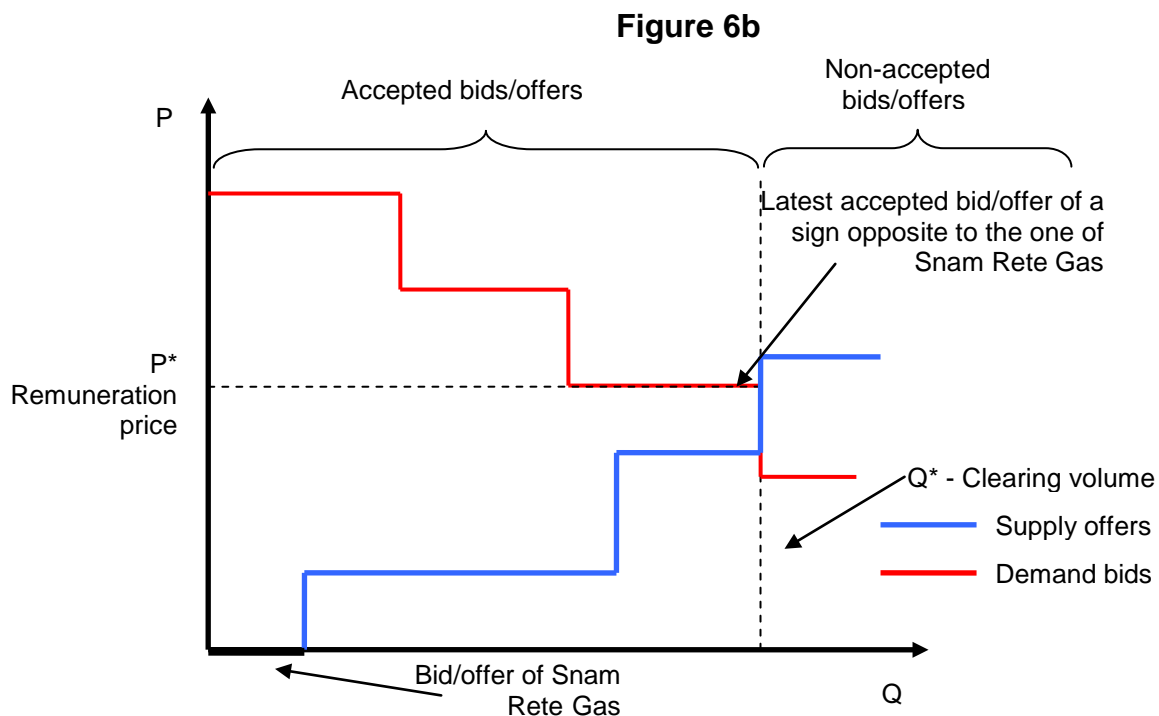


Figure 6a





2. Special cases

The Regulations identify three special cases of derogation from the rules for the determination of the price under the general criterion:

- a) when the sum of the volumes of bids/offers of Participants with a sign opposite to the one of the bid/offer of Snam Rete Gas is lower than the volume offered by Snam itself;
- b) when an emergency situation due to gas surplus arises and Snam Rete Gas has activated the procedures established in the Network Code;
- c) when an emergency situation due to gas deficit arises and Snam Rete Gas has activated the procedures established in the Network Code.

2.1 Sum of the volumes of bids/offers of Participants with a sign opposite to the one of the bid/offer of Snam Rete Gas lower than the volume offered by Snam itself

Where the sum of the volumes offered by Participants with a sign opposite to the one of the bid/offer of Snam Rete Gas is lower than the volume offered by Snam itself, the remuneration price shall be equal to the price associated with the bid/offer of Snam Rete Gas, as shown in Figures 7a and 7b.

Figure 7a

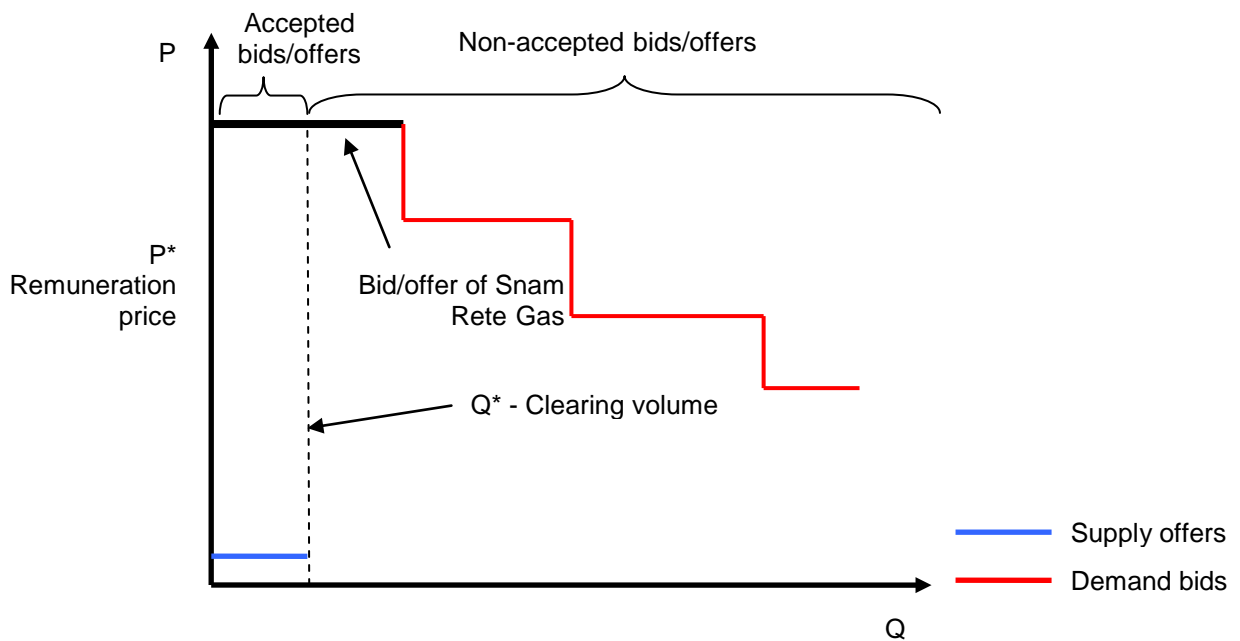
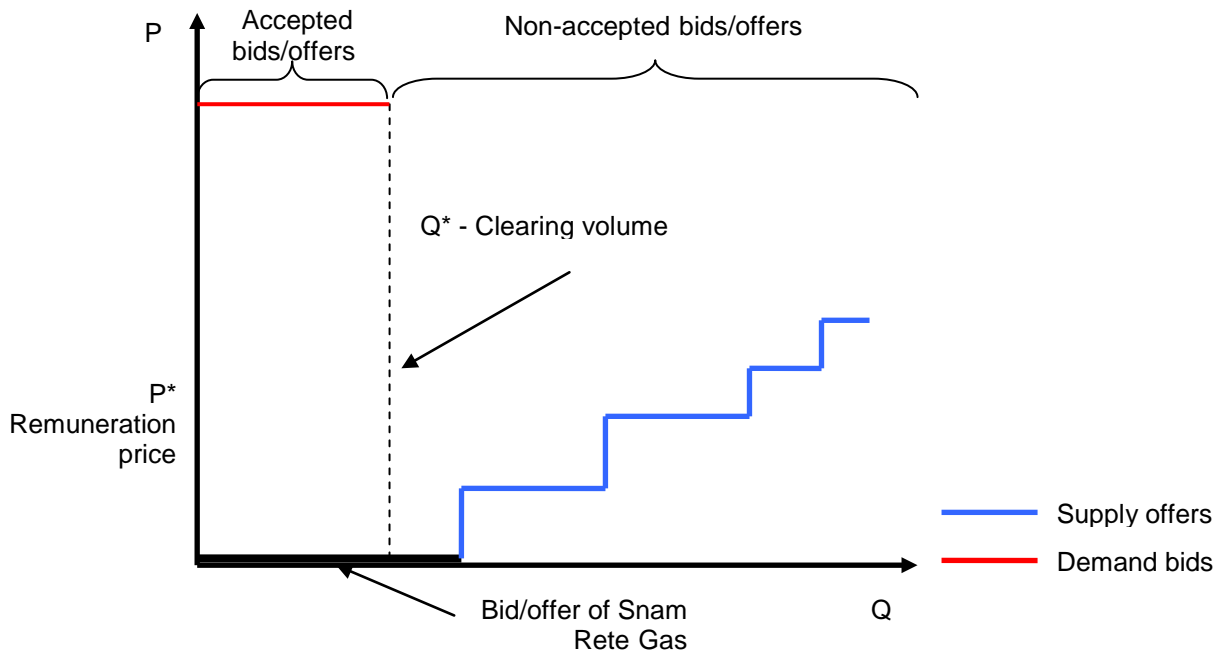
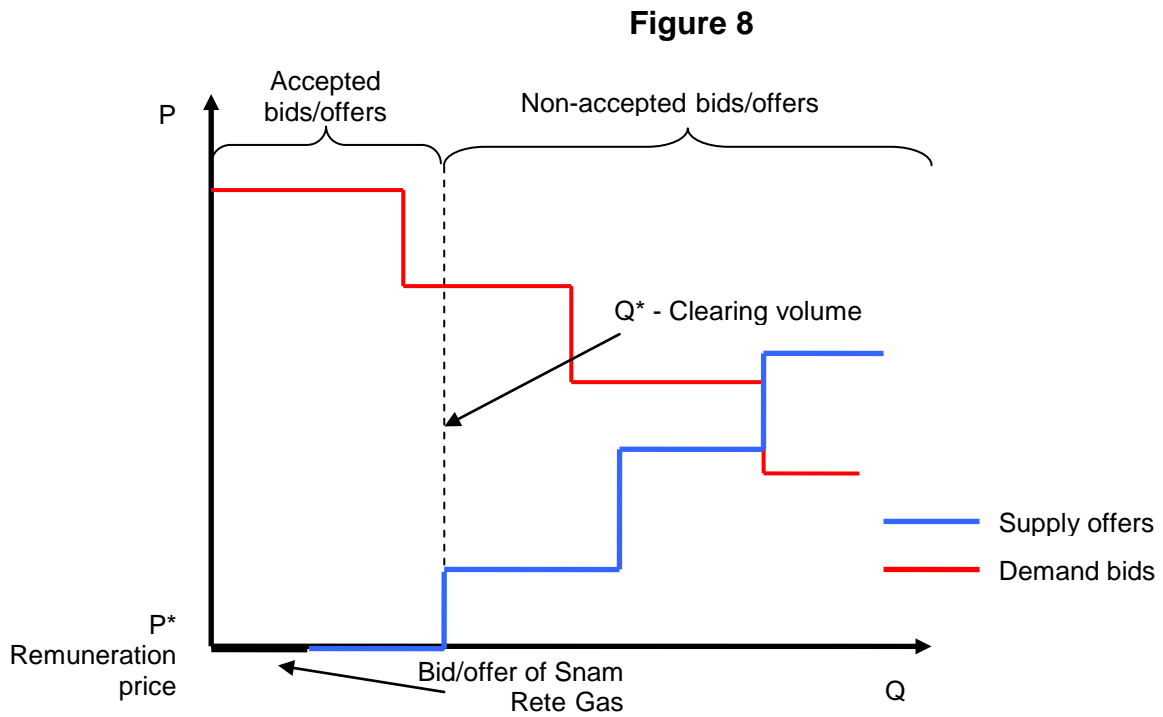


Figure 7b



2.2 Emergency situation due to gas surplus

When an emergency situation due to gas surplus arises and Snam Rete Gas has activated the procedures established in the Network Code, the remuneration price shall be equal to the selling price of Snam Rete Gas and the accepted volumes shall be identified as shown in Figure 8.



2.3 Emergency situation due to gas deficit

When an emergency situation due to gas deficit arises and Snam Rete Gas has activated the procedures established in the Network Code, the remuneration price shall be equal to the purchasing price of Snam Rete Gas and the accepted bids/offers shall be identified as shown in Figure 9.

Figure 9

