

Technical Rule no. 04 P-RECO

(under article 4 of the Rules governing the regulated market and the platform for registering bilaterals of guarantees of origin, successfully verified by the Director of Markets of “Autorità per l’energia elettrica e il gas” on 22 December 2011, as subsequently amended and supplemented)

<p>Title</p>	<p>INVOICING OF PAYABLES/RECEIVABLES AND SETTLEMENT OF PAYMENTS IN THE P-RECO</p>
<p>Reference Legislation</p>	<p>Article 48, paras. 48.1, 48.2 and 48.3, Article 49, Article 50, paras. 50.1, 50.3, 50.4, Article 51 and Article 52, Rules governing the regulated market and the platform for registration of bilaterals of guarantees of origin</p>
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Foreword

Under article 48, paras. 48.1, 48.2 and 48.3 of the Rules governing the regulated market and the platform for registering bilaterals of guarantees of origin (hereafter P-RECO Rules), the Technical Rules shall define procedures and time limits regarding the invoicing of fees by GME and their payment by Participants.

Article 49 and article 50, paras. 50.1, 50.3 and 50.4 of the P-RECO Rules provide that the invoicing period for transactions concluded in the M-RECO, as well as the invoicing modalities and time limits shall be defined in the Technical Rules.

Article 51 of the P-RECO Rules provides that the modalities and time limits for payments from debtor Participants to GME shall be defined in the Technical Rules.

Article 52 of the P-RECO Rules provides that the modalities and time limits for payments from GME to creditor Participants shall be defined in the Technical Rules.

1. Invoicing period

The invoicing period for transactions concluded in the M-RECO shall be each market session.

2. Notifications and invoices to be received by GME

For each invoicing period, by the end of the working day following the closing of the reference session, GME shall provide each Participant that is in credit towards GME with a notification of the amounts of the sale transactions concluded by the same Participant in the M-RECO. The notification shall consist of an xml file, ready to be converted into the corresponding invoice.

2.1 Invoicing by an Italian Participant

After receiving the notification, the Italian Participant shall issue the invoice to GME by the end of the second working day following the closing of the reference session.

2.2 Invoicing by a foreign (EU and non-EU) Participant

After receiving the notification, the foreign Participant shall issue the invoice to GME by the end of the second working day following the closing of the reference session. However, if such day

coincides with the last working day of the month or with the first working day of the following month, the same Participant shall issue the invoice on the first working day of the month following the one in which the session has been held.

3. Xml file representing GME's notification for issuing the invoice

To enable the creditor Participant to issue the invoice, GME shall make available one or multiple xml files, ready to be converted into the Participant's corresponding invoices.

4. Invoices issued by GME

For each invoicing period, by the end of the second working day following the closing of the reference session, GME shall provide each Participant that is debit towards GME with an invoice for the amounts of the purchase transactions that the same Participant has concluded in the M-RECO. If such day coincides with the first working day or the second working day of the following month, GME shall issue the invoice in the month in which the reference session has ended.

Moreover, by the end of the eighth working day of the month following each calendar quarter - thus in January, April, July and October - GME shall provide each Participant with an invoice with the sum of the fees owed for all transactions concluded in the P-RECO in the previous quarter.

GME shall provide each Participant with the invoice for the yearly fixed fee for the first twelve months (as per article 7, para. 7.1 b) and article 7, para. 7.2 b) of the P-RECO Rules) by the end of the third working day of the month following his/her/its admission (as per article 14, para. 14.4 of the P-RECO Rules) and, subsequently, every twelve months.

Finally, GME shall issue the invoice for the access fee (as per article 7, para. 7.1 a) and article 7, para. 7.2 a) of the P-RECO Rules), increased by VAT (where applicable), within five days of admission of the Participant in the market.

5. GME's invoice file

GME's invoice shall consist of an xml stylesheet file made available to Participants via the "MESettlement" platform.

Alternatively, the invoice may be downloaded in pdf format from GME's invoicing platform.

6. Offsetting of payables/receivables

If, within the same market session, the Participant has concluded both purchase and sale transactions, the amounts of the related payables/receivables, including VAT (where applicable), shall be offset, provided that GME has received the Participant's invoice within the time limit referred to in para. 2. above.

7. Settlement of payments by Participants that are net debtors

Pursuant to article 51 of P-RECO Rules, GME shall satisfy its receivables from net debtor Participants upon the closing of the reference session, by utilising their available deposit until reaching the amount of such receivables and refunding the possible surplus in accordance with the modalities and within the time limits established in Technical Rule no. 03 P-RECO.

8. Payment of fees

Each Participant shall pay the fees referred to in article 7 of the P-RECO Rules within the following time limits:

- within the last working day of the month in which the invoice has been issued and with value date on the same day, for the fees referred to in article 7, para. 7.1 c) and article 7, para. 7.2 c) of the P-RECO Rules;
- within thirty calendar days of the date of issuing of the invoice, for the fees referred to in article 7, para. 7.1 a) and article 7, para. 7.2 a) of the P-RECO Rules.;
- within the last working day of the month in which the invoice has been issued and with value date on the same day, for the fees referred to in article 7, para. 7.1 b) and article 7, para. 7.2 b) of the P-RECO Rules.

Within the above time limits, the Participant shall provide GME with a copy of the payment order.

The time and date when the payments are debited to GME's account shall be those recorded by the information system of the bank in charge of the GME's treasury services.

The IBAN code to be used for the payments is posted on GME's website (www.mercatoelettrico.org).

8. Payments to Participants that are net creditors

GME shall make payments to each Italian Participant that is net creditor towards GME on the third working day (value date on the same day) following the closing of the reference session and after receiving the related invoice. The payments shall be made with the “BIR - Bonifico di importo rilevante” bank transfer procedure.

If GME receives the invoice from the foreign Participant within the time limits indicated in para. 2, point 2.2, GME shall make the payment by the end of the working day following the one of receipt of the invoice and with value date on the same day.

If the payment cannot be made with the BIR procedure (because banking rules do not permit its use for the amount to be transferred), the payment may be made with the “Bonifico Urgente” urgent bank transfer procedure.

If GME does not receive the invoice within the time limit established in para. 2 above, the payment shall be made by the end of the working day following the one of receipt of the invoice.

The time and date when the payments are debited to GME’s account shall be those recorded by the information system of the bank in charge of the GME’s treasury services.

9. Sending of xml files

The xml files with the notifications and the invoices shall be made available on the “MESettlement” electronic platform, under the procedures described in the specific user manual posted on GME’s website (www.mercatoelettrico.org).

9. VAT application on purchases and sales concluded in the M-RECO

Purchases and sales in the M-RECO shall mean services and the chargeability of VAT thereon shall depend on the place where the purchasing customer (P-RECO Participant) has established his/her/its business.

Therefore, GME shall issue invoices by applying VAT at the standard rate of 21%, if the customer has established his/her/its place of business in Italy and has not submitted a statement concerning his/her/its taxation scheme as “esportatore abituale” (exporter on a permanent basis) as per Article 8, para. 8.2 of Decree of the President of the Republic no. 633 of 26 October 1972, in accordance with the modalities and within the time limits established in Technical Rule no. 05 P-RECO. By

contrast, if the customer has submitted such a statement, GME shall issue invoices without applying VAT.

Conversely, if the customer has established his/her/its place of business in one of the countries of the European Union (EU) and is a taxable person in his/her/its own country, GME shall issue invoices without applying VAT. In this case, the customer shall apply VAT with the reverse charge procedure. GME shall apply VAT at the standard rate of 21%, if the EU customer is not a taxable person in his/her/its own country.

If the customer has established his/her/its place of business in a non-EU country (whether he/she/it is or is not a taxable person in such country), GME shall issue invoices without VAT.

For purchases from both EU and non-EU customers, GME shall receive an invoice without VAT and then apply VAT with the reverse charge procedure.

12. Application of VAT on fees

The services provided by GME in the P-RECO shall mean services and the chargeability of VAT on the related fees shall depend on the place where the customer (P-RECO Participant) has established his/her/its business.

Therefore, GME shall issue invoices by applying VAT at the standard rate of 21%, if the customer has established his/her/its place of business in Italy and has not submitted a statement concerning his/her/its taxation scheme as “esportatore abituale” (exporter on a permanent basis) as per Article 8, para. 8.2 of the Decree of the President of the Republic no. 633 of 26 October 1972, in accordance with the modalities and within the time limits established in Technical Rule no. 05 P-RECO. By contrast, if the customer has submitted such a statement, GME shall issue invoices without applying VAT.

Conversely, if the customer has established his/her/its place of business in one of the countries of the European Union (EU) and is a taxable person in his/her/its own country, GME shall issue invoices without applying VAT. In this case, the customer shall apply VAT with the reverse charge procedure.

If the customer has established his/her/its place of business in a non-EU country, GME shall issue invoices without VAT.

Appendix: VAT codes

The following tables show the VAT codes used in the XML files.

VAT CODES FOR PARTICIPANTS' PURCHASES	DESCRIPTION
V1	<ul style="list-style-type: none"> ▪ Domestic purchases or purchases by EU customers (non-taxable persons in their own countries) ▪ VAT rate = 21%
V3	<ul style="list-style-type: none"> ▪ Purchases by the so-called "esportatori abituali" (exporters on a permanent basis) as per Article 8, para. 1 c, Decree of the President of the Republic (DPR) 633/72 ▪ VAT rate = 0%
V8	<ul style="list-style-type: none"> ▪ Purchases not subject to VAT as per Articles 44 and 59, para. 1 a), Directive 2006/112/EC ▪ VAT rate = 0%

VAT CODES FOR PARTICIPANTS' SALES	DESCRIPTION
A1	<ul style="list-style-type: none"> ▪ Domestic sales ▪ VAT rate = 21%
A7	<ul style="list-style-type: none"> ▪ Sales by EU customers, not subject to VAT as per Article 44, Directive 2006/112/EC ▪ Reverse charge
A8	<ul style="list-style-type: none"> ▪ Sales by non-EU customers, not subject to VAT as per art. 44, Directive 2006/112/EC ▪ Reverse charge
AM	<ul style="list-style-type: none"> ▪ Domestic sales by the so-called "contribuenti minimi" (persons benefiting from a simplified tax scheme) ▪ VAT rate: 0%