



Guidelines Facilitating Access to and Participation in GME's Electricity Market

(updated as of 21 September 2021)

1. What is the Electricity Market?

The Electricity Market arises from Legislative Decree no. 79 of 16 March 1999 (Legislative Decree 79/99), which transposed the European Directive concerning common rules for the internal market in electricity (96/92/EC) into the Italian legislation.

The Electricity Market consists of:

> a **Spot Electricity Market (MPE)**, composed of:

- Day-Ahead Market (MGP - energy market);
- Daily Products Market (MPEG - energy market);
- Intra-Day Market (MI - energy market), divided into MI-A and MI-XBID sessions.
- Ancillary Services Market (MSD), consisting of the ex-ante MSD and of the Balancing Market (MB);

> a **Forward Electricity Market with delivery-taking/-making obligation (MTE - energy market)**;

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2. How do I join GME's Electricity Market?

If you fulfill the competency and integrity requirements defined in art. 11 of the Integrated Text of the Electricity Market Rules (hereafter "Electricity Market Rules") and you wish to participate in GME's Electricity Market, you may fill in and submit a Market Participation Application and a Market Participation Agreement, accompanied by a few documents (see point 3).

Competency requirements mean that you should be proficient in the use of ICT systems and related security systems, or that you should have ICT-proficient employees or assistants (art. 11, para. 11.1).

Integrity requirements mean that you (if you are applying as an individual) or the owner/legal representative of the organization (if you are applying as an organization), should have never been convicted for “agiotage”, violation of the secrecy of IT or ICT communications, computer fraud, fraud to the detriment of the State or another public body, as well as offences related to income tax and value added tax (art. 11, para. 11.2 a)).

An additional requirement for admission to the market is that no penalty of exclusion should have been previously imposed on the applicant as per articles 112, 113 and 114 during the sixty months preceding the submission of the new application form (art. 11, para. 11.2 b)). This requirement does not apply if the applicant has been previously excluded on request as per art. 20.

3. How do I obtain the Market Participation Application and the Market Participation Agreement?

You may download them (in Word format) from GME’s website (in the “GME’s Markets – Market Coupling/Electricity Market/How to Participate/Forms” section). Fill in the blanks concerning Market Participant/applicant’s data. Then, sign the forms, if you are applying as an individual, or have them signed by the legal representative/duly authorized person of the organization, if you are applying as an organization.

In addition to completing the fields concerning the Market Participant’s data in both forms, do not forget the following points:

- *in the Market Participation Application, specify*
 - *first name, family name and address (telephone number and e-mail address) of the contact person for notifications, if any;*
 - *first name, family name, date and place of birth, fiscal code, address, telephone number and e-mail address of the person/s that you wish to authorize to access GME’s information system on your behalf (smart card holders, see point 8), in respect of each market platform (MPE/MTE) for which you are applying;*
 - *the identification code that Terna has assigned to you;*
- *as regards the Market Participation Agreement,*
 - *complete and sign two originals of the Agreement;*
 - *put your initials on each page of both originals;*

Unless otherwise indicated, references to articles included in this Guide refer to the Integrated Text of the Electricity Market Rules.

- specifically approve the clauses of the Agreement which refer to articles 1341 and 1342 of the Italian Civil Code, by putting a second signature after such clauses.

Remember that you should complete paras. 9.5 and 9.6 of the Market Participation Agreement with your addresses.

You may deliver the Market Participation Application and the Market Participation Agreement, duly completed and signed, together with the required documents (see point 4), by hand, by courier or by registered letter with return receipt to GME's headquarters, Viale Pilsudski, 122/124 - 00197 Rome, Italy, or via certified email at gme@pec.mercatoelettrico.org.

Please use the forms in Italian available on GME's website.

4. Which documents should I enclose?

If the Application and the Agreement are signed by yourself (you are applying as an individual)

- *and you are an Italian, EU (European Union) or non-EU citizen residing in Italy: enclose a self-certification (form available on GME's website, in the "GME's Markets - Market Coupling/Electricity Market/How to Participate/Forms" section) or other equivalent documents certifying that you qualify under the integrity requirements, i.e. that:*
 - in Italy, you have never been sentenced (with a final judgment or with a judgment inflicting the penalty at the request of the parties, except in cases of extinction of the offence and notwithstanding the effects of rehabilitation/reinstatement of offenders) to imprisonment for "agiotage" or violations of the secrecy of IT or ICT communications, computer fraud, fraud to the detriment of the State or another public body, as well as offences related to income tax and value added tax;*
 - abroad, you have never been subject to measures which would imply the loss of the same qualifications under the Italian legal system;*

or

- *if you are a non-EU citizen not residing in Italy: enclose documents issued by the competent authority of your country or other equivalent documents certifying that you qualify under the integrity requirements; based on these documents, GME will make a substantial equivalence evaluation.*

If the Application and the Agreement are signed by yourself, as legal representative or duly authorized person of an organization,

- and you are an Italian, EU or non-EU citizen residing in Italy: enclose a self-certification (form available on GME's website, in the "Markets - Market Coupling/Electricity Market/How to Participate/Forms" section) or other equivalent documents certifying that you qualify under the integrity requirements, i.e. that:
 - in Italy, you have never been sentenced (with a final judgment or with a judgment inflicting the penalty at the request of the parties, except in cases of extinction of the offence and notwithstanding the effects of rehabilitation/reinstatement of offenders) to imprisonment for "agiotage" or violations of the secrecy of IT or ICT communications, computer fraud, fraud to the detriment of the State or another public body, as well as offences related to income tax and value added tax;
 - abroad, you have never been subject to measures which would imply the loss of the same qualifications under the Italian legal system;

or

- if you are a non-EU citizen not residing in Italy: enclose documents issued by the competent authority of your country or other equivalent documents certifying that you qualify under the integrity requirements; based on these documents, GME will make a substantial equivalence evaluation.

Furthermore

- you are an Italian, EU or non-EU citizen residing in Italy: you are required to enclose a self-certification or other equivalent documents certifying that you are duly authorized to represent the organization (powers of representation);

or

- you are a non-EU citizen not residing in Italy: enclose a certification issued by the competent authority of your country or other equivalent documents certifying your powers of representation; based on these documents, GME will make a substantial equivalence evaluation.

Please use the forms in Italian available on GME's website.

If GME already holds the above documents, you should not re-submit them, but only specify such fact and the date of your previous submission.

5. When do I acquire the status of Market Participant?

Within 15 days of receipt of your Application, after checking your documents and qualifications, GME will notify you of the acceptance or rejection of your Application, by fax, followed by a registered letter with return receipt, or by certified email

In the event that the documentation is incomplete or irregular, GME will notify the Participant what additional requirements are necessary to complete or regularize the documentation submitted, as well as the date by which he/she/it shall do so; in this case, the term of 15 days will be suspended until the GME does not receive the complete or regular documentation.

With the admission decision, the Participant assumes the status of electricity market participant. As such, he/she/it is entered into the Register of Market Participants posted on GME's website in the section of the electricity market.

6. What should I not forget?

As a Market Participant, you should promptly notify GME of any event which may involve the loss or change of your qualifications for participating in the market, or which may result into a change of your data in the Register of Market Participants. Such notification should be given to GME no later than 3 working days, at the latest, of the occurrence of such event (Art. 19).

7. Is access to GME's Electricity Market free of charge?

No. The GME issues an invoice including the amounts related to an access fee, within five days from the communication of the Participant's admission to the market, and an invoice related to an annual fixed fee, by the third working day of the month following the date of the admission decision, and subsequently every twelve months (the latter fee is owed for the services provided by GME in the electricity market for a period of twelve months from the date of the admission to the market). In the text of the invoice, you will find the deadlines and the reference data for making the payment.

In the Electricity Market (MPE/MTE), a variable fee is also charged on transactions/registrations made by Participants. For each invoicing period (calendar

month), GME will calculate the total amount of the variable fees and then send a separate invoice for these fees to each Participant.

The extent of the fees is set by GME on a yearly basis, with effect from 1 January of the following year, taking into account the need to balance its accounts. The fees are posted on GME's website.

8. How do I access GME's Electricity Market information system?

After being admitted, you may access GME's Electricity Market information system only through the Internet, by connecting to GME's website.

You may access the system directly or you may specify in your Market Participation Application (see point 3) the name/s of one or more persons that you authorize to submit bids/asks, in your name and on your behalf, into each market platform for which you have applied.

REMEMBER: If you wish to **modify** the users mentioned in your Application, specifying those authorized to trade on the individual market platforms (MPE/MTE/MCV), you will have to submit an “application for managing users’ authorizations” (available on GME’s website, in the “Electricity Market/How to Participate/Forms” section). You may use the same form also to **revoke** users’ authorizations.

If you wish to **authorize new users** in addition to those already mentioned in your Market Participation Application (and also differentiate the new users’ authorizations for each of the individual market platforms), you will have to submit an “application for adding users’ authorizations” (available on GME’s website, in the “Electricity Market/How to Participate/Forms” section).

Access to the system is based on identification of Market Participants/users and authentication of their transactions via a digital certificate/digital signature procedure (personal smart card issued by a company authorized to release digital certificates under the AgID standard and compatible with the Electricity Market Information system).

9. Which guarantees should I post in order to participate in GME’s energy markets?

To submit adequate bids/asks into all the energy markets as well as to maintain the positions taken, you may post financial guarantees in the form of a first-demand bank guarantee or of a non-interest-bearing cash deposit.

Please note that PA participants may post financial guarantees exclusively in the form of a non-interest-bearing cash deposit.

Three separate guarantee systems are implemented in the ME in order to cover the risk related to the operations on the different markets: MGP and MI, MPEG and MTEE.

The guarantee system in the Electricity Market is characterized, *inter alia*, by the integrated management of “netting” guarantees, namely the possibility to have in the MGP, in the MI of the electricity market (MGP/MI) and in the Gas Spot Market (MPGAS), a single net exposure covered by a single amount of guarantee, provided that the participant is also active in the natural gas market, without any segregation between the markets concerned.

Financial guarantees posted in the form of first-demand bank guarantees should meet the requirements indicated in the Electricity Market Rules (art. 79) and have the format of Annexes 3 and 5 thereto.

In particular:

- *If you wish to participate in the MGP-MI/MPGAS (netting markets) and MPE, and if you are also admitted to the PCE, you may post bank guarantees in the format of Annex 5 or, alternatively or cumulatively, of Annex 3 to the Electricity Market Rules.*

- If you wish to participate in the MTE and in the MTGAS, you may post only the bank guarantee in the format of Annex 3 to the Electricity Market Rules.

Moreover, these guarantee may be updated at any time (art. 80 of the Electricity Market Rules), by submitting an updating letter in the format annexed to the Electricity Market Rules (Annex 4 and Annex 8).

Financial guarantees posted in the form of a non-interest-bearing cash deposit shall be made into the account held by GME with the bank in charge of its treasury services - art. 78 of the Electricity Market Rules. The Participants may at any time modify (increase or decrease) the guaranteed amount.

GME will recognize the increase of the guaranteed amount within the second working day following the one on which your deposit has been credited to the account held by GME with the bank in charge of its treasury services.

You may also request the total or partial refund of your previously deposited amount, provided that such refund does not create an exposure not entirely covered by the remaining overall amount of the guarantees (amount of the bank guarantee and the cash deposit, less a prudential value known as maintenance margin)) that you have posted.

The modalities for allocating the total amount of the overall financial guarantees posted on the individual markets (MGP-MI / MPGAS / MPEG/ MTE / MTGAS / PCE) are described in the Technical Rules (Technical Rule no. 04 ME).

Failing indications about the allocation of your financial guarantees, GME will allocate the entire amount of the posted guarantees to transactions on the MGP and MI/MPGAS (netting markets), in compliance with the provisions of Title V of the Electricity Market Rules.

For participation in the MSD, no guarantees should be posted in favor of GME, because the role of counterparty on this market is played by Terna.

10. To whom should I submit the bank guarantees?

You are required to submit or send your bank guarantees or updating letters, by registered letter with return receipt, or by courier service, to the bank in charge of the treasury services (art. 78 of the Rules), disclosed on GME's website. Upon receipt, the bank in charge of the treasury services will places a stamp on the bank guarantee/updating letter with the time/date of receipt which will be assumed as the "submission date".

11. Who may submit bids/asks into the MGP?

Market Participants may submit supply offers only in respect of injection points or mixed points and demand bids only in respect of withdrawal or mixed points that they own.

12. Who may submit bids/asks into the MI?

On MI-A, market participants may submit both supply offers and demand bids in respect of injection, withdrawal and mixed points that they own.

On MI-XBID, market participants can report offers for sale and to purchase per unit and per portfolio. A portfolio is assigned to each market operator, for each geographical and/or virtual zone, to which all the injection and mixed offer points belonging to that zones are connected, as well as the withdrawal offer points belonging to virtual zones, and about them the operator has the right to submit offers.

13. Who may submit bids/asks into the MSD?

Only Dispatching Users may submit bids/asks into the MSD in respect of the offer points that Terna has authorized for the dispatching service and that they own.

14. Who may submit bids/asks into the MTE?

All Electricity Market Participants that are also authorized to register transactions on the electricity accounts that they hold on the PCE.

15. Who may submit bids/asks into the MPEG?

All Electricity Market Participants that are also authorized to register transactions on the electricity accounts that they hold on the PCE.

16. How are Market Participants authorized to submit bids/asks into the MGP/MI/MSD in respect of an offer point for which they are Dispatching Users?

All Electricity Market Participants are authorized to submit bids/asks in respect of offer points for which they are Dispatching Users.

17. How are Market Participants authorized to submit bids/asks into the MGP/MI in respect of an offer point for which they are not Dispatching Users?

A Market Participant wishing to submit bids/asks in respect of an offer point for which he/she is not a Dispatching User may submit a declaration (under art. 17, para. 17.3 of the Electricity Market Rules) issued by the Dispatching User of the offer point (proxy), where the Dispatching User declares that the Market Participant is entitled to submit bids/asks in respect of such offer point, or a declaration (under art. 17, para. 17.4) issued by a Market Participant who has been in turn delegated and authorized to do so by the related Dispatching User (sub-proxy). In this second case, the declaration should be accompanied by a copy of the original first delegation.

This declaration should contain at least the following data:

- a) *identification code of the offer point for which the request is being made;*
- b) *date from which the requesting Market Participant is entitled to submit bids/asks in respect of such offer point;*
- c) *date until which the requesting Market Participant is entitled to submit bids/asks in respect of such offer point.*
- d) *market and platform to which this declaration refers: i. MGP/MI-A: in this case the requesting operator is entitled to submit offers related to this offer point on the MGP and MI-A; ii. MI-XBID/ PN: in this case, the requesting operator is the only party entitled to submit offers related to this offer point on MI-XBID and to register injection and withdrawal programs for this offer point on the PN.*

The declaration may be modified or revoked at any time.

18. Are there any additional requirements for submitting bids/asks into the Electricity Market?

- *Communicate your (ie the legal entity that you represent) bank account details to GME using the specific form published on GME's website;*
- *The Participant, which intends to take positions on the market that determine exposure to debt, must have adequate guarantees at GME.*
- *If you intend to submit bids/offers with the application of a tax system other than the ordinary one, you shall submit GME the documentation showing that scheme. Submit a declaration stating the VAT scheme to GME.*
- *The Participant must fill in all parts the declaration pursuant to Article 17, paragraph 17.10 of the Rules, authorizing GME to withdraw directly from his/her current account,*

held by credit institutions adopting the SEPA Business to Business¹ Direct Debit (SDD B2B), the amounts due by the Participant to GME. This declaration, sent by GME, shall be completed and signed in three copies, one to be retained by the Participant. Please note that the remaining copies must be sent respectively to the bank branch or post office where you opened the account identified by the Participant, whereas the "copy for the creditor" shall be sent to GME.

- *The banking channel will be deemed open once successfully completed the test/s.*

19. Which are the opening and closing hours of the Electricity Market?

The opening and closing hours of the Electricity Market are set by GME and indicated on its website and in the Technical Rules posted thereon.

¹ The SDD B2B is a payment scheme provided for by the SEPA in relation to transactions in EUR, which consists essentially in a prior authorization issued by the debtor to the creditor to withdraw the funds through its bank (ie bank of the creditor), from the account of its debtor.

20. How do I submit a bid/ask into the MPE?

The procedures for submitting offers are indicated in the Technical Rules published on GME's website.

21. How does GME notify the validity/invalidity of a bid/ask submitted into the MPE?

After receiving a bid/ask, GME notifies the Market Participant of the validity/invalidity thereof, by providing the same Market Participant with a “Functional Acknowledgement” file in the “Downloads” section of the Electricity Market information system. If the bid/ask is invalid, the file will specify the reason for the invalidity.

22. How does GME notify the outcome of the adequacy verification and the possible acceptance of a bid/ask submitted into the MGP/MI-A/MSD?

At the end of the market session, GME notifies the Market Participant of the outcome of the bid/ask, by providing the same Market Participant with a “Bid Notification” file in the “Downloads” section of the MGP/MI-A/MSD information system.

If the bid/ask has been accepted, the notification will specify both the accepted quantity and the related price.

If the bid/ask has not been accepted, the notification will specify whether the non-acceptance is due to inadequacy of the bid/ask (Art. 29 of the Electricity Market Rules) or

to the fact that its price is higher (for supply offers) or lower (for demand bids) than the one determined by the market algorithm.

23. How does GME notify the schedule for each offer point at the end of the MGP and MI-A?

At the end of the market session, GME notifies the Market Participant of the hourly injection or withdrawal schedule for each offer point, by providing the same Market Participant with a “Unit Schedule” file in the “Downloads” section of the Electricity Market information system.

If you are a Market Participant but not a Dispatching User, you will receive, for each of your offer points, the schedule resulting from the acceptance of the bids/asks that you have submitted.

If you are a Market Participant and also a Dispatching User of an offer point, you will receive a cumulated hourly schedule; this schedule will combine the schedules, if any, resulting from the execution of purchase & sale contracts concluded off the exchange (the so-called physical bilateral contracts) with those resulting from the acceptance of bids/asks submitted for the same offer point by all the Market Participants authorized to submit bids/asks for such point.

24. What is the Nomination Platform (NP)?

The Nomination Platform is the platform organized and managed by GME, pursuant to the provisions of the Authority's Resolution n. 350/2019/R/eel of 30 July 2019, to allow the programming of commercial positions on the offer points, resulting from the trades concluded by the Participant in the MI-XBID session with reference to the offers available in portfolio.

25. How do I submit a bid/ask into the MTE?

To submit a bid/ask, you must complete the appropriate form (web form) that you may obtain from the MTE information system (“Invio offerte”- bid/ask submission menu in the “Mercati”-Markets section); through the web form, you may submit bids/asks for single products.

For further information or clarifications, feel free to contact us at
info@mercatoelettrico.org