

Technical Rule no. 11 Rev. 08 MPE

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

Title	Definition of Conventional Prices
Reference Legislation	Article 2, para. 1 dddd), Integrated Text of the Electricity Market Rules

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1 Foreword

Article 2, para. 1, dddd) of the Integrated Text of the Electricity Market Rules (hereinafter “ME Rules”) defines the conventional price as the unit electricity price, as defined in the Technical Rules, at which bids/offers can be conventionally valued for the purpose of verifying the adequacy of the available amount of financial guarantees.

2 Conventional price for the purpose of verifying the adequacy of bids/offers

Verification of the adequacy of demand bids at a positive price presented on MGP involves that these bids are valued at the conventional prices indicated below, if the price of the demand bid is higher than the conventional price defined by GME. Supply offers at a negative price presented on MGP are, instead, always valued, for the purpose of the adequacy checks, at the price indicated in the offer.

There are no conventional prices in the MI-A and MI-XBID, therefore the offer price is always used for the purposes of adequacy checks.

2.1.1 Conventional price for the Day Ahead Market

The conventional price for the MGP is set equal to a value representative of the price level close to the current one, corrected by a parameter that incorporates the unfavourable expected price volatility. It is a single value for all market zones but it is differentiated by time slot covered by the bid.

Specifically, for each market time interval indicated in Technical Rule no. 11 ME, the following prices are determined:

- for working days, two conventional price levels: one for *daytime* market time intervals (from 8:00 to 20:00), and the other for *nighttime* market time intervals (from 0:00 to 8:00 and from 20:00 to 24:00);
- for holidays, a single conventional price for the market time intervals of the day.

These parameters are determined according to a quantitative model and are disclosed on a daily basis through publication on the market IT platform.

2.2 Emergency conditions

If for a given day it is not possible to apply the calculation method described above, also due to a malfunction of the IT system, conventional prices will be set equal to those of the most recent day of the same type (working day or holiday).