

Power in Europe

GME introduces market changes

The mercato a termine (forward electricity market) managed by Gestore Mercato Elettrico (GME) began full operations October 31. The trading of monthly contracts had been underway for a year, and GME has used the experience garnered from this trial to make changes that will enable Italian operators to agree three and 12

month contracts. GME believes the longer time horizon will offer greater price stability, to the benefit of end-users. In addition, the long-term market is expected to provide reference prices for bilateral contracts, thereby helping to boost competition.

GME will be the central counterparty, guaranteeing the satisfactory conclusion of trading, anonymity of trading, and security of transactions.

Following ministerial instructions, GME has altered the system of payment guarantees so as to ensure partial cover of the value at the moment of contract and total cover of positions at time of delivery.

Trading is continuous, with demand and supply matched according merit order. Forward contracts for delivery at three months and 12 months are settled through a cascade mechanism.

GME expects the Borsa Elettrica electricity market will handle more transactions and increasing volumes, and will attract a larger number of operators.