



GO-AHEAD TO GME'S SPOT GAS MARKET

Rome - 29 November 2010 - Another step has been taken to complete the design of the Italian regulated gas market, thanks to the favourable opinion expressed by the "Autorità per l'energia elettrica e il gas" (AEEG, the electricity & gas regulator) and to the green light given by the Ministry of Economic Development today.

On 10 May 2010, GME launched its Gas Platform (P-GAS). On the P-GAS, where GME acts as a broker, participants trade quotas of imported gas, royalties and voluntary gas quotas with a six-month trading period. Today, GME inaugurates its spot gas market, where it plays the role of central counterparty and thus guarantees the payment/delivery of transactions. In addition to managing a guarantee system for the trades carried out on the exchange, GME signed an agreement with SNAM Rete Gas. Under the agreement, the balances resulting from transactions that each Market Participant concludes on the exchange are registered with the "Punto di Scambio Virtuale" (PSV – Virtual Trading Point) system.

The coming completion of the MGAS, which is operated under principles of neutrality, transparency, objectivity and competition between participants, will ensure the formation of an efficient price signal and the anonymity of bids/offers, thus stimulating competition in the national gas market.



In the organisation of GME's wholesale market, the first stage will involve a spot market consisting of:

- the **Day-Ahead Market (MGP-GAS)**, where participants may trade volumes of gas with delivery-taking/making on the gas-day following the one on which the market closes (11:00 of the previous day);
- the **Intra-Day Market (MI-GAS)**, where participants may trade volumes of gas with delivery-taking/making on the same gas-day as the one on which the market ends (15:00 of the same day).

In the MGP-GAS, transactions will take place under continuous trading and be followed by auction trading. In the MI-GAS, transactions will take place under continuous trading. The product traded in both the market sessions will refer to the gas-day (defined from 6:00 to 6:00 of the following day). To facilitate the comparison with the electricity price, the gas price and volumes will be expressed in Euro/MWh and MWh, respectively.

In the subsequent, more mature market stage, after the required consultations with reference institutions and associations, the structure of the exchange will be finalised. A forward gas market (MTE-GAS) will be put in place to permit transactions with longer maturities.



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