Technical rule no. 14 rev. 02 MPE

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

Title	**Defining the results of the MGP and MI**

Reference Legislation	Article 41, para. 41.2, and Article 54, para. 54.2, Integrated Text of the Electricity Market Rules

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1. Foreword

Article 41, para. 41.2 of the Integrated Text of the Electricity Market Rules (hereafter "ME Rules") states that GME shall identify a market solution for the MGP, by using the PCR algorithm, according to the procedures and criteria defined in the Technical Rules.

Furthermore, Article 41, paragraph 41.2 of the ME Rules states that, among all the solutions developed by the PCR algorithm within the time limits for its processing, shared within the PCR and shown in the Technical Rules, GME shall identify the solution where the net value of the resulting transactions, on a daily basis and in all the energy markets involved in market coupling, is maximum and satisfies other requirements indicated in the same paragraph.

Article 54, para. 54.2 of the ME Rules provides that, in each session of the MI-A auction, GME shall identify a market solution related to accepted offers/bids and the corresponding valuing prices by relying on the PCR algorithm in accordance with the procedures and criteria defined in the Technical Rules. In particular, among all the solutions processed by the PCR algorithm (within the processing time limits that are shared within the PCR framework and indicated in the Technical Rules), the market solution identified is the one at which the net value of the resulting daily transactions in all the energy markets involved in market coupling is maximum and satisfies other requirements indicated in the same paragraph.

2. Criteria and procedures to define the results of the MGP and of the MI-A used by the PCR algorithm

As part of the market coupling process, GME defines the results of the MGP and of the MI-A, using the PCR algorithm, within the process to define the results of all European markets involved in said process.

In addition to satisfying the requirements shown in Article 41 and Article 54 of the ME Rules, respectively, and valid for the Italian market, the PCR algorithm ensures that the solution found for the MGP and MI-A, respectively, is part of a set of solutions to be applied to the other European markets involved in market coupling that, in turn, comply with the requirements of these markets.

The description of all the rules implemented by the PCR algorithm for determining the results of the European markets involved in market coupling is described in the document titled “EUPHEMIA Public Description - PCR Market Coupling Algorithm”, published on GME's website:

Price Coupling of Regions (PCR) (mercatoelettrico.org)

3. Time limits for processing the results of the MGP and MI-A shared within the PCR

Within the PCR, the algorithm has a maximum processing time of 30 minutes for the MGP and 4 minutes for the MI-A to find the set of one or more solutions, among which, after this period, the solution for the market results to be implemented for all markets involved in market coupling is identified, according to the criteria shown in the ME Rules and in the document mentioned in paragraph 2. Only if no solution is found within the above time limits, will the PXs of the PCR reserve the right to extend the maximum processing time of the PCR algorithm, with a view to safeguarding the proper functioning of their markets.