

# Italian Electricity Market FAQs

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- This document provides you with an overview about the organization and management of the **Electricity Market (ME)** in Italy and a list of frequently asked questions on how it works and how to access it.
- [Contact](#) us if you do not find the answer to your questions.

## DESIGN

- ME relies on a **central dispatching** model where unit schedules and dispatching are determined by TERNA within the integrated scheduling process.
- Bids/offers must mandatorily refer to a point of the transmission grid that identifies a generation/consumption unit located in Italy or a virtual unit\*. Such a design qualifies ME as a pure **physical market** where no financial trading is possible.
- **GME** is the Italian Market Operator responsible for the organization and management of ME in Italy according to art 5 of the Legislative Decree 79/99.

\* is a virtual production/consumption unit located in the foreign virtual bidding zone of the Italian market assigned by TERNA to a market participant for selling/purchasing the importing energy on a specific border through Physical Transmission Rights auctioned by TERNA.

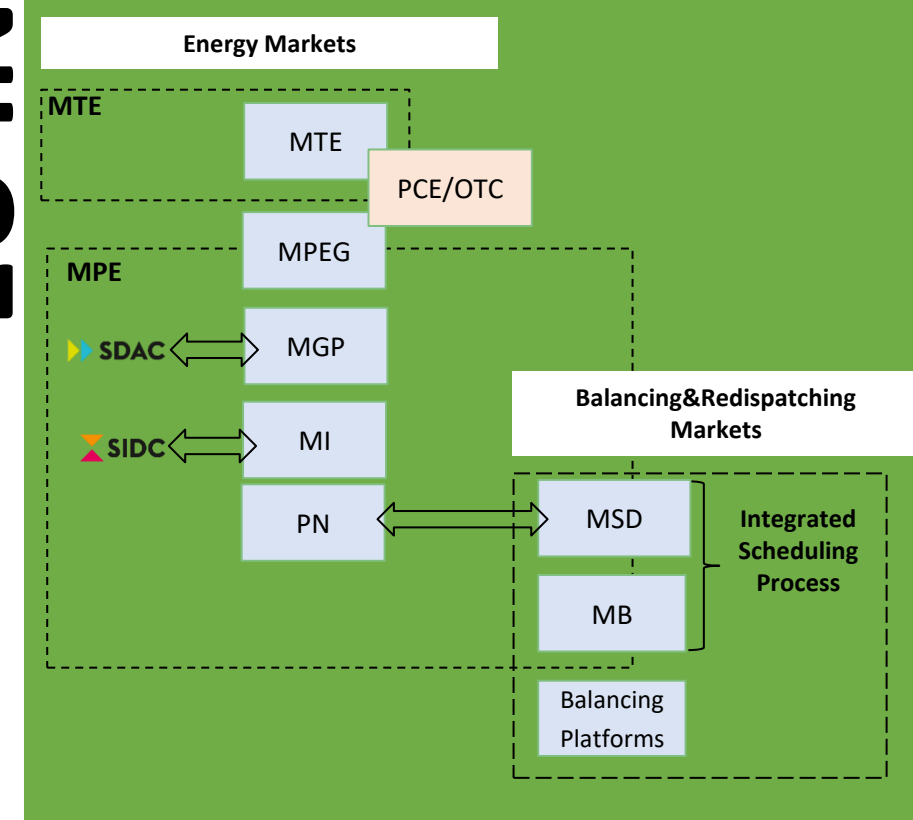
## MARKET PLATFORMS

- ME consists of spot markets **MPE** and forward electricity markets **MTE**.
- Beside the market based procurement, the sale and purchase of electricity in Italy is also allowed through the registration of bilateral contracts (OTCs) on the Forward Account Registration Platform **PCE**.
- GME manages the IT platforms of MPE, which consists of:
  - **MGP - THE DAY AHEAD MARKET**
  - **MI - INTRA-DAY MARKET**
  - **MPEG - DAILY PRODUCT MARKET**
  - **MSD\*\* - ANCILLARY SERVICES MARKET**
  - **PN - NOMINATION PLATFORM**
- GME manages the IT platforms of:
  - **MTE – FORWARD ELECTRICITY MARKET**
  - **PCE – FORWARD ACCOUNT REGISTRATION PLATFORM**

\*\*MSD are the IT platform operated by GME where Terna procures contracts for the dispatching and for global ancillary services. For all the other ME platforms GME acts as CCP.

## EU INTEGRATION

- The national markets, MGP and MI, are integrated respectively with the **SDAC** (PCR) and **SIDC** (XBID&IDA)
- SDAC and SIDC are initiatives set by the EU regulation **CACM** for the implementation of cross border trading across Europe.
- GME is designated in accordance with CACM, as Nominated Electricity Market Operator **NEMO** for the development and operation of SDAC and SIDC together with the NEMOs and TSOs of the EU member States.



- 1. I am interested in the Italian electricity market. Is there any material available on GME website?** Yes, there is. From the [Markets Access](#) section of GME homepage you can browse through the [Electricity Market](#) (ME) section and [Forward Account Registration Platform](#) (PCE) section and consult all relevant information regarding the rules, how to participate, how to operate, fees, settlement and guarantee system. For technical documents please refer to the [Library](#) and for user guides refer to [Guidelines Facilitating Access to and Participation in GME's Electricity Market](#) and [Vademecum of the PCE](#), available in the [Manuals](#) section.
- 2. My company is interested in trading electricity in Italy. Which are the requirements to trade on ME?** The marketplace for trading electricity in Italy is the ME. You are eligible to trade on ME if you are the owner of generation/consumption units or the holder of virtual units connected to the grid, i.e you have signed a BRP contract with TERNA and thus received the identification code of the offer points in respect of which you are entitled to submit bids/offers on ME. In order to trade on ME you must apply for the market admission to GME. You can be admitted to ME even if you are not BRP however trading is only possible if the user is also a BRP or a delegate agent.
- 3. Is being BRP is a requirement to trade in ME?** No, it is not. According to ME rules the requirement is to be admitted to the ME in order to submit offers/bids referred to portfolios composed by the units connected to the grid. This possibility is granted to a Market Participant (MP), see FAQ4, who is BRP or to its delegated agent, the latter not necessarily BRP, upon notification to GME.
- 4. How to join ME?** In order to become an ME Market Participant and trade on ME platforms, follow the [ME admission process](#). Upon admission the applicant shall acquire the status of ME MP.

- 5. I am a foreign trader with no generation/consumption units located in Italy. How can I import/export electricity in/from Italy?** If you are a foreign trader without a generation/consumption unit located in Italy you can import/export electricity in/from Italy through virtual units (UVP/UCP) in case you are the owner of PTRs on the interconnection with France, Austria, Switzerland, Slovenia, Greece and Montenegro. PTRs are auctioned by JAO on behalf of TERNA. The process is out of scope of GME.
- 6. My company is interested in the bilateral negotiation of electricity. What are the requirements to join PCE?** The marketplace for the negotiation of bilateral contracts is PCE. Being a member of PCE implies that you sign the PCE Membership agreement with GME. Being BRP is not a requirement to conclude negotiations on PCE.
- 7. Is being BRP a requirement to register a trade on PCE?** No, it is not. According to PCE rules there are three different options to register trades in PCE: 1) Being BRP of injection/withdrawal points; 2) being mandated by a BRP for its injection/withdrawal points; 3) request GME to have a forward account under art. 28 bis of the [PCE Rules](#). This can be done only by PCE members who are also ME MP (see FAQ4). This type of account gives the possibility to its holder to register only OTC purchasing position. Since this purchasing positions cannot be nominated to any withdrawal point, they are automatically converted into sales in MGP.
- 8. How to join PCE?** In order to become a PCE participant and register bilateral contracts on the PCE platform follow the admission process described here [How to participate](#). Upon admission, the applicant shall acquire the status of PCE MP.



- 9. Being a ME MP implies also be a MP PCE?** No. The admission process for Me and PCE are different, see FAQ4 and FAQ8.
- 10. My company is interested in joining the Italian MI. What are the conditions?** The marketplace for trading electricity in the intraday timeframe (MI), as well as day ahead, in Italy is ME, see FAQ2. In order to be able to operate on MI, it is necessary to be qualified as an ME operator.
- 11. Joining ME implies being participant of the Balancing Markets:** Yes, MSD is part of ME platforms managed by GME though is the marketplace where Terna procures the resources required for managing and monitoring the intra-zonal congestions, creation of energy reserve, real-time balancing. In the MSD, Terna acts as a central counterparty and accepted offers. The MSD consists of a scheduling substage (ex-ante MSD) and Balancing Market (MB).
- 12. Is there any fee for operating ME/PCE?** GME annually defines the amount of fees that electricity market participants and PCE participants pay for the services provided, seeFAQ1.
- 13. My company is building a solar plant in Italy. What are the rules of commercialization of electricity in Italy?** The process is managed according to the dispatching rules set by TERNA and out of GME's scope.
- 14. Will the PUN still be calculated in the post coupling after it is removed from the Euphemia calculation?** By 01/01/2025 (see [News Archive \(mercatoelettrico.org\)](https://www.mercatoelettrico.org)) buy bids in MGP will be accepted and valued at the zonal prices. For this reason PUN will no longer be calculated by Euphemia (SDAC algorithm). However, GME will continue to calculate an ex-post index (so called PUN index GME) for the purposes of the ME rules in Italy: 1) a reference price for MTE; 2) a price for valuing “imbalances arising on the PCE”; and 3) a reference price for MPEG.