Technical Rule no. 10 rev2 MGAS

(under article 4 of the Gas Market Rules, approved by the Ministry of Economic Development , after hearing the opinion of AEEG, on 26 November 2010)

Title	INVOICING OF PAYABLES/RECEIVABLES AND SETTLEMENT OF PAYMENTS

Reference Legislation	Article 40, Article 41, paras. 41.1, 41.3 and 41.4, Article 43, para. 43.2, Article 48, Article 49, paras. 49.1 and 49.2, Article 50 and Article 51, Gas Market Rules

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1. Foreword

Article 40, para. 40.1, and Article 41, paras. 41.1, 41.3 and 41.4 of the Gas Market Rules provide that the invoicing period for the billed payables and receivables pertaining to the MGAS and the invoicing modalities and time periods shall be defined in the Technical Rules.

Article 43, para. 43.2 of the Gas Market Rules provides that the procedures and time limits for invoicing the yearly fixed fee shall be defined in the Technical Rules.

Article 48 of the Gas Market Rules provides that the modalities and time limits for determining the net positions of each Market Participant and for communication of the results of the clearing shall be specified in the Technical Rules.

Article 49, paras. 49.1 and 49.2 of the Gas Market Rules stipulate that the modalities and time limits for payments by Market Participants that are net debtors towards GME, as well as those for late payments shall be defined in the Technical Rules.

Article 50 of the Gas Market Rules provides that the procedures and time limits for the payment of the fees shall be defined in the Technical Rules.

Article 51 of the Gas Market Rules provides that GME shall pay the amounts owed to Market Participants that are net creditors towards GME in accordance with the modalities and time limits defined in the Technical Rules.

2. Invoicing period

The invoicing period for the billed payables and receivables pertaining to the MGAS shall be the calendar month.

3. Time periods for notifications

For each invoicing period, within the tenth working day of the month following the last day included in the invoicing period, GME shall provide

a. each Market Participant that is debtor towards GME with one or more files, called "pro-forma invoice notifications", with the sum of payables in respect of all bids/offers accepted in the MGP-GAS and in the MI-GAS;

b. each Market Participant that is creditor towards GME with one or more files, called "pro-forma invoice notifications", with the sum of all receivables in respect of all bids/offers accepted in the MGP-GAS and in the MI-Gas;

c. each Market Participant with one or more files, called "pro-forma invoice notifications", with the sum of the fees due for all transactions made in the MGP-GAS and in the MI-GAS.

4. Time periods for invoices issued by GME

For each invoicing period, within the tenth working day of the month following the last day included in the invoicing period, GME shall provide:

a. each Market Participant that is debtor towards GME with one or more invoices, with the sum of payables in respect of all bids/offers accepted in the MGP-GAS and in the MI-GAS;

b. each Market Participant with one or more invoices with the fees due for all transactions made in the in the MGP-GAS and in the MI-GAS;

c. each Market Participant that is debtor towards GME with one or more invoices, with the sum of the values of penalties, if any, attributed to the Market Participant under Article 26, para. 26.6 and Article 34, para. 34.6 of the Gas Market Rules.

GME shall issue an invoice to each Market Participant for the yearly fixed fee: i) for the first twelve months, within the third working day of the month following the date of admission as per Article 14, para. 14.4 of the Gas Market Rules; and ii) subsequently, every twelve months.

5. Time periods for invoices received by GME

For each invoicing period, within the tenth working day of the month following the last day included in the invoicing period, each Market Participant that is creditor towards GME shall send to GME one or more invoices with the sum of receivables in respect of all bids/offers accepted in the MGP-GAS and in the MI-GAS.

6. Clearing of payables/receivables and notification of balances to be settled

Under Article 48 of the Gas Market Rules, GME shall determine the net position, of debit or credit, of each Market Participant, on the basis of the clearing of the amounts (including VAT, where applicable) invoiced as per paragraphs 4 a) and b) and 5 above.

Within the tenth working day of the month following the last day included in the invoicing period, GME shall notify each Market Participant of the result of the determinations referred to in this paragraph, based on which the payments referred to in paras. 7 and 8 below shall be made.

7. Settlement of payments

7.1 Settlement of payments by Market Participants that are net debtors

Where, as a result of the determinations referred to in para. 6 above, Market Participants are net debtors towards GME, they shall pay the amount due (as per Article 49, para. 49.1 of the Gas Market Rules) to the bank in charge of the Gas Market treasury services; the payment shall be made by 10:30 of the fifteenth working day of the month in which the notification referred to in para. 6 above has been made and with value date on the same day.

Net debtor Market Participants failing to pay within the above-mentioned time limit may pay the amount due (as per Article 49, para. 49.2 of the Gas Market Rules) to the bank in charge of the Gas Market treasury services, by 10:30 of the fifth working day following the expiration of the above time limit.

The date and time of the crediting of the above payments to GME's bank account shall be those recorded by the information system of the bank in charge of the Gas Market treasury services.

7.2 Settlement of payments to Market Participants that are net creditors

GME shall make payments to Market Participants who qualify as net creditors towards GME as a result of the determinations referred to in para. 6 above. Where GME receives the invoice within the time limit specified in para. 5 above, it shall make the payments to each creditor Market Participant within the sixteenth working day (value date on the same day) of the month in which it has received the invoices.

The date and time of debiting GME's bank account for the above payments shall be those recorded by the information system of the bank in charge of the Gas Market treasury services.

On the sixteenth working day of the month in which the notification referred to in para. 6 above has been given and with value date on the same day, GME shall - under Article 51, para. 51.2 of the Gas Market Rules - pay to its net creditors an amount equal to the ratio of the amount (as per Article 49, para. 49.1 of the Gas Market Rules) paid by debtor Market Participants to the overall credits (as per Article 48, para. 48.1 of the Gas Market Rules) that GME has accrued towards net debtor Market Participants.

Within the fifth working day following the above-mentioned time limit and with value date on the same day, GME shall - under Article 51, para. 51.3 the Gas Market Rules - pay to its net creditors an additional amount equal to the ratio of the amount (as per Article 49, para. 49.2 of the Gas Market Rules) paid by net debtor Market Participants to the overall credits (as per

Article 48, para. 48.1 of the Gas Market Rules) that GME has accrued towards debtor Market Participants.

Where, in compliance with Article 52, para. 52.1 of the Gas Market Rules, GME redeems the guarantees referred to in Article 45, para. 45.1 of the same Rules, it shall pay *pro quota* the residual net debits on the basis of the amount collected from redemption, within 5 working days from the date of collection of said amount.

8. Time limits for settlement of fees

Each Market Participant shall pay the amounts due under Article 50, para 51.1 of the Gas Market Rules within the following time limits:

- within the sixteenth working day of the month in which GME has made available the related invoice and with value date on the same day, for the fees referred to in Article 41, para. 41.1 c) of the Gas Market Rules;
- within thirty calendar days from the date of issuing of the invoice and with value date on the same day, for the fees mentioned in Article 43, paras. 43.1 of the Gas Market Rules;
- within the last working day of the month in which the invoice has been issued and with value date on the same day, for the fees referred to in Article 43, para. 43.2 of the Gas Market Rules.

Within the same time limits, the Market Participant shall send to GME a copy of the document giving evidence of the payment.

The date and time of the crediting of the above payments to GME's account shall be those recorded by the information system of the bank in charge of the Gas Market treasury services.

9. Payments

All payments, from GME to Market Participants and from Market Participants to GME, shall be made under the "BIR - Bonifico di importo rilevante" bank transfer procedure. GME's IBAN code to be used for the bank transfer is posted on GME's website (www.mercatoelettrico.org). If the payment cannot be made under the BIR procedure, because banking rules do not permit the use of such procedure for the amount to be transferred, the payment may be made under the "Bonifico Urgente" urgent bank transfer procedure.

10. Invoices issued by GME

GME's invoice consists of an XML file, which is provided to Market Participants through the "MESettlement" platform. The file may be displayed through an appropriate Style-Sheet. Depending on the number of purchase transactions made by the Market Participant, GME may issue multiple invoices under the technical procedure outlined herein.

The following is an example of the XML file that GME uses for issuing invoices. The analysis of the layout of the file is useful to understand the meaning of the data which are shown in the invoice. The XML file is an electronic medium, consisting of fields and sets of fields, whose data can be directly processed.

The invoice file in XML format includes 6 sets of fields:

a. the <Fattura> (invoice) set, i.e. the one with the highest hierarchical level, corresponding to the overall invoice;

b. the <HeaderFattura> (invoice header) set, inside the <Fattura> set, consisting of fields with accounting and taxation references, as well as the identification data of the issuer and of the recipient;

c. the <Summary1> set, inside the <Fattura> set, having the same hierarchical level as <HeaderFattura>; this field displays: the data grouped by VAT rate applied to the invoiced transactions and, separately, the taxable amount (<AMOUNT>), the code of the applied VAT rate (<TAX_CODE>), the tax amount (<TAX_AMOUNT>), the total amount (<TOTAL_AMOUNT>), the VAT rate (<TAX_RATE>) and the quantity in MWh (<QUANTITY>);

d. the <Summary2> set, inside the <Fattura> set, having the same hierarchical level as <HeaderFattura>; this field displays: the data grouped by market and by VAT rate applied to the invoiced transactions and, separately, the taxable amount (<AMOUNT>), the code of the applied VAT rate (<TAX_CODE>) and the quantity in MWh (<QUANTITY>);

e. the <Elencolinee> (list of lines), inside the <Fattura> set, having the same hierarchical level as <HeaderFattura> and consisting of multiple subsets, each dedicated to the individual transaction making part of the invoice;

f. the <Linea> (line) set, inside the <ElencoLinee> set, showing the detailed data of each transaction making part of the invoice.

11. Invoices received by GME

To enable Market Participants selling in the Gas Market to issue invoices, GME shall make available one or more XML files, ready to be converted into Market Participants' invoices to GME.

The layout of these files is identical to the one of GME's invoice files. As is obvious, the sets of lines describing the identification and tax data of the issuer and of the recipient will be different, because in this case the issuer of the invoice is the Market Participant and the recipient is GME. The fields that have differences with respect to GME's invoice file are as follows:

a. <DOCUMENT>C</DOCUMENT>; in this field, the code C = notification is used instead of F = invoice;

b. <TRX_TYPE>OFF</TRX_TYPE>; in this field, the code OFF = sale to GME is specified instead of BID = purchase from GME;

c. <INVOICE_NUMBER>_</INVOICE_NUMBER>; this field is blank because the registration code of the invoice is to be assigned by the Market Participant;

d. <INVOICE_DATE_</INVOICE_DATE>; this field is blank because the issuing date of the invoice is to be assigned by the Market Participant.

12. Conversion of GME's notification into Market Participant's invoice to GME

The conversion of GME's notification into a Market Participant's invoice to be made available to GME requires three steps:

a. replacing C with F in the <DOCUMENT> field; this means that it is an invoice and not a mere reuse of GME's notification;

b. completing the <INVOICE_NUMBER> field;

c. completing the <INVOICE_DATE> field in the yyyymmdd format. For instance, if the date of 5 May 2010 is to be specified, then the format will be 20100505;

d. completing the optional <INVOICE_NOTE1> field with communications, if any, that the Market Participant wishes to make to GME.

13. Sending of XML files

The XML files with notifications and invoices shall be made available on the "MeSettlement" electronic platform under the procedures described in the specific user manual posted on GME's website (www.mercatoelettrico.org).

14. Correction of invoicing errors

Where complaints are accepted in accordance with Article 66, para. 66.1 of the Gas Market Rules, the amounts referred to in paragraphs 3 a. and b. and 4 a. and b. above shall be up- or down-adjusted.

Where the accepted complaint concerns an invoice issued by GME under para. 4 a. and b. above, GME shall issue a debit/credit memo in accordance with Article 67, para. 67.5 of the Gas Market Rules.

Where the accepted complaint concerns a notification sent by GME to the Market Participant under para. 3 a. and b. above, GME shall - in accordance with Article 67, para. 67.5 of the Gas Market Rules - issue a new notification or correct the previously issued one.

Where the Market Participant issues an invoice to GME and its taxable amount or VAT amount do not match those specified in the related notification sent by GME as per para. 3 b. above, the Market Participant shall issue a credit/debit memo for up- or down-adjusting or reversing the amounts incorrectly stated in the invoice.

The credit/debit memos and notifications described in this paragraph may be XML files and may be sent as attachments to an e-mail message.

The credit/debit memos and notifications described in this paragraph may also be produced on paper medium and sent by mail. In this instance, a copy of the debit/credit memo or of the notification shall be sent by fax.

Appendix: VAT codes

The following tables show the VAT codes used in XML files.

VAT CODES FOR MARKET PARTICIPANTS' PURCHASES	DESCRIPTION
V1	▪ Domestic supplies ▪ VAT rate = 21%
V2	▪ Supplies of gas, as per no. 103), Part III, Table A, annexed to Decree of the President of the Republic (DPR) 633/72 ▪ VAT rate = 10%
V3	▪ Supplies to the so-called "esportatori abituali" (exporters on a permanent basis), as per Art. 8, para. 1c, DPR 633/72 ▪ VAT rate = 0%
VA	▪ Supplies to EU customers, not subject to VAT as per Article 7bis, para.3, DPR 633/72 ▪ VAT rate = 0%
VB	▪ Supplies to non-EU customers, not subject to VAT as per Article 7bis, para.3, DPR 633/72 ▪ VAT rate = 0%
V8	▪ Supplies not subject to VAT as per Article 7ter DPR 633/72 – Article 44, Directive 2006/112/EC ▪ VAT rate = 0%
W0	▪ Not subject to VAT as per Article 15, para. 1, no. 1, DPR 633/72 VAT rate = 0%

VAT CODES FOR MARKET PARTICIPANTS' SALES	DESCRIPTION
A1	▪ Domestic supplies ▪ VAT rate = 21%
A2	▪ Supplies of gas, as per no. 103), Part III, Table A, annexed to DPR 633/72 ▪ VAT rate = 10%
A6	▪ Supplies not subject to VAT, as per art. 38, Directive 2006/112/EC ▪ Reverse charge