



Consultation Document. 03/2015

Fuel markets

Rules of the Mineral-Oil Logistics Platform (P-LOGISTICS) and THE Platform for exchange of liquid petroleum products for transport (P-OIL) and Form to collect the data on monthly capacity of storage and transit of mineral oils.

1. Premise

This consultation document contains, respectively, the proposed Rules of the Mineral-Oil Logistics Platform (P-LOGISTICS) as set forth in Art. 21, paragraph 1, of Legislative Decree no. 249 dated December 31, 2012 (Legislative Decree no. 249/2012) and the Platform for exchange of liquid petroleum products for transport (P-OIL)) as set forth in Art. 22, paragraph 1, of Legislative Decree no. 249/2012.

This consultative process is initiated by GME in implementation of the provisions referred to in Article 3, paragraph 1, of Ministerial Decree no. 16618 on the establishment of the Mineral-Oil Logistics Platform and in Article 3, paragraph 1, of Ministerial Decree no. 18817 on the establishment of the Fuels Platform, implemented by the Ministry of Economic Development, under the provisions of Legislative Decree no. 249/2012, and containing general principles that Gestore dei mercati energetici S.p.A. (GME) must follow while preparing proposals for the operation rules of the P-LOGISTICS and P-OIL.

Together with the aforementioned proposals for rules, GME allows stakeholder consulting the Form for the data collection on monthly capacity of storage and transit of mineral oils, whose approval will be done by the Minister of Economic Development, pursuant to Article 21, paragraph 3, of Legislative Decree no. 249/2012, with the same decree approving the rules of operation of the P-LOGISTICS.

Interested parties must submit, in writing, their comments regarding the DCO in question to GME - **Institutional Relations and Communication**, no later than September 30, end of the closing of this consultation by one of the following ways:

- e-mail: info@mercatoelettrico.org
- fax: +39 068012-4524
- mail: **Gestore dei mercati energetici S.p.A.**
Viale Maresciallo Pilsudski, 122 - 124
00197 – Rome (Italy)

Those wishing to safeguard the confidentiality or secrecy, in whole or in part, of the documents sent are required to indicate which parts of their documents shall be treated as confidential.

2. Introduction

Legislative Decree no. 249 of December 31, 2012 (hereinafter referred to as Legislative Decree. 249/2012) in transposition of Directive 2009/119/EC of the EU Council of September 14, 2009 - laying down the obligation for Member States to maintain minimum stocks of crude oil and/or petroleum products - has set itself the goal of strengthening national legislation regarding emergency oil stocks, as well as promoting

the level of competition in the oil sector, thus expanding the opportunities for supply and procurement of logistics services and petroleum products.

In particular, as part of the pro-competitive actions promoted by the Legislative Decree 249/2012, Gestore dei mercati energetici S.p.A. (GME) was entitled to set up, organize and manage: (i) a market of the **mineral-oil logistics platform** (P-LOGISTICS) aiming to facilitate the trade of logistics capabilities in the short, medium and long term (Article 21, paragraph 1, of Legislative Decree no. 249/2012); (ii) a **platform of wholesale market of oil products** (P-OIL) aiming to encourage the trade of liquid petroleum products for motor vehicles (Art. 22, paragraph 1, of Legislative Decree no. 249/2012), whose establishment criteria and the organization and management configurations were determined, in implementation of the aforesaid provisions of the Decree 249/2012, the Ministry of Economic Development, through special Decrees.

More specifically, on August 9 2013, the Ministry of Economic Development implemented the Decree no. 16618 on the establishment of the oil logistics platform and the Decree no. 16617 on the establishment of the fuels platform (hereinafter collectively referred to as the Decrees), containing the general principles that GME must follow when drawing up its proposals for the participants in these platforms.

While identifying the criteria of the new platforms, the Ministry of Economic Development in the aforementioned Decrees (Art. 3, paragraph 1) provides, inter alia, that GME elaborates proposals for regulation of the P-LOGISTICS and the P- OIL, subjecting them to a subsequent public consultation *in order to identify the real needs of those wishing to make use of the platform and to facilitate the matching of supply and demand* (...).

In order to give effect to the provisions referred to above, with this document, GME submits to public consultation of the stakeholders: the **Proposed Rules of the operation of the P-LOGISTICS** and the **Proposed Rules of the operation of the P-OIL** in order to collect observations and insights on the operational rules of the above-mentioned platforms.

This consultation follows and takes into account the findings of the two previous consultative processes held by GME with reference to the possible models of organization of the two market platforms by, respectively, the DCO 02/2014 concerning *First orientations on the establishment of the Mineral-Oil Logistics Platform* as set forth in Art. 21, paragraph 1, of Legislative Decree no. 249/2012 and the DCO no. 03/2014 concerning *First orientations on the establishment of the Platform for exchange of liquid petroleum products for transport* as set forth in Art. 22, paragraph 1, of Legislative Decree no. 249/2012.

On this occasion, given the provisions of Art. 21, paragraph 3, of Legislative Decree no. 249/2012 (taken from Article 3, paragraphs 6 and 7 of the Ministerial Decree no. 16618), which provides that, with the same decree approving the rules of operation of the P-LOGISTICS, the Ministry of Economic

Development will provide the *operating modes with which the owners of the storage depots of mineral oils and mineral oil processing plants, will have to notify GME, from the date of launch of the platform (i.e. the P-LOGISTICS) the data on the monthly capacity of storage and transit of mineral oils used for their own, the capacity available for use by third parties, and the data relating to the capacity committed* under contracts entered into as part of this consultation document. GME submits for consultation to stakeholder also the proposed "**Model to detect the data on the monthly capacity of storage and transit of mineral oils**", which will be the subject of platform for the detection of those data on the storage capacity of mineral oils (PDC - oil), currently regulated and managed by GME for the annual collection of data storage capacity of mineral oils.

The contents of this document are therefore organized as follows:

- Chapter 3 shows the **Proposed rules of the P-LOGISTICS**.
- Chapter 4 describes the **Proposed model to collect the data on the monthly capacity of storage and transit of mineral oils**.
- Chapter 5 shows the **Proposed rules of the P-OIL**.

3. Proposed Rules of the P-LOGISTICS

3.1. General principles

For the purpose of establishment of the logistics platform of mineral oils (P-LOGISTICS), Article 1 (Principles of establishment of the Platform), paragraph 2, of the Ministerial Decree no. 16618 of August 9, 2013, provides that "*the platform operates under conditions of neutrality, transparency and competition with the aim to make available to all interested parties a tool in order to disclose and trade the logistics capabilities available in the short, medium and long term and their related economic conditions and taking into account the relevant functional constraints, including through the use of standardized models.*"

GME has, therefore, called the proposed rules of operation of the platform P-LOGISTICS, described below and annexed to this document (**Annex A**), in accordance with such principles of the establishment of the platform, providing, inter alia, the general principles underlying such rules, that:

- GME shall exercise its functions in an open and non-discriminatory manner;
- GME will take an organizational structure suitable for preventing conflicts of interest, real or potential, and control procedures for verifying compliance with the Rules of the P-LOGISTICS;
 - participants are required to conform their behavior to the principles of ethics and good faith.

In order to strengthen the effectiveness of these forecasts, GME has also provided for the implementation of appropriate disciplinary measures against the participants of the P-LOGISTICS, whose conduct may result in violation of the provisions contained in the rules of operation of the platform.

All rules of operation of the P-LOGISTICS will be contained within the body of rules, called "Rules of the trading platform of logistics services for mineral oil (P-LOGISTICS)" subject to the approval of the Ministry of Economic Development under Article 21, paragraph 3, of Legislative Decree no. 249/2012. Any technical-operational and procedural provisions in the Rules will instead be enclosed in a special Technical Operation Manual.

3.2. Services tradable on the P-LOGISTICS

They will be traded on the P-LOGISTICS storage and transit services related to mineral oils, such as gasoline, diesel, biofuels and jet fuels of kerosene type, as well as the services made available through the logistics capabilities relative to other categories of mineral oils that may be identified by Ministry of Economic Development, in accordance with Article 2, paragraph 2, of the Ministerial Decree no. 16618 of August 9, 2013, and published by GME on its website. In particular, storage services relate to the reception, ex-warehouse, and storage of mineral oils allowed by the P-LOGISTICS, while the transit service pertains to the reception, ex-warehouse, storage, handling and delivery of oils minerals admitted to trading on the P-LOGISTICS.

Is it believed that the definitions of minimum logistic services, that is, the storage and transit services proposed above, could represent/describe a minimum level of service? Are there other items above not considered that could instead be entered in each service definition?

3.3. Requirements for participation in the P-LOGISTICS

They will participate in the P-LOGISTICS those who have adequate experience and expertise in the use of telematics systems and related security systems, or those who have employees or assistants with such professionalism and expertise.

They will not participate in the P-LOGISTICS those who have been excluded as a result of non-payment of fees for participation in the platform, against which, at the date of submission of the new application, GME still boast an outstanding claim.

Those who intend to participate in the P-LOGISTICS must submit to GME the application form and any additional documentation, completing upon the first access directly the web form that will be available on the platform.

Participants will access the P-LOGISTICS through appropriate procedures prearranged to ensure their identification and authenticity and confidentiality of transactions made through the P-LOGISTICS. Participants will be required to keep and maintain the confidentiality of the access codes and any other data or device required for access to the computer system of the P-LOGISTICS.

Is it considered necessary to request, upon registration, additional requirements or permissions in order to allow participation in the P-LOGISTICS only to certain categories of market operators?

3.4. Model and mechanism of operation of the P-LOGISTICS

The market model proposed by GME with reference to the establishment of the P-LOGISTICS is a "bulletin board display" in which participants wishing to offer their logistics services can enter their sale notices and those wishing to purchase these services will view and express interest in one or more notices on the bulletin board display. In other words, the model of the P-LOGISTICS will be the one of a bulletin board display, regulated and managed by GME, within which participants can:

- published, anonymously, their notices involving oil logistics services;
- view and express interest in one or more notices in the bulletin board display.

Notices submitted by participants on the bulletin board display of the P-LOGISTICS will be published anonymously (without specifying the proposing participant) and will qualify as a mere expression, non-binding, of the availability for sale of oil logistics services. The sale notices, for each logistics service, must include at least the following minimum information:

- the amount of the service;
- the unit price of the service;
- the type of service (transit, storage);
- the type of storage (segregated, mixed);
- the type of mineral oil;
- the location;
- the length of the service (start-end of the service);
- the date of expiry of the service.

Besides this minimum information - that must be specified by the participants by means of filling a specific web form made available on the platform - the participants could specify, within the same notice published in the bulletin board display, other additional information. The notices will be displayed on the bulletin board, by those participants registered to the platform, based on the characteristics of the service object of the same notice.

Following the submission of the notices, GME will carry out the validation checks and check that:

- the participants is not suspended from the P-LOGISTICS;
- the notice contains at least the minimum information above.

Where validity checks are successful, the notice will be published on the bulletin board display. Otherwise, the GME's information system will reject the notice, specifying to the participant the reason for invalidity.

The responsibility for the correctness and accuracy of the data and information for each notice on the P-LOGISTICS will remain in any case only on the participant that publishes them. GME is not and will not in fact be held liable for any damages arising from use of the information on the P-LOGISTICS.

The notices published in the bulletin board display of the P-LOGISTICS can be viewed only by those registered in the platform, unless suspended by the same, who can therefore express interest in such notices.

Following an expression of interest with respect to one or more notices, GME will make known to the proposing participant the notice, using a special communication sent through the platform, the full name of the participant who has expressed interest in one or more notices, including the identification code of each notice.

If the participant proposing a notice agrees to get in touch with the entity who has expressed an interest, the platform will send the identification code of the latter, the data identifying the proposing participant, as well as those related to the logistics service, including additional information if any.

If the participant proposing a notice rejects to contact with the entity who has expressed an interest, the platform will send appropriate notification to the latter containing the notification of the decision.

The eventual conclusion of the contract between the participant proposing the notice and the participant interested in the same notice will take place outside of the platform and, in any case, neither the notice nor the expression of interest will constitute a commitment to trade or to conclude contracts between the participants involved.

Are there other data and information not taken into account that should be included among those listed in this paragraph?

3.5. Units of measurement implemented on the P-LOGISTICS

For the purposes of the Rules:

- the unit of measurement of the available capacity of the logistics services will be Ton/day, with specification of a decimal;
- the unit of measurement of the unit prices of the available capacity of the logistics services will be the EUR/(ton / day), with specification of a decimal.

All roundings are performed by applying the mathematical criterion. In particular, figures are rounded up or down to the nearest last decimal allowed and, if the result is halfway, they are rounded up.

In relation to the unit of measure of the available capacity and its unit prices, is it believed that the ton/day and the EUR/(ton / day) may, respectively, be considered as the unit of reference for the P-LOGISTICS ? Do you agree with the proposal of the specification of a sole decimal?

4. **Model to detect data on the monthly capacity of storage and transit of mineral oils**

4.1. General principles

Article. 21, paragraph 3, of Legislative Decree no. 249/2012 states that, with the same decree approving the rules of operation of the P-LOGISTICS, the Ministry of Economic Development will provide the operating modes with which the holders of deposits of mineral oil storage and mineral oil processing plants, will notify GME, from the date of launch of the platform (i.e., the P-LOGISTICS), the data on the monthly capacity of storage and transit of mineral oils used for their own, the available capacity for use by third parties, and the data relating to the capacity committed under the contracts signed.

In application of the just described::

- Article 3, paragraph 6 of the Ministerial Decree no. 16618 provides that, from the date of launch of the platform (P-LOGISTICS), *the holders of mineral oils storage shall communicate to GME, informing the Ministry of Economic Development, the capacity figures available for use by third parties, the data capacity committed under contracts entered into, as well as those services traded on the platform, using the standard forms referred to in Article 1, paragraph 4 of the same decree, which establishes that, in order to facilitate the matching of supply and*

demand, they are expected standardized forms through which the holders or tenants of storages that use the platform will make notes and negotiate the terms of the available services;

- Article 3, paragraph 7 of the Ministerial Decree no. 16618 states that the decree approving the rules of operation of the P-LOGISTICS *has also approved the content of the forms to be used for communication of the data referred to in Article 1, paragraph 4, of the Decree, characterized by simple and transparent manners, taking into account the need to ensure rational use of logistics infrastructures, allowing for optimal planning of their activities.*

The proposed model to collect data on the monthly capacity of storage and transit of mineral oils provides the following structure:

DETECTING THE MONTHLY CAPACITY OF MINERAL OILS STORAGE AND TRANSIT

FORM TO DETECT MONTHLY CAPACITY (ref. Legislative Decree no. 249 of December 31, 2012, Art. 21)						
Company holding the authorization (the former concession) of the storage (company name, registered office, address, tax code, VAT number)						
Corporate code (it corresponds to the code assigned by MISE for stocks end)						
Category of storage (Tax; Non-tax; Customs; Authorized consignee)						
Lessee (if any) (company name, registered office, address, Tax code, VAT number)						
Code of the lessee (it corresponds to the code assigned by MISE for stocks end)						
Type of storage (integrated services; service for others only; refinery satellite)						
System name:						
Storage location (region, province, address)						
Storage code (it corresponds to the code assigned by MISE for stocks end)						
MONTHLY SURVAY	REFERENCE PERIOD month n					
	STORAGE CAPACITY(**)			TRANSIT CAPACITY(**)		
	OWN USE	CONTRACTUALLY USED	AVAILABLE FOR THIRD-PARTY USES	OWN USE	CONTRACTUALLY USED	AVAILABLE FOR THIRD-PARTY USES
PRODUCTS:	(cubic meter)	(cubic meter)	(cubic meter)	(cubic meter)	(cubic meter)	(cubic meter)
FUELS						
JET FUELS						
OILS						
O.C.						
LPG(#)						
BIOFUELS (Gasoline)						
BIOFUELS (Oil)						
BIOLIQUIDS						
TOTAL (*)						

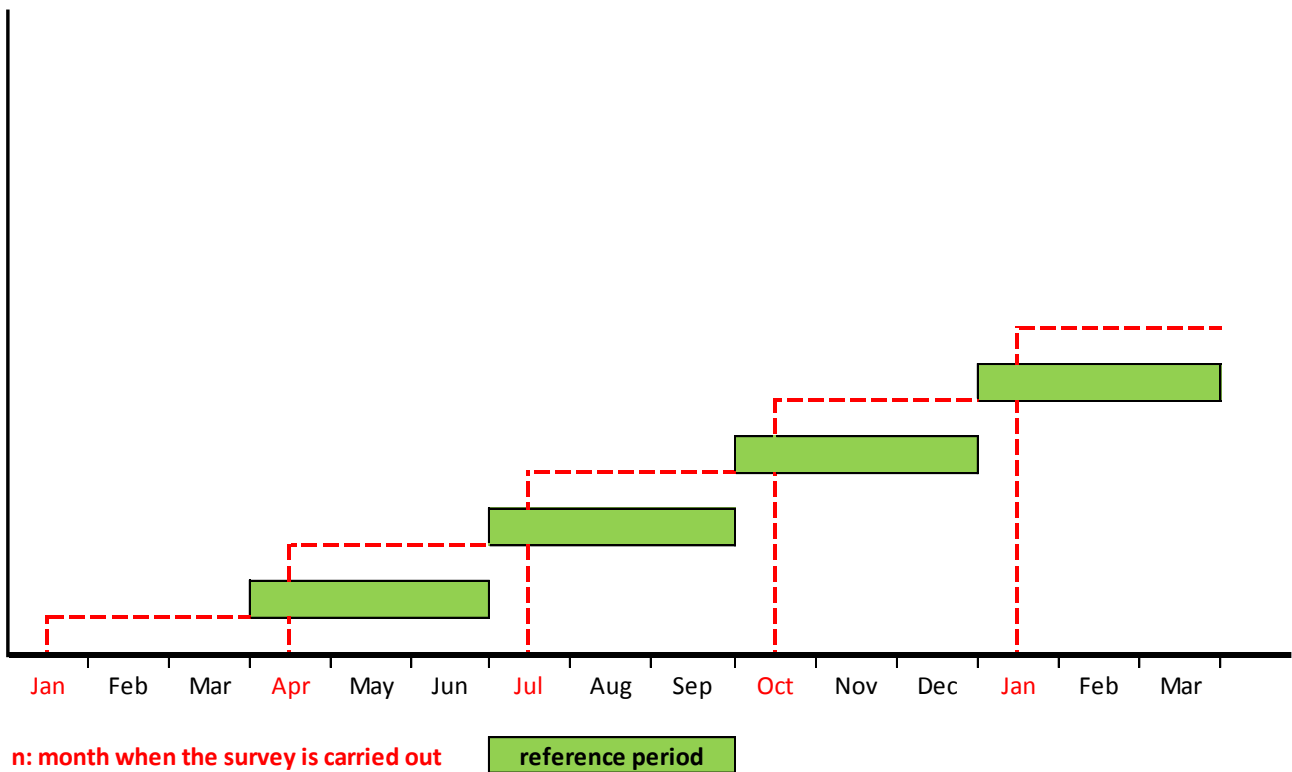
The proposed model to collect data on the monthly capacity provides a breakdown between the data detection on the monthly capacity of storage and the collection data on monthly capacity of transit. These categories are divided into:

- Capacity for own use;
- Contractual capacity involved;
- Available capacity used by third parties.

Data communication by holders of storage facilities and processing plants, recognized on the basis of the model described above, will be through the PDC-OIL platform, currently

REGULATED and managed by GME solely for gathering data from the logistics capacity, on an annual basis.

The reference period of the data reported is the month. However, in order to reduce the burden on the parties responsible in the launch phase of the P-LOGISTICS, it is proposed to provide four (4) detection points per year => data communication every quarter. In each quarterly detection, the participant must, thus, communicate the data for the following quarter period => period $n+3-n+5$, where n is the month of detection.



5. Proposed Rules of the P-OIL

5.1. General principles

For the purposes of the establishment of the Platform for exchange of liquid petroleum products for transport in Art. 22, paragraph 1, of Legislative Decree no. 249/2012 (P-oil), Article. 1 (*Establishment of the Platform*), paragraph 2, of the Ministerial Decree no. 16617 of August 9, 2013, provides that "*the platform operates under conditions of neutrality, transparency and competition with the aim to make available to all interested parties a tool allowing to advertised and trade the demand and supply of liquid petroleum products for transport (...).*"

GME has defined the proposed rules of operation of the P-OIL platform, described below and annexed to this document (**Annex B**), in accordance with such principles of the establishment of the platform, providing, inter alia, between the general principles behind the rules, that:

- GME exercise its functions in an open and non-discriminatory way;
- GME will take an organizational structure suitable for preventing conflicts of interest, real or potential, and control procedures for verifying compliance with the Rules of the P-OIL;
- participants are required to conform their behavior to the principles of ethics and good faith.

In order to strengthen the effectiveness of these forecasts, GME has also provided for the implementation of appropriate disciplinary measures against the participants of the P-ILO, whose conduct may result in violation of the provisions contained in the rules of operation of the platform.

The whole discipline of operation of the P-OIL will be contained within the body of the rules, called "Rules of the Platform for exchange of liquid petroleum products for transport (P-OIL)" subject to the approval of the Ministry of Economic Development in accordance with Article 22, paragraph 2, of Legislative Decree no. 249/2012. Any technical-operational and procedural provisions in the Rules will instead be enclosed in special Operation Rules (DTF).

5.2. Products tradable on the P-OIL

Petroleum products traded on the P-OIL are liquid petroleum products for motor vehicles namely gasoline, gas oils, biofuels and LPG as per Ministerial Decree NO. 16617 of August 9, 2013 (other than those for agriculture, fishing boat and watercraft), and the additional petroleum products specified by the Ministry of Economic Development and published by GME on its website, with delivery, ex works, taking place the next day, or the second day after the day on which the trading ended.

In order to make comparable offers for sale of the participants, in terms of price and quantity object of the service offered, is it planned to introduce a minimum definition of the product negotiable, above. Is it believed that this definition is sufficient to describe the minimum specifications of the petroleum products traded?

5.3. Requirements for participation in the P-OIL

They can participate in the P-OIL those who have adequate experience and expertise in the use of telematics systems and related security systems, or those who have employees or assistants with such professionalism and expertise.

They cannot participate in the P-OIL, however, those who are not in possession of the additional requirements under the proposed Rules ([Annex B](#)).

The party who intends to participate in the P-OIL must submit an application to GME for admission to the P-OIL, and the documents required, as well as a signed copy of the contract of accession to the P-OIL, both prepared in the manner described in the Technical Rules.

The participants will access the P-OIL through appropriate procedures prearranged to ensure their identification and authenticity and confidentiality of the transactions made through the P-OIL. Participants will be required to keep and maintain the confidentiality of the access codes and any other data or device required for access to the computer system of the P-OIL.

Is it considered necessary to require at the time of admission, authorizations or requirements in addition to those contained in the proposed rules of P-OIL ([Annex B](#)), in order to allow participation in the P-OIL only to certain categories of market participants? Can you recognize the requirements in these rules that may prevent access to the platform for certain categories of potential participants?

5.4. Model and operation mechanism of the P-OIL

The market model proposed by GME with reference to the establishment of the P-OIL will provide for a trade mode of the "catching" type by which the participant can select an offer to sell on the trading book (i.e. the video prospectus showing all the offers to sell) for the conclusion of the relevant transaction.

Offers to sell, for each product negotiable, submitted by participants through a specific web form, will be exhibited on the trade book anonymously (without specifying the proposing participant) and must contain at least the following minimum information:

- type of product offered;
- quantity;
- unit price;
- duty paid product to or suspended duty product
- geographical indication of the loading point;
- expiration date of the offer;
- delivery day.

In relation to some of the above information, it should be noted that:

- the amount will be in cubic meter;
- the unit price will be EUR/cubic meter including VAT, where applicable;
- the geographical indication of the point of load will be the municipal area
- the type of product offered refers to products that may be traded on the platform that, at least in the first phase, are:
 - Gasoline EN 228
 - Gasoline EN 228 - 100 RON (performance gasoline)
 - Oil EN 590
 - Arctic oil EN 590 (there is no specific EN; each company offers a winter diesel fuel with its own characteristics)
 - High-performance oil EN 590 (there is no specific EN; each company offers a winter diesel fuel with its own characteristics)
 - LPG
 - Biofuels

GME also aims to define a field to fill in the web form dedicated to the selling participant, which allows him/her/it to select from the following features of product delivery:

- Quantity in liters compensated at 15°C;
- Ambient temperature;
- Equalization of temperature;
- Other (fillable field).

Participants may submit offers to sell on the P-OIL only if they have previously made available, within the same platform, the contractual terms that will apply to their counterparties as a result of matching of bids on the platform. In other words, in addition to the minimum information above - to be specified by the participant by filling in a specific form made available on the web platform - participant will disclose all contractual information more than the minimum one with respect to the offers submitted.

Following the submission of offers to sell, GME will carry out the validation checks and check that:

- the participant is not suspended from the P-OIL;
- ***the offer contains at least the minimum information above.***

Where validity checks are successful, the sales offer will be published on the book. Otherwise, the GME's information system will reject the offer, specifying the reason for invalidity to the participant.

Each participant, not suspended from the P-OIL, could see the offers of sale on the trading book and the relevant contractual conditions applicable to them.

Otherwise, the GME's information system will reject the offer, specifying the reason for invalidity to the participant.

Each participant, not suspended from the P-OIL, shall select offers to sell of those participants with which that participant has been previously authorized to conclude transactions. To be able to select offers to sell, it is necessary that the participant, via the P-OIL, sends the participant from which wants to acquire the qualification, a special request and that such request is from the latter accepted. With the qualification request, the participant who submitted the request will declare to know and accept unconditionally the terms of contract, made available within the P-OIL by the participant who will present offers to sell. If the participant who has received the qualification request refuses this request, GME, through the P-OIL, will send the participant proposing qualification a special communication containing such refusals. The aforementioned authorization to trade may in any event be canceled or modified by both participants.

If a participant selects the offer to sale of a participant from what he/she/it was previously authorized, the transaction shall be deemed completed and binding only between those parties: on the P-OIL, GME will not be in fact the negotiating party of the participants.

As a result of the conclusion of a transaction on the P-OIL:

- the participant that will submit offers to sell, shall accept irrevocably to sell and deliver the quantities of petroleum products object of the transactions executed according to the contract terms made available on the P-OIL;
- the participant that will select the offer will irrevocably accept the offer to purchase and ensure and make the payments for the amounts of petroleum products object of the transactions executed according to contract terms made available by the selling participant on the P-OIL.

The delivery/collection of the amounts relating to petroleum products traded on the P-OIL will be made between the participants in compliance with the contractual conditions defined between the participants.

Is it considered sufficient information proposed in this paragraph? Do you recognize the need to modify or provide for other information?

5.5. Units of measurement implemented in the P-OIL

For the purposes of the Rules:

- the unit of measurement of petroleum products will be the cubic meter, with specification of a decimal;
- the unit of measurement of the unit prices of the petroleum products will be EUR/ cubic meter, with specification of a decimal. All roundings shall be performed by applying the mathematical criterion. In particular, figures are rounded up or down to the nearest last decimal allowed and, if the result is halfway, they are rounded up.

In relation to the unit of measurement of petroleum products and their unit prices, is it believed that the EUR/cm can, respectively, be considered as the unit of reference of the P-OIL? Do you agree with the proposal of the specification of a sole decimal?

Attachments:

- [Annex A](#) – Proposed rules for the operation of the mineral-oil logistics platform (P-LOGISTICS)
- [Annex B](#) - Proposed rules for the operation of the platform for the exchange of liquid petroleum products for transport (P-OIL)