

Technical rule no. 08 rev4 PB-GAS

(pursuant to article 4 of the Regulations of the Gas Balancing Platform, approved by “Autorità per l’energia elettrica il gas e il sistema idrico (Italian Regulatory Authority for Electricity Gas and Water)” with Decision ARG/gas 145/11 of 28 October 2011, most recently updated on a transitional basis in accordance with Decision 312/2016/R/GAS in view of the launch of the new balancing of the natural gas system)

<p>Title</p>	<p>Validation and Technical Adequacy Verification of Bids/Offers</p>
<p>Reference legislation</p>	<p>Article 21; Article 31, para. 31.3; Article 33, paras. 33.1, 33.2 and 33.3; Article 38, para. 38.3; Article 40, para. 40.2; and Article 41, paras. 41.1 and 41.2 - Regulations of the Gas Balancing Platform</p>

Entered into force on 1 October 2016 (*)

() for operations from the gas-day October 1, 2016*

1. Foreword

Article 21 of the Regulations provides that, for the purposes of performance of each MPL session, GME shall - under the procedures and within the time limits identified by GME and Snam Rete Gas in an appropriate agreement - acquire the offer points in respect to which Snam Rete Gas can request the activation of a session of the MPL for the purchase or sale of gas quantities and the updated list of users of the balancing, with an indication, for each of them, at least of the following information: the identification data, the PSV code, the identification code of the offer points to which the user is authorised to refer bids/offers, the value of the maximum exposure, as well as any additional data as per Article 33 (para. 21.1); and ii) such data shall take effect on the dates indicated in the Technical Rules (para. 21.3).

Article 21 of the Regulations provides that, for the purposes of performance of each MGS session, GME shall - under the procedures and within the time limits identified by GME and Snam Rete Gas in an appropriate agreement – acquire, for each Participant, the updated list of users, with an indication, for each of them, of the following information: the identification data, the PSV code, the identification code of the storage company, the maximum limits and the maximum value of purchases (para. 21.2); and ii) such data shall take effect on the dates indicated in the Technical Rules (para. 21.3).

Articles 31, para. 31.3, and 38, para. 38.3 of the Regulations stipulate that GME shall validate the received bids/offers within the time limit specified in the Technical Rules.

Article 33, para. 33.1 of the Regulations provides that, for the purposes of the adequacy verification of bids/offers entered into the MPL, GME shall – under the modalities and within the time limits established in the Technical Rules - acquire from Snam Rete Gas the following data for each balancing user: the value of the maximum exposure that the same user may take on towards Snam Rete Gas and the estimated imbalance price, as determined by Snam Rete Gas itself.

Article 33, para. 33.2 of the Regulations provides that, in accordance with the procedures established in the Technical Rules, a supply offer entered into the MPL shall be considered to be fully or partially guaranteed if its quantity does not exceed the maximum quantity, given by the ratio of the value of the maximum exposure that the same user may take on towards Snam Rete Gas to the estimated imbalance price, decreased by the quantity covered by supply offers having higher priority and already verified to be valid.

Article 33, paras. 33.1 and 33.3 of the Regulations provide that GME shall verify the adequacy of demand bids entered into the MPL only if Snam Rete Gas provides GME with the data and information that GME requires for such verification. In the Technical Rules, GME shall specify the data and information required for the above-mentioned adequacy verification and the related verification procedures.

Article 40, para. 40.2 of the Regulations provides that, if Snam Rete Gas fails to transmit the overall daily maximum limits of gas that each user/Participant is required to bid on the MGS of the PB-GAS within the time limits specified therein, GME shall postpone the closing of the sitting of the MGS of the PB-GAS by a maximum period to be defined in the Technical Rules, notifying Participants thereof.

Article 41, para. 41.1 of the Regulations provides that, with a view to verifying the adequacy of bids/offers entered into the MGS, GME shall acquire from Snam Rete Gas – under the procedures and within the time limits established in the Technical Rules – the following data for each user/Participant: the maximum value of purchases that the same user/Participant may make on the same Segment of the PB-GAS, as determined by Snam Rete Gas itself.

Article 41, para. 41.2 of the Regulations stipulates that, under the modalities established in the Technical Rules, a demand bid entered into the MGS shall be considered to be fully or partially guaranteed, if its amount does not exceed the maximum value of purchases that the Participant may make on the MGS, decreased by the value of demand bids having higher priority and already verified to be technically adequate.

2. Time limits for transmission of data about PB-GAS Participants

Information regarding the qualification requirements of each Participant of the PB-GAS, set forth in Article 21, paragraph 21.1 of the Rules are sent by Snam Rete Gas to GME for each MPL session for which it requires activation and produce effects only for that session, unless otherwise indicated by Snam Rete Gas.

Information regarding the qualification requirements of each Participant of the PB-GAS, set forth in Article 21, paragraph 21.2 of the Rules are sent by Snam Rete Gas to GME daily and take effect for the session that takes place after the receipt by the GME of such information.

3. Validation of bids/offers

GME will verify the validity of bids/offers within 10 minutes of receipt thereof and, within the same time limit, it will notify the proposing Participant of the outcome of the verification.

4. Sale limits on the MPL

Before the end of the sitting of the MPL, GME will receive from Snam Rete Gas the value of the maximum exposure that the user may take on towards Snam Rete Gas and the estimated imbalance price, as determined by Snam Rete Gas itself.

Based on these data, GME will determine the maximum volume that may be offered for sale (Sale Limit) by each balancing user, by calculating the ratio between the above two values.

Starting from the supply offer with the highest priority, GME will verify, for each Participant, whether the volume of each offer is lower than or equal to the Sale Limit - decreased by the volumes of the other supply offers submitted in the same sitting, having higher priority and already verified to be technically adequate. In the absence of communication by Snam Rete Gas of Sales Limits, for the purposes of the adequacy verifications, GME, in accordance with SRG and unless otherwise specified by SRG, does not apply any limit .

5. Available amount of guarantees on the MPL

Before the end of the sitting of the MPL, GME will acquire from Snam Rete Gas the maximum value of purchases that each Participant is allowed to make on the MPL and with respect to which the adequacy verifications will be carried out.

Starting from the demand bid with the highest price priority, GME will - for each Participant - check whether the value of each bid (calculated on the basis of the quoted price) is lower than or equal to the available amount of guarantees, calculated as the difference between the maximum value of admissible purchases that it has received from Snam Rete Gas and the value of the other demand bids submitted in the same sitting of the MPL, having higher priority and already verified to be adequate. In the absence of communication by Snam Rete Gas of the maximum countervalue of

purchases, for the purposes of the adequacy verifications, GME, in accordance with SRG and unless otherwise specified by SRG, makes no adequacy test.

6. Maximum gas limits on the MGS

Under Article 40, para 40.1 of the Regulations, before the closing of each sitting of the MGS Segment of the PB-GAS, GME will receive from Snam Rete Gas the maximum limits for each Participant.

If Snam Rete Gas does not provide the overall daily maximum limits of gas that each Participant may require to bid on the MGS of the PB-GAS, GME will postpone the closing of the sitting of the MGS of the PB-GAS, notifying Participants thereof.

If, within the new time limit, GME does not receive the maximum limits from Snam Rete Gas, GME will – under Article 40, para. 40.2 of the Regulations – notify Participants thereof and hold the session of the MGS of the PB-GAS using the latest maximum limits received by Snam Rete Gas or, in the absence of those limits GME does not apply the above mentioned limits, unless otherwise specified by SRG.

7. Available amount of guarantees on the MGS

Before the end of the sitting of the MGS Segment of the PB-GAS, GME will acquire from Snam Rete Gas the maximum value of purchases that each Participant is allowed to make and with respect to which the adequacy verifications will be carried out.

Starting from the demand bid with the highest price priority, GME will - for each Participant - check whether the value of each bid (calculated on the basis of the quoted price) is lower than or equal to the available amount of guarantees, calculated as the difference between the maximum value of admissible purchases that it has received from Snam Rete Gas and the value of the other demand bids submitted in the same sitting, having higher priority and already verified to be adequate. In the absence of such communication by Snam Rete Gas, GME uses the latest maximum countervalue for each operators received by SRG, decreased by the value of bids/offers accepted in the sessions following receipt of the above data. If GME has never received such data from Snam Rete Gas, it will run the MGS session using a maximum countervalue equal to zero, unless otherwise specified by SRG..