Technical Rule no. 08 rev. 01 MPE

(pursuant to Article 4 of the Integrated Text of the Electricity Market Rules, approved by decree of the Minister of Productive Activities of 19 December 2003 and subsequent amendments)

Title	**Methods for calculating the margins for the purposes of the MGP and MI by GME in the event of non-receipt**

Reference Legislation	Article 40, paragraph 40.5, Article 50, paragraphs 50.2 and 50.4 and Article 55 quater, paragraph 55 quater.2, of the Integrated Text of the Electricity Market Rules

In force from 21 September 2021

1. Foreword

Article 40, paragraph 40.5, of the Integrated Text of the Electricity Market Rules (hereinafter "ME Rules"), provides that if the Dispatching User of a withdrawal offer point belonging to a geographic zone and not enabled for the MSD, or if Terna, with reference to the other offer points, has never provided data concerning margins for the purposes of the MGP, GME shall determine the values of the margins in accordance with the provisions of the Technical Rules.

Article 50, paragraphs 50.2 and 50.4, of the ME Rules, provide, respectively, that if the Dispatching User of a withdrawal offer point belonging to a geographical zone and not enabled for the MSD, or if Terna, with reference to the other offer points, fails to provide the data concerning the margins by the closing date of the MI session, GME shall determine the values of the margins according to the criteria defined in the Technical Rules.

Article 55 quater, paragraph 55 quater.2, of the ME Rules states that if Terna does not provide step-up and step-down margins for the purposes of registering hourly PN nominations, GME shall determine the step-up and step-down margins relative to the nomination phase according to the criteria defined in the Technical Rules.

The offers validly received by GME on the MGP and on the MI are subject to a verification of technical adequacy with respect to the quantities specified therein. In particular, the quantities specified in each sales offer are compared with the step-up margins relating to the offer point to which the offer refers, which represent the maximum quantity of energy that can be specified in the sales offers referring to a PDO[1], while the quantities specified in each purchase offer are compared with the step-down margins, which represent the maximum quantity of energy that can be specified in the purchase offers referring to a PDO. These margins shall be communicated to GME by the Dispatching Users of the withdrawal offer points belonging to a geographical zone and not enabled for the MSD, or by Terna for all the other offer points. However, Market Participants and Terna are not required to update the margins at each session.

2. Values of the step-up and step-down margins for the purposes of the MGP assigned by GME in case of non-receipt of margin data

Pursuant to Article 40, paragraph 40.5, of the ME Rules, if the Dispatching User of a withdrawal offer point belonging to a geographical zone and not enabled for the MSD, or Terna for the other offer

[1] *PDO:* offer point

points, has never provided data concerning step-up and step-down margins for the purposes of the MGP, GME shall set the values of these margins equal to 999.999,999 MW.

If, following a change in the RUC[2], there is a change of Dispatching User of a offer point for withdrawal belonging to a geographical zone and not enabled for the MSD and the new dispatching user does not provide data concerning step-down margins for the purposes of the MGP, the GME shall use the most recently acquired values.

3. Criteria for GME's computation of margins for the MI, in case of non- receipt of margin data

If the Dispatching User of a withdrawal offer point belonging to a geographical zone and not enabled for the MSD or TERNA, for the other offer points does not provide data concerning the step-up or step-down margins for the purposes of a session of the MI-A, GME shall determine the data according to the following criteria[3].

[1][4] $$M^{+}_{MI-n}(k,h) = M^{+}_{m}(k,h) - \overline{\overline{QEV}}_{m}(k,h) + \overline{\overline{QEA}}_{m}(k,h)$$

[2][5] $$M^{-}_{MI-n}(k,h) = M^{-}_{m}(k,h) + \overline{\overline{QEV}}_{m}(k,h) - \overline{\overline{QEA}}_{m}(k,h)$$

where

$M^{+}_{MI-n}(k,h)$ is the step-up margin, relative to the PDO *k* and to the relevant period *h*, for the purposes of the MI-A session, or the MI-XBID phase;

$M^{-}_{MI-n}(k,h)$ is the step-down margin, relative to the PDO *k* and to the relevant period *h*, for the purposes of the MI-A session, or the MI-XBID phase;

MI-n Session of the MI-A (MI-A 1, MI-A 2, MI-A3) or phase of the MI-XBID for which the margins are determined;

$M^{+}_{m}(k,h)$ is the step-up margin, relative to the PDO *k* and to the relevant period *h*, used for the purpose of the last of the market sessions held in relation to MGP, MI-A or phase of MI-XBID (session *m*), for which the margins have been communicated by Terna, or by the dispatching user;

[2] RUC: consumption unit register

[3] The margins received from Dispatching Users are not subject to any type of likelihood check, as the application of imbalance charges in the event of non-compliance with the purchase or sale commitments is a sufficient disincentive against false declarations.

[4] To be repeated for each MI-A session and MI-XBID phase.

[5] To be repeated for each MI-A session and MI-XBID phase.

$M_m^-(k,h)$ is the step-down margin, relative to the PDO *k* and to the relevant period *h*, used for the purpose of the last of the market sessions held in relation to MGP, MI-A or phase of MI-XBID (session *m*), for which the margins have been communicated by Terna, or by the dispatching user;

$\overline{\overline{QEA}}_m(k,h)$ is the total quantity of energy accepted for purchase for the PDO *k* and for the relevant period *h* (including that specified in the withdrawal schedules registered on the PCE[6] as possibly amended following the resolution of the MGP) in the market session *m*, as well as in market sessions following the *m* already held before the session MI-n and MSD;

$\overline{\overline{QEV}}_m(k,h)$ is the total quantity of energy accepted for sale referring to the PDO *k* and to the relevant period *h* (including that specified in the injection schedules registered on the PCE, as possibly modified following the resolution of the MGP) in the market session following the *m*, as well as in the market session *m* and already held before the session MI-n and MSD.

4. Values of the step-up and step-down margins for the purposes of the PN assigned by GME in the case of non-receipt of margin data

Pursuant to Article 55quater, paragraph 55quater.2, of the ME Rules, if Terna does not provide GME with data concerning the step-up or step-down margins for the purposes of the PN, GME shall set the values of these margins equal to those of the MI.

[6] PCE: Energy Accounts Platform (Piattaforma Conti Energia) referred to in Annex A of AEEG Resolution no. 111/06 and subsequent amendments.