Technical Rule no. 22 MPE

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

Title	**Verification of validity and congruity of requests for the registration of hourly nominations and the determination and communication of hourly nominations**

Regulatory requirements	Article 55 sexies, para. 55 sexies 2, Article 55 septies of the Integrated Text of the Electricity Market Rules

In force from 21 September 2021

1. Foreword

Article 55sexies, paragraph 55 sexies 2, of the Integrated Text of the Electricity Market Rules (hereinafter "ME Rules") provides that if the registration of a hourly PN nomination is not valid, GME, according to the procedures defined in the Technical Rules, shall communicate the result to the Market Participant, indicating the reason for the negative outcome of this verification.

Article 55 septies of the ME Rules provides that within the terms and according to the procedures defined in the Technical Rules, GME shall proceed with the adequacy checks of the requests for the registration of hourly PN nominations verifying:

a) for each offer point, the compliance with the step-up or step-down margins of the offer point. If this check gives a negative result, GME shall proceed with the adjustment of the quantity of energy, subject of the registration request, decreasing or increasing, in line with the margins of the offer point;

b) that the sum of the quantities covered by the requests for registration of the offer points included in each zonal portfolio is consistent and does not exceed the corresponding commercial position. If this check gives a negative result, the quantities subject to the registration request are adjusted, without prejudice to compliance with the margins of each offer point;

c) the additional criteria established in the Technical Rules, including any feasibility intervals defined by TERNA.

2. Checks of congruity of hourly nominations

The congruity checks of the hourly nominations are carried out at the times indicated in Technical Rule 03 MPE.

This paragraph contains the criteria according to which the congruity checks of the hourly nominations are carried out.

For the purposes of this Technical Rules, the following terms and hypotheses are considered:

- N_i^h = the hourly nomination relating to the i-th Offer Point (PDO) and relating to the hour h with $N_i^h > 0$ for nominations in injection; $N_i^h < 0$ for nominations in withdrawal; $N_i^h = 0$ for null nominations[1]

- PZ = zonal portfolio consisting of PDOs_i

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[1] It applies to all PDOs for which no nomination has been registered and for which it is therefore considered a null nomination.

- $M_{i,h}^{+}$ = step-up margin of the PDO$_i$ relating to the hour h
- $M_{i,h}^{-}$ = step-down margin of the PDO$_i$ relating to the hour h
- PC_{PZ}^{h} = commercial position of PZ, relating to the hour h

  with $PC_{PZ}^{h} < 0$ for commercial positions in injection; $PC_{PZ}^{h} > 0$ for commercial positions in withdrawal; $PC_{PZ}^{h} = 0$ for null commercial positions

Given these assumptions, GME initially checks that:

$Max\left(M_{i,h}^{+};0\right) \geq N_{i}^{h} \geq min(-M_{i,h}^{-};0)$

If this verification gives a negative result, GME rectifies (reducing it in absolute value) the nomination to bring it back within the range $\left[M_{i,h}^{+}; -M_{i,h}^{-}\right]$ and setting it equal to $M_{i,h}^{+}$ or equal to $-M_{i,h}^{-}$ in the event that the nomination is respectively greater than the step-up margin or lower than the step-down margin.

The nominations, as amended, are subsequently subjected to the following verification:

- with $PC_{PZ}^{h} \neq 0$, $PC_{PZ}^{h} * \sum_{i \in PZ} N_{i}^{h} \leq 0$, that is, it is checked that PC_{PZ}^{h} e $\sum_{i \in PZ} N_{i}^{h}$ have an inconsistent sign[2];
- with $PC_{PZ}^{h} = 0$, $\sum_{i \in PZ} N_{i}^{h} = 0$. With zero commercial positions, it is verified that the sum of the nominations is zero.

If these checks give a negative result, GME:

- with $PC_{PZ}^{h} > 0$ and $\sum_{i \in PZ} N_{i}^{h} > 0$, rectifies (reducing them in absolute value) the injection nominations until $\sum_{i \in PZ} N_{i}^{h} = 0$. If these adjustments are not sufficient so that $\sum_{i \in PZ} N_{i}^{h} = 0$, GME does not make further adjustments;
- with $PC_{PZ}^{h} < 0$ and $\sum_{i \in PZ} N_{i}^{h} < 0$, GME rectifies (reducing them in absolute value) the nominations in withdrawal until $\sum_{i \in PZ} N_{i}^{h} = 0$. If these adjustments are not sufficient so that $\sum_{i \in PZ} N_{i}^{h} = 0$, GME does not make further adjustments;
- with $PC_{PZ}^{h} = 0$ and $\sum_{i \in PZ} N_{i}^{h} <> 0$, GME rectifies (reducing them in absolute value) the nominations in withdrawal (if absolute value nomination in withdrawal, higher nomination in injection) or in injection (if absolute value nomination in withdrawal, lower nomination in injection) until $\sum_{i \in PZ} N_{i}^{h} = 0$. If these adjustments are not sufficient so that $\sum_{i \in PZ} N_{i}^{h} = 0$, GME does not make further adjustments.

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[2] if $\sum_{i \in PZ} N_{i}^{h} = 0$, then the verification is always positively passed. If the sum of the nominations is equal to 0, these nominations are compatible with PC in input, with PC in withdrawal and with PC null.

Furthermore, GME checks that $\left|\sum_{i \in PZ} N_i^h\right| \leq \left|PC_{PZ}^h\right|$

If these checks give a negative result, GME rectifies the nominations.

The adjustments to the above nominations, in compliance with the criteria relating to the priority between nominations in injection and withdrawal where present, are made according to the chronological order in which the nominations relating to the PDOs $_i$ were registered, starting from the last nomination registered on the PN and working backwards on the nominations previously registered.

Finally, GME, in the event that at least one margin is negative[3], performs the following checks:

- if $M_{i,h}^- < 0 \rightarrow N_{i,h} \geq ass\left(M_{i,h}^-\right)$
- if $M_{i,h}^+ < 0 \rightarrow N_{i,h} \leq M_{i,h}^+$

If this verification gives a negative result, GME rectifies (increasing it in absolute value) the nomination to bring it back within the range $\left[M_{i,h}^+ ; -M_{i,h}^-\right]$ and setting it equal to $M_{i,h}^+$ or equal to $-M_{i,h}^-$ if the nomination is respectively less than the absolute value of the step-down margin or greater than the absolute value of the step-up margin.

For this reason, there may be a case in also as a result of the corrections it is $val\ asso\left(\sum_{i \in PZ} N_i^h\right) > val\ ass\ \left(PC_{PZ}^h\right)$.

It is emphasised that all the congruity checks with respect to the nominations are carried out, for each relevant period and for each offer point, always with respect to the nomination originally registered by the participant (unless this nomination was subsequently rectified or revoked by the participant) and not on the nomination as possibly rectified by GME following the adequacy checks carried out previously[4]. For the offer points (PDOs) for which a nomination has not yet been registered, an nomination equal to zero is considered.

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[3] This case only occurs in the event of a feasibility interval, if the PDO program MSD enabled, after the previous checks and any adjustments, does not fall within it (stretching).

[4] Assume that a participant has registered at 16.30 on D-1 an nomination of 100 MWh on unit A for hour 1 on day D and that they do not proceed to make any other nominations for this unit. It is also assumed that at 5.00 pm of D-1 the commercial position of the zonal portfolio for that hour is equal to 20 MWh for sale. In this case, as a result of the adequacy checks carried out at 5.00 pm of D-1, the nomination for hour 1 of day D will not be adequate for 80MWh. However, if the same participant, trading on MI-XBID, has at 11.00 pm on day D-1 (expiry of the trading period for hour 1 of D), a commercial position equal to 100 MWh for sale, the nomination of 100MWh will be "congruous" following the adequacy checks carried out at 23.03. In this case, therefore, the final nomination for hour 1 of day D will be equal to 100MWh, without the participant having to update the nomination originally recorded and which was initially found to be inconsistent.