

TECHNICAL SHEET

**FREE PRICE OFFERS UNDER UNIFORM CONTRACTUAL CONDITIONS
(P.L.A.C.E.T.) AND MINIMUM CONTRACTUAL CONDITIONS FOR SUPPLIES TO
DOMESTIC END CUSTOMERS AND SMALL COMPANIES IN THE OPEN
ELECTRICITY AND NATURAL GAS MARKETS
555/2017/R/COM (*)**

With resolution 555/2017/R/com, the Italian Regulatory Authority for Electricity, Gas and Water approves the regulation of free price offers under uniform contractual conditions (PLACET offers), contained in Annex A of the measure, with the purpose of reinforcing small customers' ability to make choices and overcome the information asymmetry.

In detail, the measure, which takes account of the observations received in response to the consultation document 204/2017/R/com, intervenes in relation to the two lines of action proposed therein concerning the open market, for both the electricity and gas sectors:

- the first line of action concerns the definition of PLACET offers, i.e. offers that are easy to understand and comparable, offered by open market vendors and characterised by general supply conditions set by the Authority with the exception of the economic conditions, the levels of which are freely defined between the parties, although in accordance with a predefined fee structure. PLACET offers must be limited to the supply of the commodity, without including additional services, and may not be of the dual fuel type;
- the second line of action concerns the revision of the regulation of the mandatory minimum contractual conditions within all open market offers other than PLACET offers.

As regards the first line of action, the measure identifies the 1st of January 2018 as the single date of operation, also in consideration of the simplifications envisaged with respect to the initial guidelines placed under consultation¹ concerning the structure of PLACET offers.

In this regard, these offers must be included in each open market operator's range of commercial offers and, for the electricity sector, will apply to customers (domestic and non-domestic) connected at low voltage and, for the gas sector, will apply to end customers (domestic and non-domestic, including condos for domestic use) holding PDRs with annual consumption below 200,000 S (m³); for both sectors users connected to public administrations are excluded.

In order to guarantee greater simplification and comparability, the general supply conditions of PLACET offers can be drawn up by the supplier in accordance with a form published on the Authority's website, approved as a result of a permanent Round table, which can be used on a voluntary basis and will also represent a benchmark to be used during monitoring of any forms prepared by the suppliers independently.

As regards what was proposed during consultation, the regulation of the economic conditions is simplified: in this regard resolution 555/2017/R/com envisages that, in relation to the price, only the energy part, a single structure should be adopted for all customers, divided into point price

¹ The initial guidelines placed under consultation envisaged, among other things, different dates of entry into operation between suppliers authorised for *Tutela SIMILE* (1st October 2017) and all other vendors (1st January 2018).

(€/point/year) and energy price (proportional to the volumes withdrawn €/kWh or €/S(m³)), simultaneously confirming the maintenance of two PLACET offer formulae, one with fixed price and one with variable price. As regards, in detail, the adoption of variable price offers, the energy price will be indexed at the price of the raw material in the wholesale market and will envisage the definition of a spread defined by the vendor. For the electricity sector, the indexation will refer to the price of the day-ahead market (PUN - national single price), while for the gas sector it will refer to the same reference index of the standard offer service (currently TTF, the reference index of the Dutch wholesale gas market).

Finally, at least for an initial period, the prohibition against price discrimination between regions and between customers belonging to the same contractual type is confirmed.

In relation to *Tutela SIMILE*, also taking account of what was reported during consultation, the measure establishes that, for *Tutela SIMILE* contracts which reach their natural end after 12 months, if the customer does not choose otherwise, the contract will continue for another year under the same contractual and economic conditions (without, however, applying the discount once more, which is defined as a *one-off*). Only after this second year of applying the *Tutela SIMILE* conditions will the application, if the customer does not choose otherwise, of a PLACET offer be envisaged, according to the procedures that will be defined by the Authority.

As regards the second line of action proposed in the consultation relating to the definition of mandatory minimum contractual conditions for all open market offers other than PLACET offers, the measure identifies the same scope of application, i.e. small customers, and the same date of entry into operation as the 1st January 2018, established for PLACET offers.

Finally, the resolution envisages that with one or more later measures, the following will be identified:

- the obligations required of vendors in relation to monitoring PLACET offers and the procedures and time limits for sending the relative information by the same;
- the tools for comparing PLACET offers and the relative procedures and time limits for sending, by the vendors, of the necessary information;
- the PLACET offer to be applied upon renewals after the first, for customers under *Tutela SIMILE*, if the customer does not choose otherwise.

(*)This sheet is for disclosure purposes only; it is not a measure.