

## **DAILY AND INTRADAY ELECTRICITY MARKET OPERATING RULES**

**Madrid, 30 January 2014**

### **Non-binding Translation of the Market Operating Rules**

**This translation has been carried out for the sole and exclusive purpose of enabling the text of the Market Operating Rules to be read in English. Under no circumstances or at any time is this text to be considered binding for the Market Operator. In the event of any discrepancies between this text and the Spanish version, the content of the Spanish version prevails under the terms described in the Resolution of 27 January 2014, published in Spain's Official State Gazette dated 30 January 2014.**

## PREAMBLE

- I) By virtue of article 28 of the Electricity Sector Act, the Market Operator and the System Operator assume the functions required to perform the financial management applied to the effective development of the electricity production market and, in particular, to guarantee technical management of the electricity system. Article 29 entrusts the Market Operator with the management of electrical energy purchase and sale bids on the daily and intraday markets.
  
- II) Current legislation states that producers, retailers, consumers, electric recharge grid operators and representatives are to meet the following requirements in order to take part in the daily production market:
  - a) Adhering expressly to the operation and settlement rules and conditions of the daily production market, which involves the daily and intra-daily sessions, by means of an adhesion contract, which will be a single contract, needing the approval of the Ministry for Industry, Energy and Tourism, and following a favourable report from the National Commission of Markets and Competence.
  
  - b) Provide the Market Operator with a guarantee sufficient to cover financial obligations which could arise from actions as an agent on the daily production market, in the terms set out in the adhesion contract.
  
- III) In order to manage the electrical power purchasing and sale bid system on the daily and intraday markets foreseen in section I above, it is necessary to establish the current Market Operating Rules. These Rules comply with the mandate of Act 24/2013, of 26 December (Electricity Sector Act), and Royal Decree 2019/1997 of 26 December. Buyers and sellers who wish to operate in the electricity production market commit themselves expressly to the observance of these rules by signing the concomitant Contract of Adherence.
  
- IV) In accordance with article 2 of Royal Decree 2019/1997 the electrical energy production market is divided into the futures market, daily market, intraday market, non-organized markets and system adjustment services market, with the latter being understood as the resolution of supply security restrictions and system technical restrictions, ancillary services and detour management. Market agents act as buyers and sellers on the daily and intraday markets. Moreover, as subjects of the production market, they can sign bilateral contracts; they can intervene in the futures market, in non-organized markets and

sign bilateral contracts. Finally, agents can also offer solutions for technical restrictions, on the ancillary services market and detour management, under the terms established in the System Operation Procedures.

- V) Article 5 of Royal Decree 2019/1997 provides that the Market Operator will carry out its functions in coordination with the Spanish System Operator. This coordination, in conformity with the Electricity Sector Act can, likewise, refer to the conditions which the Market Operator and the Spanish System Operator jointly decide on to carry out energy settlement and payment operations, which will be public, transparent and objective, and which should be followed by producers, retailers, direct market consumers and electric recharge grid operators.
- VI) The International Agreement on the implantation of an Iberian electricity market between the Kingdom of Spain and the Republic of Portugal, ratified in Santiago de Compostela on 1 October 2004, which regulates the Iberian electricity market (MIBEL), has approved a new organizational structure by virtue of which the Iberian Market Operator (OMI) is to become an entity comprising two parent or holding companies, with crossed holdings between each other of 10%, and likewise each one of them will hold 50% of the capital of the two market management companies, with the Portuguese management company, OMI-Polo Portugués, SGMR (OMIP), operating the futures market, and the Spanish management company, OMI, Polo Español S.A. (OMIE), operating the spot market.

Pursuant to the provisions of the aforementioned agreement, which came into force on 1 July 2011, continued progress has been made in the segregation that affects Operador del Mercado Ibérico de Energía, Polo Español, S.A., (OMEL) and which has meant the block conveyance of the branch of the business involving the operation of the electricity market, undertaken until that date by OMEL, in favour of OMI-Polo Español S.A. (OMIE).

By virtue of the above, since 1 July 2011, the company OMI-POLO ESPAÑOL, S.A.U. (OMIE), has assumed the management of the purchase and sale bids for electricity on the spot market for electricity within the sphere of MIBEL.

The futures market will include transactions relevant to power blocks delivered after the day following trading. The information sharing necessary for the integration of positions with physical delivery of the futures market on the daily market will be established by an agreement reached between OMIP and OMIE.

Information sharing from the Portuguese electricity system necessary for the implementation of the Market Splitting mechanism established in Order ITC/843/2007 has been established by the appropriate agreement subscribed between the Portuguese Power Grid Operator (REN) and OMIE.

## **CHAPTER ONE**

### **GENERAL RULES**

#### **RULE 1. THE PRODUCTION MARKET**

The electricity Production Market is divided into the following markets: a Daily Market, Intraday Market, Futures Market and Services Adjustment Market. Bilateral contracts are also integrated in this market.

Next-day sale and electricity purchase transactions are carried out on the Daily Market. Sessions on the Daily Market are structured in scheduling periods equivalent to a calendar hour, with a scheduling horizon divided into 24 consecutive schedule periods of the Central European Time (CET) (23 or 25 on days of light-saving clock changes). Physical delivery of energy negotiated on Futures Organized Markets can also take place on the Daily Market.

The purpose of the Intraday Market is to attend energy offer and demand which may arise, in the hours following the Daily Viability Schedule.

The Services Adjustment Market includes all those services of an optional nature which the Market Operators deems necessary to ensure the system's operation, including the Resolution of system technical restrictions, ancillary services and detour management.

#### **RULE 2. THE MARKET OPERATOR**

The Market Operator is responsible for the system's financial management, with respect to the daily and intraday markets. The Market Operator's duties are to receive electricity sales and purchase bids, carrying out the management of said sales, as well as the settlement of all operations on the daily and intraday market. The Market Operator also receives reports on bilateral contracts from the System Operators for verifications which need to be checked in relation with bids made on the market. Its specific regulatory frame and functions, in the case of the Spanish Market Operator and System Operator, are described in Law 24/2013 and in Royal Decree 2019/1997.

**RULE 3.      SCOPE OF THE MARKET RULES AND PURPOSE OF THE ADHERENCE CONTRACT**

In compliance with the provisions of Royal Decree 2019/1997 of 26 December 1997, Market Operating Rules contain the procedures and terms of a general nature that are necessary for the effective development of the daily and intraday electricity production market and, specifically, for the financial management of the daily and intraday markets and the participation in those markets of the individuals who carry out activities whose objective is the supply of electrical power, as well as direct consumer market, and, in particular, regarding:

a) The definition, development and operation of the computer systems required to guarantee transparency in transactions which take place in the electricity production market, which include:

- The issuing of electricity sale and purchase bids;
- The matching, on the daily and intraday markets, of electricity sale and purchase bids;
- The physical delivery process of energy negotiated in futures contracts whose owners require this and, especially, in the case of energy originating from entities regarded under the international convention on the Iberian market;

The determination and reporting to the System Operators of the data regarding the results of matching the bids in the daily and intraday markets, and to the market agents of the information relative to their production and purchasing units, fulfilling all relevant confidentiality criteria;

- Reporting on the daily viable schedule and the final hourly schedule resulting from each session on the intraday market and to the agents, of the data regarding their production and purchasing units, as a basis to take part in the next session on the intraday market;
- The determination and reporting to the market participants and System Operators of the marginal prices of electricity, on the daily and intraday market sessions;
- The determination and reporting of the indexes of average hourly prices of electricity on the daily and intraday markets;

- The settlement and reporting of payments and collections that must be made in accordance with the prices of electricity on the daily and intraday markets;
  - The procedure for validating the acceptance of purchase bids with the guarantees deposited;
  - The publication of the daily and intraday market aggregate supply and demand curves with explicit splitting of each of the points that configure the said curves;
  - The publication of sales capacities, as well as intra-community and international border exchanges;
  - The publication of the results of the power production schedules of the daily and intraday markets, aggregated by agent and calendar month, once a month has passed since the last day of the month referred to;
  - The publication of the bids placed by the market agents that have entered the matching process, on the daily and intraday markets, after 90 days have passed.
- b) The terms of Adherence to the Electricity Market Operating Rules of the daily and intraday electricity production markets.
- c) The procedure to follow in the event that agents who purchase electricity on the market fail to meet payment commitments, as well as reports which should be made in these cases to consumers and different market agents.
- d) The procedure to follow in reports on addition and withdrawals of market agents by those taking part in the daily and intraday electricity production markets.
- e) The specification of the guarantees provided by agents for their participation in market processes.
- f) The settlement and reporting to agents of payments and charges which should be carried out in their operations as a result of the price of energy of the daily and intraday markets.
- g) Reporting behaviour contrary to the correct operation of the daily and intraday markets of electric in power production to competent authorities, as well as reporting situations which could be anomalous, bearing mind information put at the disposal of the Market Operator.

- h) The review process of the daily and intraday Electricity Market Operating Rules.
- i) Publication of the final cost of the energy and the components of the end cost in aggregate and for each type of consumer.



## **CHAPTER TWO**

### **PARTICIPANTS**

#### **RULE 4. DAILY MARKET AGENTS**

##### **4.1 PARTICIPANTS WHO CAN BE MARKET AGENTS AND THE REQUIREMENTS TO BECOME AGENTS**

Participants intervening in the supply of electricity, detailed as follows, can be market agents:

Electricity producers: individuals or corporations which have the function of generating electricity, as well as building, operating and maintaining production units, both those operating under the ordinary regime, as well as under the special regime.

Resellers: those corporate persons who have access to transport and distribution systems and who sell electricity to customers or other participants within the system.

Last resort retailers: Retailers whose duties are laid down by law, including amongst others the sale to end consumers at voluntary small consumer price.

Consumers: The private individuals or legal entities that purchase electricity for their own consumption.

Direct market consumers: Those consumers that acquire electricity directly on the production market for their own consumption, and which are to fulfil the conditions laid down in article 4.b) of Royal Decree 2019/1997, of 26 December, organising and regulating the electricity production market.

Representatives: Those acting on behalf of a market participant, both in the name of the said participant (direct representation), as well as in their own name (indirect representation). In this second case, the financial result of the business carried out by the representative is attributed directly to it, notwithstanding the internal relationship linking it to the entity it represents.

Agents of special regime at a regulated tariff: this status applies to last resort retailers when they operate as agents according to additional provision seven of Royal Decree 485/2009, of 3 April, or those agents referred to in article 30.1 of Royal Decree 661/2007, of 25 May, regulating the business of special regime electricity production, for the electricity produced by the facilities which may be delivered to the transport or distribution system.

Sales Agents: These are agents qualifying for the special regime that, solely for the integration of production, in addition to their powers of ordinary representation specific to common representatives have the option of grouping the bids of the parties they represent, whereby all the parties represented have a net final position as regards the market.

Electric recharge grid operators: Those trading companies providing energy recharging services pursuant to article 6.1.h) of Act 24/2013, of 26 December, on the Electricity Sector, which, as consumers, are entitled to resell electricity for services of recharging electric vehicles.

#### **4.2 ACQUIRING THE CONDITION OF MARKET AGENT**

In order to acquire the status of market agent, producers, retailers, direct market consumers, electric recharge grid operators and representatives are to have met the following requirements:

- Be properly recorded in the *Registro Administrativo de Instalaciones de Producción de Energía Eléctrica* (Administrative Register of Electricity Production Facilities), or in the case of retailers, direct market consumers and electric recharge grid operators, have submitted due notification of the start of their operations as appropriate or provide proof of the status as representative of any one of the preceding parties. In order to confirm their status as market agents of these parties, the agents are to provide proof of such status through the corresponding notarial deed, as well as declare whether they are acting on their own behalf or that of others.
- Have acquired the status of participant in the electricity system.
- Have expressly adhered to the rules and conditions regulating operation and settlement in the daily and intraday electricity production market in the relevant adhesion contract.
- Have submitted a valid agent code to the Market Operator, associated to a Spanish Tax Number (NIF) that does not belong to any other market agent. Each market agent is to have its own NIF, and each NIF will correspond to a single market agent.

Once all the requirements for the acquisition of Market agent status have been met, the Market Operator will proceed, in the two working days following the fulfilment of this condition, to finalize the registration process on the Market Operator's Computer System, and the agent will

acquire the right to operate on the third subsequent working day for markets and sessions held after 10.00 am on this date.

The process of registering agents requires notification to be made of the email addresses for the communications between the Market Operator and the agent, and distinguishing between the different market activities as stated in the registration process. The Market Operator is to ensure all the email addresses provided remain active unless they have been removed from the agent's email provider and remain inactive for at least three months with no notification from the agent, in which case they will no longer be considered contact addresses for the market.

#### **4.3 AGENTS ENTITLED TO PHYSICAL DELIVERY**

Energy traded on futures markets, whose settlement by physical delivery is requested by its owner, may be integrated into the daily production market, especially in the case of energy coming from organisations included in the International Agreement regarding the creation of an Iberian Electricity Market.

Agents on the futures market capable of physical delivery will be those agents on the daily market which are also physical settlement agents in the futures market or those who have a contract with a physical settlement agent on the futures market.

#### **RULE 5.        SELLERS**

The instrumental sale price for the daily and intraday market is set at 0 EUR/MWh.

Sellers on the daily market are those who:

- a) Own a production unit whose installed capacity is over 50 MW;
- b) The owners of production units which, when the electrical Sector Act enters into force are under the regime set out in Royal Decree 1583/1987, of December 11, on the determination of the tariff for public service management companies;
- c) The owners of production units which are not subject to the regime provided in said Royal Decree 1583/1987 and whose installed capacity is lower than or equal to 50 MW and which are authorized by the relevant Ministry to take part;
- d) Retailers who sell in the electricity systems of non-EU countries and have been authorised to sell electricity on the daily and intraday production markets.

- e) Agents producing or reselling and others who act as selling agents or representatives.
- f) Resellers who have entered into a power purchase contract with undertakings authorized to sell electricity in EU or non-EU countries, as well as with national power producers.
- g) Retailers and direct consumers in the electricity system in the Balearic Isles, without prejudice to the specifications of transitory provision one of Royal Decree 1623/2011, of 14 November, regulating the effects of the entry into force of the link between the peninsular and Balearic electricity systems, and amending other provisions on the electricity system. Within the framework of the specifications of said transitory provision, and until the review provided for therein has been conducted, the references in these rules to the parties mentioned are to be understood as made solely to Last resort retailers.

## **5.1. DAILY MARKET**

Sellers of electricity on the daily market will present electrical energy bids to the Market Operator for each of the production and sales units they own, and for scheduling periods of a similar horizon to the daily market.

Owners of production units which articles a) and b) previews will be obliged to lodge electricity sale bids with the Market Operator for each of the production units they own for each and every one of the scheduling periods of a same daily horizon, except in the cases provided for in article 25 of the Electricity Sector Act when they have not exercised their right to bilateral contract systems which, because of their characteristics, are excluded from the bidding system.

Owners of production units which article c) preview will be able to present electricity sale bids to the Market Operator for those scheduling periods of a same daily programming horizon which they deem necessary.

The resellers referred to in section d) above may participate as sellers in accordance with the authorization granted by their Ministry.

The selling agents referred to in section e) above may present electrical energy sale bids for schedule period of a same daily schedule horizon which it deems necessary, and report the execution of a bilateral contact.

Resellers section f) above refers to present electrical energy sale bids for energy purchased in the said contracts for scheduling periods on the relevant daily horizon, or sell this energy to their consumers.

The retailers and direct consumers referred to under letter g) above may not submit a bid for the sale of electricity until the publication of the Order of the Ministry of Industry, Energy and Tourism specified in article 3 of Royal Decree 1623/2011, of 14 November.

The owners of units referred to in sections a) to f) above who are authorized to give notification of the use of capacity rights, or execute firm bilateral contracts prior to the opening of the daily market, may operate in the execution of contracts associated with these processes with a generic schedule unit, on the Portuguese and/or Spanish electricity system, as applicable.

For each hour where the net balance of the generic schedule unit is a purchaser on the bilateral markets and notifications on capacity use before the daily market opens in which the generic schedule unit takes part, this balance will be the maximum that can be sold on the daily market by the generic sales production unit.

The owners described in sections a) to f) above, who can sell energy with the generic sales Production unit , should take part in sale bids to said unit for said purchase balance, with the exception of the amount of energy to which this unit commits in bilateral contracts which do not precede the opening of the daily market.

Agents may request, from the Market Operator, the submission of a complex condition of indivisible bid, with a single block bid in their name at an instrumental price to the generic sales production unit for the balance described. The offer will be created for each session of the daily market at the time information on firm bilateral contracts before the daily market opens is received and published on the Market Operator's system. If, at the time this information on firm bilateral contracts prior to the opening of the daily markets is received, the agent has already submitted a bid from the generic sales production unit for the daily market session, the bid will not be created in its name. Once the bid has been created in the name of the agent and, up until the deadline for the receipt of bids to the daily market session, the agent may manage its bid like any other bid, and it is entitled to cancel it or submit another valid bid from the generic sales production unit, which will replace the last bid submitted, including the bid submitted in its name.

## **5.2. INTRADAY MARKET**

Electricity sale bids can be presented on the intraday market by all agents participating in the relevant session on the daily production market.

Notwithstanding the provisions in the previous paragraph, production units which have advised the corresponding System Operator on unavailability before the daily production market session ends and who have subsequently regained availability can present sale bids on the relevant intraday market session.

Likewise, electricity sale bids can be presented on the intraday market by all market agents which have previously reported the existence of a bilateral sales or purchase contract or given notification of the use of capacity rights for hours between the relevant session on the intraday market in which they are taking part to the corresponding System Operator, and considering that this energy has been programmed in the Base Operating Schedule without having taken part previously in the relevant session on the daily market.

Agents owning Generic Sales Production units who do not have a void schedule in the Base Operating Schedule due to an error in the management of such units must take part in the intraday market sessions to reduce their schedule until their final schedule is void.

## **RULE 6. BUYERS**

The instrumental purchase price or maximum price referred to in section 1 of article 9 of Royal Decree 2019/1997, of 26 December, for the daily and intraday market, is set at 180.3 EUR/MWh.

### **6.1. DAILY MARKET**

- a) Daily market buyers are those retailers, direct market consumers, electric recharge grid operators and representatives that are authorised to do so. Likewise, buyers are those electricity production facilities that are authorised to do so and are recorded in the corresponding register.
- b) Resellers will be able to present purchase bids for electricity.
- c) Retailers purchasing in the electricity systems of non-EU countries may be involved as purchasers according to a Ministerial authorisation.

d) Owners of generic purchase production units.

The owners of units are authorized to give notification of the use of capacity rights, or execute firm bilateral contracts prior to the opening of the daily market, may operate in the execution of contracts associated with these processes with a generic schedule unit, in the corresponding Portuguese and/or Spanish electricity system.

For each hour where the net balance of the generic schedule unit is a purchaser on the bilateral markets and notifications on capacity use before the daily market opens in which the generic schedule unit takes part, this balance will be the maximum that can be bought on the daily market by the generic purchasing production unit.

Owners who can buy energy with the generic purchasing production unit should take part with sale bids to said unit for said purchase balance, with the exception of the amount of energy this unit commits to in bilateral contracts which do not precede the opening of the daily market.

Agents may request, from the Market Operator, the submission of a simple offer in their name at an instrumental price to the generic purchasing production unit, for the balance described. The offer will be created for each session of the daily market at the time information on firm bilateral contracts before the daily market opens is received and published on the Market Operator's System. If, at the time this information on firm bilateral contracts prior to daily markets is received, the agent has already submitted a bid from the generic purchasing production unit for the daily market session, the bid will not be created in its name. Once the bid has been created in the name of the agent and, up until closure of the receipt of bids to the daily market session, the agent may manage its bid like any other bid, and it is entitled to cancel it or submit another valid bid from the generic purchasing production unit, which will replace the last bid submitted, including the bid submitted in its name.

## **6.2 INTRADAY MARKET**

Electricity sale bids can be presented on the intraday market by all agents participating in the relevant session on the daily production market.

Likewise, electrical energy sale bids can be presented on the intraday market by all market agents which have previously reported to the corresponding System Operator the existence of a bilateral sales or purchase contract or given notification of the use of capacity rights for hours between the relevant session on the intraday market they are taking part in, and considering that this energy has been programmed in the Base Operating Schedule, without having taken part previously in the relevant session on the daily market.

Agents owning generic purchase production units who do not have a void schedule in the Base Operating Schedule due to an error in the management of such units must take part in the intraday market sessions to reduce their schedule until their final schedule is void.

**RULE 7.        TERMS OF ADHERENCE TO THE OPERATIONAL RULES OF  
THE DAILY AND INTRADAY ELECTRICAL ENERGY MARKETS**

1. The participation of buyers and sellers in the electricity production market is predicated on their obligatory commitment to observe these Market Operating Rules as well as the rest of the requirements established in them.
2. The buyers and sellers who wish to operate in the electricity production market shall request authorization to do so from OMI, Polo Español S.A. (OMIE).
3. Applicants are to submit the following documents:
  - Document certifying, with sufficient reliability, the legal capacity and powers of the person signing the application as well as the individual who will eventually sign the Contract of Adherence.
  - Taxpayer Identification Number of the entity submitting the application.
  - Documentation required by the Market Operator to allow the action and effective participation of the applicant on the said market, among others, and to name a few examples, the contact people for the various Market Operator Units, data on production, sales, purchase and physical units, settlement and billing data, technical and communication data, indicating the characteristics of the future agent's IT system to access the Market Operator's system.
  - Any other documentation that may be required in accordance with the applicable regulations, especially documents relative to authorizations by government bodies and registrations in any registers that may be necessary.

The Market Operator will implement an electronic procedure for the drafting of the required documents.



With the intention of making the delivery of the said documents easier the Market Operator will publish an electronic document entitled “Market Access Guide” on its website where it will include models to be provided and the documents to be submitted.

4. In the case of actions conducted through the figure of a representative, said representative is to prove their status as such by presenting the corresponding power of attorney that is to specify whether the representative is acting on behalf of a third party and in the name of the party represented, or whether the representative is acting on behalf of a third party, but in the representative’s own name.

Those representatives, who are acting on behalf of third parties, but in their own name, are to subscribe to these Rules and acquire the status of daily production market agent.

In the case of those representatives who are acting on behalf of third parties and in the name of the party represented, the latter is to subscribe to these Rules and acquire the status of daily production market agent. The representative may choose whether or not to acquire said status.

In addition to the above, application is to be made of the provisions of any applicable legislation regarding whatsoever restrictions affecting the representation.

Owners of installations under the ordinary regime will not be able to access the market through a Selling Agent, but they will be able to do so through a common representative (with ordinary faculties). In any case, these common representatives will not be able to group production units together under any circumstances.

An individual or corporate entity will not be able to act as a common representative (with ordinary faculties) of a market agent when there is a conflict of interests or when free competition is put at risk, or when this damages the electricity production market. In particular, they will not be able to carry out the following actions:

- A same representative will not be able to act on behalf of two or more dominant operators in the electrical sector.
- A same representative will not be able to act on behalf of two or more main operators in the electrical sector.

- An ordinary representative which is a dominant operator will only be able to represent ordinary regime installations which it owns a direct or indirect stake in, which is over 50 per cent of its capital.
- An ordinary representative which is a main operator will only be able to represent ordinary regime installations which it owns a direct or indirect stake in, which is over 50 per cent of its capital.

The owner of an installation belonging to the special regime will be able to participate in the market, direct or indirectly, through a Selling Agent acting as its representative. This representative is qualified as it will be able to use the special faculty indicated in the following paragraph.

The Selling Agent will be able to present bids for the set of installations under the special regime it represents, grouped in one or several sales units. Entities which intend to act as selling agents should respect limitations set out in article 31.8 of Royal Decree 661/2007 of May 25.

In accordance with generally applicable rules regulatory or competition authorities will be informed of those practices on behalf of representatives, whether common or qualified representatives, which could involve practices restricting competition, abuse of a dominant position or any other possible practice which damages free competition.

5. Once the application for adherence has been submitted, the Market Operator shall confirm that the applicant has the technical means needed to carry out the activities incumbent on it as a market participant, and that it complies with the terms of issuance of electricity sale and purchase bids referred to in these Market Operating Rules. In particular, in order to formalize a Contract of Adherence, the applicant must be connected, via the communications network, to the Market Operator's computer system, and must be in possession of the type-approved means cited in these rules for sending and receiving the electronic communication required for its participation in the electricity production market. The Market Operator shall be able to establish, for the purposes of the provisions of these rules, a system of tests that the applicant must pass.

Connection to electronic communication means on behalf of the Market Operator will be given individually to the specific physical person acting in the name of the agent.

No person will be authorized to act simultaneously on behalf of more than one agent in the mentioned media.

Exception from this provision is provided for those acting on behalf of several agents when the said agents are corporations which consolidate their annual accounts. To this effect they should show the Market Operator a certification for the relevant authorized body of the corporations or the account auditor which states this condition.

Exceptions are likewise made for the limitation for simultaneous authorization in those cases in which are included in electricity sector legislation in force. Intervention of an entity as a representative of other entities, both ordinary and through a selling agent is always within the limits set by the authorization.

The Market Operator will not be obliged to make information the authorized person accesses public, when this person acts on behalf of several agents for the mere reason that this person is accessing information on the various agents he is acting on behalf of.

6. When the acts and confirmations set out in the preceding paragraphs are complete, the applicant shall sign the Contract of Adherence to the Market Operating Rules, whose content (both documents) shall have been approved by the Ministry of Industry, Energy and Tourism, in compliance with the provisions of Royal Decree 2019/1997, of December 26.
7. Acquiring the condition of daily production market agent will occur when the Market Operator has checked compliance with each and every one of the requirements set out in article 7.1 of Royal Decree 2019/1997 of December 26.

## **RULE 8. PROVIDING GUARANTEES**

After signing the Contract of Adherence, the market participant shall provide the Market Operator with sufficient guarantee to cover the financial obligations it may contract in its operations as a purchaser in the market, according to the terms established in the Contract of Adherence and in these rules. The lack of sufficient guarantees for covering a purchase bid under the terms laid down shall entail the non-acceptance of the agent's bid. The system of guarantees shall be as laid down in these rules.

**RULE 9. NOTIFYING ADDITIONS AND WITHDRAWALS OF BIDS UNITS  
BY MARKET AGENTS**

**9.1 REPORTS TO THE MINISTRY OF INDUSTRY, ENERGY AND TOURISM AND THE  
NATIONAL COMMISSION OF MARKETS AND COMPETENCE**

The Market Operator shall inform the Ministry of Industry, Energy and Tourism and the National Commission of Markets and Competence (CNMC) of the additions and withdrawals of all the bids units by agents in said market within a period that may not exceed fifteen working days as of the entry into force of said additions and withdrawals. Within this same timeframe, the Market Operator shall post these additions and withdrawals on its public website, specifically noting these circumstances.

Acquiring the condition of daily production market agent will occur when the Market Operator has checked compliance with each and every one of the requirements set out in article 7.1 of Royal Decree 2019/1997 of December 26.

Withdrawal of the condition of daily production market agent will occur when the Market Operator has verified the failure to comply with any of the requirements set out in article 7.1 of Royal Decree 2019/1997 of December 26.

**9.2 REPORTING MARKET AGENTS' ADDITIONS AND WITHDRAWALS**

For notification purposes, the consideration of interested parties in the addition of a market agent's units applies to all market agents.

The Market Operator shall post on its public website a full list of market agents. Likewise, it shall publish a full list of the bids units of all the market agents indicating whether said production unit has been added to or withdrawn from the market.

**9.3 NOTIFYING WITHDRAWALS OF REPRESENTATION**

The Market Operator shall report the withdrawal of a Selling Agent as soon as it has knowledge thereof to the CNMC and to the corresponding last resort retailer, for the purpose of beginning to perform its duties of representation for the production facilities involved. If the owner of production facilities involving renewable energy sources, cogeneration and wastes with a specific remuneration regime that are represented have not reported the last resort retailers that

are to proceed in representation of their facilities in the event of the withdrawal of the representative of said owner, the Market Operator shall report the withdrawal of the representation to all the last resort retailers in the electricity system in which the production units in representation of their facilities are registered.

**RULE 10.      SUSPENDING THE PARTICIPATION OF BIDS UNITS BY A  
MARKET AGENT**

In the event of the notification of the suspension of bids units of a system participant by the system's operators, the Market Operator shall proceed to the suspension of the corresponding bids units on the market as of the market sessions subsequent to said notification.

## **CHAPTER THREE**

### **BIDS**

#### **RULE 11. GENERAL CHARACTERISTICS OF BIDS**

Electricity purchase or sale bids should be presented by agents or their representative to the Market Operator for each acquisition, production or sales unit they own and for each scheduling period within a same scheduling horizon.

The said bids can be simple or complex, depending on their content.

Simple bids are defined as those with the expression of a price and an amount of power, without including any additional complex terms to be considered in the matching process.

Complex bids are defined as those which, complying with the requirements governing simple bids, include all, some or any one of the complex conditions to be considered in the matching process.

#### **RULE 12. ADDITION OF SALES OR ACQUISITION UNITS TO THE MARKET OPERATOR'S COMPUTER SYSTEM**

The Market Operator will add sales or acquisition units to its information system with the data which the agent owner of the unit has registered with the corresponding Registry with the data on administrative authorizations, and those supplied by the unit's owner. The data regarding units stored in the Market Operator's information shall be:

- The production unit code (defined by the Market Operator).
- Description of the sales or purchasing unit.
- Type of sales or purchasing unit.
- Code of the electricity system in which the unit operates.
- Internal code of the Spanish electricity system.
- Minimum and maximum hourly power in MWh, expressed to no more than one decimal place (of each of the physical units which make it up in the case of sales units).

- Maximum rising, maximum descending gradient, in MW/minute expressed to no more than one decimal place, for sales units.
- Percentage of ownership of the holder or holders in said unit.

When the sales unit is in representation of production facilities involving renewable energy sources, cogeneration and wastes with a specific remuneration regime, each owner of said facilities linked to the production unit, or its representative acting in its name, and in the process of associating the facility to the production unit, is to notify the last resort retailer that is to act as its representative in the event of the suspension of the representation reported.

The facilities referred to in article 2 of Royal Decree 661/2007, of 25 May, and as of the first day of the month following the certificate of commissioning, may have a different representative to the last resort retailer corresponding to them. In order to have a representative other than the last resort retailer corresponding to them, those facilities without a certificate of commissioning are to present their prior registration in section two of the Administrative Register of Electricity Production Facilities [*Registro Administrativo de Instalaciones de Producción de Energía Eléctrica*].

In the case of Spain and Portugal, the code for the electricity system specifies the electricity system in which the sale or purchase of energy is to take place. In the event the units are from outside the Iberian system, which consists of the electricity systems in Spain and Portugal, the code specifies the interconnection through which the transaction is effected, and may involve import or export, and corresponds to the interconnections with the systems of France, Andorra and Morocco. Each authorised agent may define a single unit for the import or export over each one of the aforementioned frontiers.

For the interconnections between electricity systems with coordinated capacity auctions, with physical delivery, the import and export unit shall be referred to as a unit with prior rights, with there being a single unit for import and a single unit for export, for each authorised agent.

There are two production zones, corresponding to Portugal and Spain. Each one of these production zones will have its own price. The production units that operate through the electricity system with Andorra and Morocco belong to the Spanish production zone.

Two generic production units will be registered on the corresponding Portuguese and/or Spanish electricity system, one for sales and the other for purchases associated with the same Generic Schedule unit, for the negotiation on the daily market of energy balances before the

daily market opens, corresponding to primary energy issuance auctions, notification on capacity rights use, and firm bilateral contracts prior to the opening of the daily market.

The internal code of the Spanish electricity system identifies the purchase or sale production units for the acquisition or sale of energy in the mainland electricity system or through the connection with the electricity system in the Balearic Isles.

The purchase or sale production units in the Spanish peninsular electricity system may only be associated to programming units in the Spanish peninsular electricity system, and the purchase or sales units through the connection with the electricity system in the Balearic Isles may only be associated to programming units for the purchase or sale through the connection with the electricity system in the Balearic Isles.

Each sale or production unit will correspond to a programming unit, except in the case of production units of Sales Agents, or the representation units of production facilities with recourse to article 24.1 a) of Royal Decree 661/2007, of 25 May, governing the activity of special regime electricity production, in which it will correspond to one or more programming units. A programming unit may not be associated with two production units.

Each acquisition production unit will correspond to a programming unit, except in the case of production units for pumping consumption, in which it will correspond to one or more programming units and in the representation units of physical acquisition units when the representation is on the party's own behalf.

The production unit of a representative through which it tenders the energy of several represented owners may not include the energy of the owners it represents with different modes of representation.

The maximum hourly energy declared for units by the agent will be limited to the maximum value of the relevant registry, or the relevant ministerial authorization, as appropriate.

The maximum energy of a sales or buyer unit is the sum of the maximum energy declared by the agent for each and every one of the physical units which make up the said sales or buyer unit.

The maximum energy for physical units will be limited to the gross maximum capacity registered in the corresponding Register of Electricity Production Facilities. For those special regime facilities under category a) in point 1 of article 2 of Royal Decree 661/2007, of 25 May, the



maximum energy for physical units will be limited to the gross maximum power recorded in section two of the Administrative Register of Electricity Production Facilities [*Registro Administrativo de Instalaciones de Producción de Energía Eléctrica*] multiplied by a coefficient of 1.2.

During official testing to certify new capacity, the agent will be able to request an amount of energy above that registered in the registration of the said installation, in order to carry out the tests. The maximum energy value will be applicable for all scheduling periods of calendar days when the said tests are carried out.

Registration of a schedule unit of a participant that is a market agent will occur at the same time as the registration of a production unit of the agent. An agent on the market may not have a production unit without a schedule unit, nor a schedule unit without a production unit.

In the case of registration of a schedule unit of a subject who is not a market agent, the programming of the unit will be admissible on the third working day following receipt of the request for registration of said unit by the System Operator.

If a production unit added to the system is then withdrawn for a date by the agent owning that unit, or it remains with a null maximum power because it is not associated to any physical unit due to the request for changes in association, all the bids presented for the daily market sessions will be cancelled as of the date for which the withdrawal has been requested or the unit has been left with a null maximum power. Likewise, the bid will be withdrawn by default, applying said withdrawal for the first day for which the unit has been withdrawn or has a null maximum power.

### **RULE 13. TIME OF PRESENTATION OF BIDS**

1. On the daily market, bids should be received by the Market Operator's information servers before the period of acceptance of bids closes. Schedule of operations on the daily and intraday electrical energy production markets corresponding to the daily market are described in the final rules.
2. For the intraday market, the Market Operator will determine the opening and closing times for presentation and acceptance of bids and this will be reported to agents. On the daily market, bids should be received by the Market Operator's information servers before the period of acceptance of bids closes. Schedule of operations on the daily and intraday

electrical energy production markets corresponding to the daily market are described in the final rules.

3. The time of reception will be that indicated by the Market Operator's computer system at the time of reception.

#### **RULE 14. PLACE OF PRESENTATION OF BIDS**

Sale bids must be received in the Market Operator's information servers before the close of the bid acceptance period, via the electronic medium that is set up and authorized for this purpose.

The electronic media available for the reception of bids from the date the Market Operating Rules comes into effect shall be one or more of the following:

- Internet Access.
- Access through Integrated Services Digital Network Lines (ISDN).
- Access through leased lines, for those market participants requesting it.

The agent is responsible of the hiring, renting, maintenance and continuity of the correct operation of the media which it decides to use to access the Market Operator's Computer System and the Market Operator is not responsible for any failure outside its own information system. In particular, agent's use of automatic connection systems should be supervised by the said agents, with the Market Operator declining any responsibility for faults which are not its own.

The PC-compatible computer should be connected to the Market Operator's Computer System.

If the agent decides to connect over the Internet, it can use any media to connect to an Internet provider (ISP).

If the agent decides to install leased lines, it should contact the Market Operator's Computer System's Directorate for technical details on installation and configuration.

If the agent wants a direct access to the Market Operator using RDSI, the Market Operator will assign a username and password and indicate the RDSI numbers to be called to establish a connection. This data will be reported to the person in charge of security reported by the agent.

The Market Operator shall be allowed to update its computer system communication media in order to add the technological advances that may emerge.

The Market Operator shall keep market agents informed at all times of any modifications it may make in its computer system.

Sellers or purchasers shall transmit their electricity sale bids to the Market Operator at their own expense, and shall assume the responsibility for contracting and maintaining the communication media services they deem necessary for conveying their sale bids.

The Market Operator shall inform the sellers of the result of the verifications of their bids and of the result of matching by placing the results at their disposal in the information servers of the Market Operator's Computer System. This information shall be accessible through the media indicated above.

## **RULE 15. VERIFICATION OF SALE BIDS**

Notwithstanding verifications specific to daily and intraday markets, which are detailed in the regulations of these regulatory rules, sales and purchase bids presented by agents shall be verified by the Market Operator, as a prior condition for their acceptance, in accordance with this Regulation.

Verification of bids on behalf of the Market Operator does not modify the agent's responsibility for undue offers it may have presented.

### **15.1 VERIFICATION OF THE SESSION STATUS FOR BID PRESENTATION**

At the moment it receives a sale bid in its computer system, the Market Operator shall verify that, according to the reception time available in its computer system, this reception time falls before the close of the bid acceptance period. In the case of file-presented bids, if this bid has started to be received by the Market Operator's Computer System before the deadline for receiving bids and the file's format is correct, a validation process shall be carried out for all the offers included in the said file considering, for control effects, the time limit for bid presentation the hour the file is received at, with a validation being inserted for each offer with the time and date the validation finishes at.

**15.2 VERIFICATION OF THE AGENT**

The Market Operator shall verify:

- That the selling participant is registered in the Market Operator's Computer System and has not been suspended as a Participant by the relevant System Operator.
- That the participant is authorized to submit sale bids for the production unit at the time the bid is submitted. If a participant submits bids for production units for which it is not authorized, those bids shall be rejected.
- That the agent has sufficient guarantees to submit purchase bids. When it involves a sales unit with shared ownership or representing production units of different agents in the name and on behalf of another, a check is to be made to ensure that each one of the owner agents has sufficient guarantees to submit the purchase bid regarding the amount corresponding in each case.

**15.3 VERIFICATION OF THE BID PRODUCTION UNIT**

At the moment each sale bid is submitted, the Market Operator shall verify that the installations that make up the production unit for which the bid is being submitted are registered in the Market Operator's Computer System.

Likewise, it shall verify that the production unit has not been suspended in application of the Rule "Prolonged lack of guarantees".

**RULE 16. CONFIRMATION OF SALE BIDS**

The Market Operator will inform agents of the following:

- Automatic confirmation of the reception of electrical energy bids, using the procedures which these rules set out.
- Verification, in the terms established in these rules, of the electrical energy offer and the communication of the result of the verification.
- Acceptance of the electrical energy bid, if the result of the verification which the previous section refers to is positive or even if the inclusion of the said bid in the matching process in the case of exceeding the previous verifications before the matching process was carried out.

- Inclusion or not in the matching result and, if applicable, an explanation of the reasons for its exclusion in the terms established in these rules and when thus required.

The validation made by the market operator's system shall be considered final, even in the event of the disconnection of the agent's system before an answer to said validation has been received.

**RULE 17.      FIRM BIDS**

Energy acquisition or sale bids, which are valid and have not been substituted or annulled by sellers or buyers to the Market Operator for each of the sales or acquisition units which they own, will become firm at the time the acceptance period for bids ends.

## **CHAPTER FOUR**

### **INFORMATION AND CONFIDENTIALITY**

#### **RULE 18. CONFIDENTIALITY AND INFORMATION REPORTING**

1. The market participants undertake to maintain the confidentiality of the data relative to access to the Market Operator's computer system, to guard the computer access codes and passwords, and to notify the said Market Operator of any incident regarding information security.
2. The market and the system operators undertake to maintain the confidentiality of the information that the seller has placed at their disposal in the electricity sale quotation in compliance with the provisions of these rules.
3. Information on different programs and reports associated to sales units will be considered confidential until the relevant daily market session is opened for the scheduling periods of 90 days after the scheduling periods of the said schedules.
4. Information on settlements of the daily and intraday electrical energy production markets of an agent will be considered confidential for other agents.
5. Agents will only have access to information on other agents if this is aggregated.
6. A market agent will be able to request from the Market Operator the access to disaggregated information on any agent in the case of a claim relative to a settlement which affects this agent.

#### **RULE 19. PUBLICATION OF AGENT INFORMATION FOR THEIR OPERATIONS ON THE MARKET**

The Market Operator provides market agents with all the information necessary for the development of market processes through the Market Operator's Computer System. In order to access this system it is necessary to use access certificates provided by the operator. Depending on the agent which the person who access the system belongs to, and access

permission available, the system will provide this accessible information, always respecting confidentiality criteria.

The Market Operator will put necessary information at the disposal of market agents via the methods and formats established in the current version of the document “File model for the exchange of information between SO and MO”, relative to the files exchanged between these, and published by the Market Operator. The information published will be classified in the following groups:

#### **19.1 DAILY MARKET INFORMATION**

- Bid files
- Demand forecasts
- Interconnection exchange capacities
- Capacities assigned to interconnections with capacity assignment. Maximum capacities and capacities available for market coupling
- Unit unavailability
- Guarantees available
- Files accessible on Daily Market results
  - PDBC marginal prices
  - Base matching schedule
  - Base operational schedule

#### **19.2 INTRA-DAILY MARKET INFORMATION**

- Feasible daily schedule
- Bid files
- Demand forecasts
- Maximum interconnection exchange capacities
- Capacities allocated in interconnections with allocation of capacity
- Unit unavailability
- Limitations to production units
- Guarantees available
- Files accessible on Daily Market results
  - PIBCI marginal prices

Incremental and accumulated base matching schedule  
Final hourly schedule  
Hours annulled by the Market Operator or by the System Operators

### **19.3 INFORMATION ON SETTLEMENTS**

- Settlement files common data
- File on hour notes
  - Relevant market
  - Purchasing and production units
  - Amount
  - Unit price
  - Right to charge or relevant payment obligation
  - Total rights chargeable or relevant payment obligations accumulated for each market
- Daily settlement file
  - Total final payments and charges
- File on the market acquisitions of last resort retailers
- Payment guarantees
  - Guarantees arranged
  - Balance of the guarantees for the next sessions
- State of settlement
- Settlement calendar and billing+
- Invoices and payment or charge slips
- Information relating to invoicing and taxes.
- Final cost of the energy and the components of the end price in aggregate and for each type of consumer.

### **RULE 20. PERIODIC PUBLISHING OF PUBLIC INFORMATION**

The Market Operator will provide the general public with non-confidential general information using its publicly-accessible WEBSITE. The set of files and information provided by the Market Operator is described in the document entitled: "Public Information Provided by the Market Operator", available on the web server itself.



In order to disclose publicly available information, the Market Operator will apply the following confidentiality criteria:

#### **20.1 AGGREGATED DEMAND AND SUPPLY CURVES AND INTERNATIONAL AND INTRA-COMMUNITY TRADE**

After matching each session on the market, the Market Operator will publish for the Iberian market:

- Hourly prices and total energy negotiated per hour on the daily market.
- Aggregate supply and demand curves, bids taking part in the forming of the prices and bids included in the schedule resulting from the match with an indication of prices and amounts for each segment of energy offered. Once offers made to the market are public, in compliance with these rules (90 days later), the new curves will be added indicating the units associated to each block.
- Business of each international interconnection per hour (including what has been matched on the daily market plus the maximum assignment of what has been executed in international bilateral contracts) indicating:
  - Maximum import and export sales capacity for each interconnection
  - Occupied capacity in each direction of the interconnection
  - Free capacity in each direction of the interconnection

#### **20.2 INFORMATION ON MARKET AGGREGATES**

The Market Operator will establish the size, parameters and variables of each aggregate which, due to their significance, should be the object of publication. In any case, information on technology production and the demand by agent categories will not be published before three days have gone by since the closure of the market sessions.

#### **20.3 QUOTAS**

After the daily market session held on the first day of each month (m), the Market Operator will publish energy hiring quotas for various markets and processes, of all agents, relevant to the month (m-2).

#### **20.4 PUBLICATION OF MARKET INFORMATION THAT IS NO LONGER CONFIDENTIAL**

After the daily market session is held, the Market Operator shall make public all the information on the session held 90 days before, including information which derives from the presentation of bids and matching, and, in particular, the full content of bids presented by agents in all market sessions.

**RULE 21. PERIODIC REPORTS ON THE RESULTS OF THE MARKET FOR THE COMPETENT AUTHORITIES AND THE MARKET AGENTS' COMMITTEE**

Notwithstanding other relevant information on the market which, according to legislation in force should be transmitted to the Ministry for Industry, Energy and Tourism and other competent authorities, the Market Operator will work together with the relevant regulatory bodies, the Market Agents' Committee and, when applicable, the European Commission to make the market and its results transparent.

With the aforementioned purpose, the Market Operator will draft follow-up reports based on parameters to improve the follow-up, observation and checking of data relative to the electricity market. In relation with this report, the Market Operator will apply the relevant confidentiality criteria applicable.

**RULE 22. PUBLIC INFORMATION**

All information which the Market Operator provides to an agent on another agent or on agents in compliance with these rules and which is not motivated by the existence of a claim, should be provided to the general public, except information given to several agents in compliance with legal regulations which require this to be done.

To provide information to the general public, the Market Operator will use its public website.

## **CHAPTER FIVE**

### **DAILY PRODUCTION MARKET AGENTS' COMMITTEE**

#### **RULE 23. AGENT COMMITTEE FUNCTIONS**

The daily production market agents' committee is an organ whose function is to follow the operation of the management of the daily and intraday production market, and suggest means to improve the management of these markets.

Specific functions of the daily production market agents' committee are the following:

- a) To carry out a follow-up of the daily and intraday production market and the development of the matching and settlement processes.
- b) To be informed, by the Market Operator, on faults which have taken place in the operation of the daily and intraday markets.
- c) To suggest to the Market Operator operational rules which could bring an operational improvement on the daily and intraday production markets.
- d) To provide advice to the Market Operator in order to resolve faults which occur on hiring sessions.
- e) To obtain periodical information from the Market Operator on those aspects which allow the analysis of the level of competition on the daily and intraday electrical energy production markets.
- f) Any other function which is given to it by regulations in force to improve market operation.

#### **RULE 24. MEMBERS OF THE COMMITTEE**

The market agents' committee will be made up of a maximum of 25 members, divided into the following groups:

- Six representatives of ordinary regime producers
- Four representatives of special regime producers
- One representative of the agents acting as representatives
- One representative of non-resident retailers
- Two representatives of last resort retailers

- Four representatives of retailers
- Three representatives of consumers
- Two representatives of “OMI-POLO ESPAÑOL, S.A. (OMIE)”
- One representative of each one of the Spanish and Portuguese System Operators, with no right to vote or hold the office of chair

**RULE 25. APPOINTMENT OF MEMBERS OF THE DAILY PRODUCTION MARKET AGENTS' COMMITTEE**

Members of the Committee in groups 1 to 7 in the previous rule will be representatives of the most significant associations of each activity, depending on the volume of energy negotiated on the daily production market. None of these groups will be able to hold all the positions in a group, except in the case that there is a single representative.

For an association to apply for representation on the Committee it should operate, directly or indirectly, on the daily production market and have at least three members, none of which will be represented by another association on the MAC.

Associations with no representation on the MAC will have priority over those who are already represented, in the appointment process.

Associations which wish to be represented on the MAC will request this in writing from the Market Operator, indicating the denomination of the association and information on the companies which make up the group, the volume of energy negotiated by these on the market during the past year, directly or indirectly, and giving details on the group requesting representation.

The Market Operator will study the application and once it has checked that details are correct and that a vacancy exists for the applying group, it will proceed to appoint its membership of the MAC.

In the event that conflict occurs when several associations collide for a same position on the MAC, the Market Operator will take the decision based on representation and proportionality criteria and report the said criteria to the National Commission of Markets and Competence.

**RULE 26. OPERATING RULES AND INTERNAL REGIME RULES AND REGULATIONS**

The daily production Market Agents' Committee will approve its internal operational rules, which will establish the calendar for sessions, the meetings' notice procedure, and code of conduct regulations, agreement adoption procedure and schedule for renewal of its members.

Posts on the Market Agents' Committee will not be remunerated.

The President and Secretary of this organ will be elected by the daily production market agents' committee among its members.

In the maximum period of a year after the publication of this Rule, confirmation or appointment of the naming of the current associations on the MAC will be given of their designated representatives on the committee.

## **CHAPTER SIX**

### **DAILY MARKET**

#### **RULE 27. CONCEPT AND PURPOSE**

The purpose of the daily market, as an integral part of the electricity production market, is the execution of electricity transactions for the following day through the submittal of electricity sale and purchase bids by market agents.

These bids shall be submitted to the Market Operator, and shall be included in a matching procedure effective for the daily scheduling horizon, corresponding to the day following the market session.

The daily market shall be structured in one single session for each daily scheduling horizon. Scheduling periods will be hourly, and the daily horizon is made up by 24 scheduling periods of consecutive Central European Time (CET) (23 or 25 periods on days when clocks are changed to go on or off Daylight Savings Time).

#### **RULE 28. BIDS ON THE DAILY MARKET**

##### **28.1 OBJECT AND CONTENT OF SALES AND PURCHASE BIDS**

Sale bids can be simple or complex, depending on their content. Purchase bids can only be simple without the incorporation of complex conditions being possible.

Sales and purchase bids can only be presented for the same daily horizon and a same sales or purchasing unit, except in the circumstances described in the Rule on Physical delivery of energy traded on the futures market.

##### **28.1.1 SIMPLE BIDS**

For purposes of the provisions of the Market Operating Rules, simple bids are defined as those electricity sale bids which sellers submit for each hourly scheduling period and production unit they own, with the expression of a price and an amount of power. For each hourly scheduling period within the same daily scheduling horizon, there can be as many as 25 power blocks for the same production unit, with a different price for each of the said

blocks, with the prices increasing for sale bids, or decreasing for purchase bids. Simple bids may not include any additional terms to be considered in the matching process.

For sales units corresponding to production units with more than one owner for settlement effects, as well as the sale bid of the agent which represents it, the amount of energy associated to each of the owners committed to a bilateral contract will also be received for its consideration in the settlement of energies in the resulting daily market schedule.

### **28.1.2 COMPLEX BIDS**

For purposes of the provisions of the Market Operating Rules, complex bids are defined as those electricity sale bids which, while complying with the requirements governing simple bids, include all, some or any one of the conditions which are listed and described below. These conditions will be incorporated by the Market Operator in bid matching in the terms established in the rule which describes the matching algorithm. The following are the conditions that can be included in complex bids:

#### **28.1.2.1 CONDITION OF INDIVISIBILITY**

The condition of indivisibility established that if the indivisible block of its bid is matched, it will be matched in its entirety - that is - for all the electricity bids and not for a fraction of that power, apart from the provisions on sharing.

Sellers shall only be allowed to include the condition of indivisibility in an electricity sale bid for the first block of the 25 possible power blocks in each hourly scheduling period.

Sellers may only include the condition of indivisibility in those bids that do not specify any other complex condition.

#### **28.1.2.2 MINIMUM INCOME CONDITION**

Sellers may include, as a condition governing the electricity sale bids they submit for each production unit, that the bid in question is only to be considered submitted for matching purposes if the seller obtains a minimum income, with the exception as provided for in the rule governing the complex condition of minimum income. The minimum income required shall be expressed as a fixed amount in Euros, without decimal places, and as a variable amount expressed in Euros per MWh, with as many as two decimal places.

The minimum income condition shall not be allowed if the income requested exceeds the income resulting from the complete acceptance of the bid at the price bid by more than 100%.

#### **28.1.2.3 SCHEDULED STOP CONDITION**

This is the condition that sellers may include in the electricity sale bids they submit for each production unit so that, in the event that these bids are not matched due to the application of the minimum income condition, they can be treated as simple bids in the first block of the first three hourly scheduling periods of the daily scheduling horizon. The electricity bid which includes the scheduled stop condition shall be decreasing during the above-cited three hourly scheduling periods.

In any case, bids rejected due to the minimum income condition that include the scheduled stop condition are also indivisible, except as provided in the splitting rules. No other indivisible production block can exist in the same scheduling period.

#### **28.1.2.4 PRODUCTION CAPACITY VARIATION OR LOAD GRADIENT CONDITION**

The production capacity variation condition consists of establishing, for each production unit, a maximum upward or downward difference in energy variation, between two consecutive hourly scheduling periods. This condition shall be expressed in MW/h, to one decimal place, and the result of applying it shall be, in any case, limited by the sales unit's maximum production capacity available hourly.

### **28.2 FORMAT FOR SUBMITTING SALES OR PURCHASE BIDS**

In the electricity sale bids they submit to the Market Operator, sellers shall include the data listed below for each production unit and scheduling period:

- a) Code of the sales or purchasing unit.
- b) Description of the bid. Alphanumeric field that does not use the algorithm.
- c) Type of bid, which will obligatorily be a sales or purchasing bid.
- d) Daily scheduling horizon date. This shall be the date on which the bid is submitted. This item shall be left blank if the bid is a default bid.



e) Default bid. The valid data that can be included in the bid is:

YES, which indicates that the bid is a default bid, and that the market participant is keeping it in force for all the daily scheduling horizons, as from the moment the bid is received by the Market Operator. In this case, the daily scheduling horizon date is not used.

NO, to indicate that the bid is not a default bid, and that it is only valid for the daily scheduling horizon date indicated.

f) Minimum income condition for the production unit, which shall be expressed by means of the following two values:

- Fixed term (TF) for a single daily scheduling horizon, set in Euros. Decimals will not be included.
- Variable term (TV), which shall remain invariable for a single daily scheduling horizon, set in Euros per MWh, with as many as two decimal cents being included.

If the value is zero, it shall mean that the bid in question does not include this condition. In purchase bids both values should equal zero.

g) The sales unit's maximum rising or descending load variation gradient, expressed in MW/h to no more than one decimal place. If the value is zero, it shall mean that the bid in question does not include this condition. In purchase bids both values should equal zero.

h) For each of the up to twenty-five (25) blocks into which a production unit's sale bid can be divided, and each of the hourly scheduling periods, the following data shall be provided:

h.1) Hourly scheduling period to which the bid corresponds.

h.2) Volume of electricity offered in the block by the production unit for each hourly scheduling period, expressed in MWh to a maximum of one decimal place.

h.3) Price at which the block is bid for sale in Euros per MWh, to a maximum of two decimal places.

h.4) Indication, in the first block of each scheduling period, of whether the electricity block is divisible or not.

h.5) Indication, in the first three periods of the scheduling period, of whether the electricity sale bid of the first block corresponds to a scheduled stop condition, for the first three hourly scheduling periods of the scheduling period.

Additionally, the agent can report the energy associated to each of the owners which is committed to bilateral contracts in the case of sale bids, and the sales units which have more than one owner, for their consideration in the daily market settlement. This information will be sent by the person responsible for the submission of each shared power station bid, along with the codes of the relevant bilateral contracts. Upon receipt of this information, the Market Operator will verify that:

- The code for information communication exists
- The production unit exists
- The agent sending the information is the agent responsible for its submission

If the tests described above are not passed, all information sent concerning the production unit will be rejected and the corresponding warning message will be issued.

### **28.3 INFORMATION RECEIVED BY THE SYSTEM OPERATORS: UNAVAILABILITY, SALES CAPACITY OF INTERNATIONAL INTERCONNECTIONS, INFORMATION ON ASSIGNATION OF CAPACITY RIGHTS AND ON INTERNATIONAL BILATERAL CONTRACTS, NATIONAL BILATERAL CONTRACTS AND THE RESULTS OF PRIMARY ENERGY ISSUE OPTION AUCTIONS**

#### **28.3.1 DEFINITION AND INCORPORATION OF INFORMATION ON UNAVAILABILITY**

The information on unavailability sent by the system operators to the Market Operator's Computer System will be gathered by the Market Operator, and it will contain for each system the unavailability which the corresponding system operator has confirmed regarding any of the physical production units and pumping purchasing units, at the time this information is sent. Unavailability will be sent per physical unit. As a consequence, the Market Operator will consider that all production units not included in the latest information received by the corresponding System Operator are available.

Information on unavailability will be incorporated into the Market Operator's Computer System at the time said operator receives the aforementioned information, with the time limit of the inclusion of this information for matching purposes being the bid reception closing time on the daily market session.

### **28.3.2 DEFINITION AND INCORPORATION OF INFORMATION ON SALES CAPACITY OF INTERNATIONAL INTERCONNECTIONS**

Information available on import and export capacities, sent by the System Operators to the Market Operator's Computer System, will be compiled by the latter, and it will contain information on maximum capacity and capacity available to the market, import and export capacity at the border, for each scheduling period, with every one of the Spanish electricity system's interconnections which have a maximum capacity limitation. As a consequence, the Market Operator will consider that all interconnections and the direction of the flow which are not included in the latest information received from the System Operators equal zero.

Information on capacities will be included in the Market Operator's Computer System at the time said operator receives the aforementioned information, with the time limit for matching purposes on the daily market being the bid reception closing time on the daily market session.

### **28.3.3 DEFINITION AND INCORPORATION OF INFORMATION ON ASSIGNATION OF CAPACITY RIGHTS AND ON INTERNATIONAL BILATERAL CONTRACTS**

The Spanish System Operator will provide the Market Operator with the last notifications concerning use of capacity rights for each sales or purchasing unit corresponding to assignments previously confirmed in daily auctions, as well as assignments in daily auctions, regarding interconnection with the French electricity system for the purpose of validation of bids submitted on the daily market, following the receipt of said assignment, and for their consideration in the validation prior to the matching process and within such a process.

The daily auction of capacity rights with the French electricity system may be organised by the Spanish and French system operators, as a fallback system when no coupling is possible between the Iberian market and the French market. The incorporation of the result of said daily capacity auction shall be effected by means of a transaction between the capacity rights unit and the generic unit in the Spanish production zone, in the same way as effected with the capacity rights prior to the daily auction. During the transition

period in which the matching is made with the Euphemia algorithm, but considering null implicit coupling capacity with the French system, the result of the daily capacity auction at said interconnection shall be declared in the same way as the long-term rights by the market agents acquiring said rights, before the deadline established in the rule on the sequence of operations in the daily market. When daily capacity auctions are held as a fallback system for decoupling the Iberian market from the rest of the market, the capacity rights shall be declared in the same manner, according to the timetable agreed between the market operator and the Spanish system operator.

The System Operators will provide the Market Operator with the notifications on use of capacity rights for each sales or purchasing unit corresponding to assignments confirmed before the daily market for the interconnection with the Portuguese electricity system for their consideration in the validation of bids presented on the daily market, and for consideration in the validation process prior to the matching period and within this period.

International bilateral contracts on the Spanish-Portuguese border will be sent to the Market Operator by the system operators once they have been agreed upon by both operators. International bilateral contracts for the borders of the Iberian System will be sent by the Spanish System Operator to the Market Operator.

Once the system operators have reached agreements on the Spanish-Portuguese borders, they will provide the Market Operator, before the closure of the market bids receipt period, with information on international bilateral contracts received by agents, so that these are considered in the validation of bids presented on the daily market, after this report is received, and so that these are considered in the validation process prior to the matching period and within this period.

The System Operators will provide the Market Operator with information regarding the assignment of capacity rights for each agent that has not carried out the notification on the use of capacity rights in the interconnection with the Portuguese electricity system.

#### **28.3.4 DEFINITION AND INCLUSION OF INFORMATION ON NATIONAL BILATERAL CONTRACTS AND THE RESULT OF THE AUCTIONS OF PRIMARY ISSUES OF ENERGY**

The Market Operator will receive information from the relevant System Operators, before the closure of the market bid receipt period, on international bilateral contracts

received from agents, so that these can be considered in the validation of bids submitted on the daily market.

The Market Operator will receive information from the relevant System Operator, as soon as such information is available, on the nominations of energy coming from primary energy issue auctions.

## **28.4 VERIFICATION OF SALE BIDS**

Sales or purchasing bids presented by agents will be verified by the Market Operator, as a prior condition to their possible acceptance. This verification will be carried out at the time bids are received and when the bid receipt period on the daily market session closes, in accordance with this Rule. Bid validation will be carried out in accordance with the following:

### **28.4.1 VERIFICATION OF THE STATE OF THE SESSION**

Upon the reception of the bid in its computer system, according to the time of reception available in said computer system, the Market Operator shall verify that this reception time precedes the deadline for the acceptance of bids. Whenever the bids have been submitted in a file, if it has started to download into the Market Operator's computer system before the deadline for the reception of bids and the file has the proper format, a validation process will be conducted for all the bids included in said file with consideration, for the purpose of controlling the deadline for the submission of bids, for the time when the file started to download, with each bid being applied the outcome of the validation with the time and date of the end of the validation.

### **28.4.2 AGENT VERIFICATION**

The Market Operator will verify:

- That the agent has been added to the Market Operator's Computer System on the date the bid is being presented and it has not been suspended by the System Operators as a Participant in the System.

- That the agent is authorized to submit sale bids for the sales unit, or purchase for purchasing units, at the time the bid is submitted and for the scheduling periods the offer is presented at. Bids from agents who present bids for units they are not authorized to present on the current date will be rejected.

#### **28.4.3 VERIFICATION OF COMPLIANCE WITH GUARANTEES**

The Market Operator shall verify at the moment the bid is placed, whether it is for the next session in the daily market, whether the agents for whom the sufficiency of guarantees is to be validated for said bid in the subsequent matching process will have sufficient guarantees for paying the maximum estimated amount for the energy corresponding to the bid submitted on the day when said payment obligation is due, according to the best information available at the moment the bid is placed.

The estimation of the maximum payment of the bid submitted shall be the valuation of the same and shall be established by the Market Operator multiplying each hourly block by the its bid price at that time plus applicable taxes and charges.

The bid shall be provisionally accepted, even in those cases in which it does not have guarantees, although the responsible agents affected will be informed of the outcome of this verification.

#### **28.4.4 VERIFICATION OF THE SALES OR PURCHASING UNIT**

At the time the bid is submitted, the Market Operator shall verify that the installations that make up the production unit for which the bid is being submitted are registered in the Market Operator's Computer System for the date the bid is being submitted on.

##### **28.4.4.1 VERIFICATION OF THE MAXIMUM ENERGY TO BE OFFERED WITHIN A SCHEDULING PERIOD**

For a sales or purchase bid presented in a session, which is not a default offer, it will be checked that the total energy offered in each hour, plus the energy declared for that unit in the entirety of executions of bilateral contracts prior to the daily market, including notifications regarding the use of capacity rights, which have been reported to the Market Operators, within the said session, does not exceed one of the following values:

- The maximum energy of the unit in the Market Operator's database.
- For those sales units that have been declared unavailable, the maximum energy available considering current non-availabilities when the bid submitted is for the next daily market session, understanding the maximum energy available to be the maximum energy once the energy unavailable has been discounted from its physical units. In the event the bid is normal for a session subsequent to the next daily market session, the production unit shall be considered available for the purposes of the bid validation period at the time the bid is submitted. The verification in the process of preparing bids for the daily market will include a further check on the bid's validity by considering the maximum power available bearing in mind the non-availabilities in force at the session's close, as detailed in the section on verifying bids prior to matching.
- For units which affect international interconnections of the Iberian system (Spain—Portugal electrical interconnection system) the sum of the maximum import capacity, in the international interconnection for which the transaction is given, plus the maximum export capacity for the said interconnection, increased by the percentage of losses applicable, corresponding to the offered time period. For this purpose the latest available data, sent by the System Operators, will be used at the time the bid is received.

In the event that energy offered exceeds the maximum value in any of the scheduling periods, the bid will be rejected in its entirety.

If offers are sent by default, the energy offered in each scheduling period against the maximum energy declared for that unit in the Market Operator's database will be validated, with the offer being provisionally accepted, at the expense of the global validation of bids and the execution of bilateral contracts before the match is performed, and in this process, in the case that the limits for global validation are exceeded, the offer will be rejected in its entirety. Given that by default the bids apply as of the same moment of their submission without the condition of notification of a bid date, it shall be validated that the submission date of the bid by default is subsequent to 00:00 hours on the date for which the corresponding production unit has been added.

**28.4.4.2 VERIFICATION OF THE CONTENT OF THE BID**

- a. Verification of sale bids for blocks corresponding to the scheduled stop condition correspond to the first block of the first scheduling period and, as a maximum, up to the third scheduling period and these shall be decreasing in terms of energy offered in periods which the scheduled stop condition is declared for.
- b. Verification of sale bids in which prices for different energy blocks of a same sales unit have increasing prices in regard to energy offered.
- c. Verification of purchase bids in which prices for different energy blocks of a same unit have decreasing prices with respect to the energy offered.
- d. Verification that the minimum income which the vendor incorporates as a sales condition in the sale bid is not over 100% of the income resulting from the complete simple sale bid of the sales unit.
- e. Verification that the sales unit bid incorporates only one undividable block for each scheduling period.
- f. Verification that a bid that declares the condition of indivisibility in one block does not declare any other complex condition.
- g. Verification that the maximum rising, maximum descending gradient, start-up and stop gradient declared in the bid are the same or under those registered in the Market Operator's Computer System. In the case a maximum value does not exist in the information system it will be understood that the gradient does not have a maximum value limit.
- h. Verification that the sales production units of special regimen to tariff are priced at zero.



### **28.4.4.3 VERIFICATION OF BIDS WITH REGARD TO BIDS FROM THE FUTURES MARKET**

Bids from agents to be offered on the daily production market which are not from open positions on the futures market, when included, will not be validated against bids from the futures market. The set of bids will be validated before the matching process starts.

## **28.5. VALIDATIONS AFFECTING REPORTING OF INFORMATION ON BILATERAL CONTRACTS SENT BY THE SYSTEM OPERATORS**

In the process of reception of reports on bilateral contracts, put at the disposal of the Market Operator by the System Operators, the following validation process is carried out:

### **Validations of reports on international bilateral contracts made on the Daily Market**

The validation of the insertion of the report on an international bilateral contract will be done for the energy in each unit declared in the contract, for each scheduling period. For each scheduling period, validation will be carried out for each unit's executed energy, to check that none of the following values are exceeded:

- The maximum energy of the unit in the Market Operator's database.
- The maximum energy amount available considering unavailability in force.
- For units which affect international interconnections with the Iberian system : the sum of the maximum import capacity, in the international interconnection which the transaction is given for, plus the maximum export capacity for the said interconnection, increased by the percentage of losses applicable, corresponding to the offered time period. For this purpose, the last available information sent by the system operators will be used at the time the bid is received.

In the event that any one of these values should be exceeded, in any one of the scheduling periods, the acceptance of the file shall require the approval of the corresponding System Operator.

The sale scheduling units shall be generic units or programming units associated to sale production units. The purchase scheduling units in a bilateral contract will be generic units or programming units associated to acquisition production units.

In the event the observance of a bilateral contract cannot be incorporated into the Market Operator's system because it is in breach of these rules, the observance of bilateral contract shall not be incorporated into the system, although incorporation may be made of all the other observances of bilateral contracts received in the same notification.

The insertion of the notification of a bilateral contract shall be validated for the units involved in the declaration of the bilateral contract:

- All the sale scheduling units in a bilateral contract will be located in the same electricity system and each will have a selling programme.
- All the purchase scheduling units in a bilateral contract will be located in the same electricity system and each will have a purchasing programme.
- The bilateral contracts submitted by the system operators will be programming units in their respective electricity systems. The System Operator for the Portuguese system will submit bilateral contracts for units in the Portuguese zone and the Spanish System Operator will submit bilateral contracts for units in the zone comprising Spain, France, Andorra and Morocco.

## **28. 6. ACCEPTANCE OF SALES AND PURCHASE BIDS**

The last valid sales and purchase bids presented by agents to the Market Operator for each of the sales or acquisition units which they own, will become firm at the time the acceptance period for bids ends.

## **28. 7. EFFECTS OF THE INCLUSION OF A SALES OR PURCHASE BID IN THE SETTLEMENT PROCESS**

That either the vendor or buyer accepts the matching results in the terms established in these rules.

## **28. 8. SUBMISSION OF BIDS IN BILATERAL CONTRACTS WITH PHYSICAL DELIVERY**

With a view to complying with section 3 of article 9 of Royal Decree 2019/1997, of 26 December, those retailers that have subscribed bilateral contracts for the physical delivery of energy are to submit purchase bids to the market at their opportunity price with an acquisition unit of the selling agent, for an hourly amount equal to or more than the energy declared in bilateral contracts with physical delivery.

The selling agents that have subscribed bilateral agreements with physical delivery of energy declared with programming units of electricity systems outside the Iberian system (programming units in the zone comprising France, Andorra and Morocco) and acquisition programming units shall declare said bilateral contracts with their sale scheduling units in said electricity systems, which may not be generic units.

## **29 PHYSICAL DELIVERY OF ENERGY TRADED ON THE FUTURES MARKET**

Energy negotiated on futures markets, whose settlement by physical delivery is requested by its owner, may be integrated in the daily production market, energy that originates from organisations included in the International Agreement regarding the creation of an Iberian Electricity Market.

### **29.1. DEFINITION OF FUTURES MARKET UNIT (FMU)**

Futures market units (FMU) are settlement units on the futures market created to allow settlement via physical delivery.

Futures market units will have the features described below:

- a) Each FMU will belong solely to a physical settlement agent of the futures market and an agent from the daily market.
- b) Daily Market agents should report the makeup of each FMU to the Daily Market Operator, providing details on the production units which make it up using the means established for this purpose.

- c) An FMU may contain any of the sales units and/or purchase units on the daily market, except the generic unit.
- d) Each sale or purchase unit on the daily market may only be included in one FMU.
- e) Energy received as open positions assigned to a FMU may not constitute an "anti-natural position". If this were the case, the unit would be rejected by the Daily Market Operator.
- f) A position will be deemed "anti-natural" when the energy from an FMU open position exceeds the sum of the maximum amounts for sales units or the sum of the maximum amounts for the acquisition units it includes, with their relevant symbol.
- g) Sales and/or acquisition units grouped in each FMU may only be production units to be settled on the daily market at the price of energy in Spain or, alternatively, the price for Portugal, and neither unit type will be admissible in the same FMU.

## **29.2. DELIVERY OF POSITIONS FOR THEIR SETTLEMENT WITH PHYSICAL DELIVERY BY THE FUTURES MARKET OPERATOR**

### **29.2.1 SUBMISSION PERIOD**

The Futures Market Operator and the Daily Market Operator will establish the schedule for the settlement of futures positions at least six months in advance, indicating the day when information on each underlying asset should be submitted. The condition described above will be interpreted notwithstanding that said schedule may be modified as a result of changes in the situation of the markets or the type of products traded with the Futures Market Operator.

Open positions will be dispatched by OMIP-OMIClear before the time set in the Daily Market Operator's Computer System, which will never less than two days from the delivery date of the underlying asset. Within the day, the deadline time for the dispatching of open positions will be 5.30 pm.

Time details are given in Central European Time (CET).

## **29.2.2 VALIDATIONS AND RESPONSES**

The Daily Market Operator will validate open futures market positions, Agent/FMU positions, in accordance with the following points:

- a) The Futures Market Operator will only submit positions for physical delivery assigned to futures contracts registered by said operator.
- b) It will later verify that the Agent and the FMU are assigned to existing Agents and FMU which are valid at the time of the communication and within the physical delivery period, and that the FMU belongs to the agent.
- c) Finally, it will verify that the amounts of the relevant physical delivery are within the limits of the FMU. If this were not the case, the position reported will be deemed anti-natural and it will be rejected.

## **29.3. EFFECTS OF RESENDING INFORMATION. CANCELLATION OF PREVIOUSLY SUBMITTED AGENT DISAGGREGATIONS**

The Futures Market Operator may submit new data modifying the information on open positions which have already been sent if it detects that a violation of the rules of the futures market has occurred. The submission of a modification of a position previously sent by the Futures Market Operator may only be carried out up until the moment the bid receipt period for the daily market closes. In this case, disaggregations of the modified positions carried out by Agents up until that moment will be cancelled.

## **29.4. RECEIPT OF DISAGGREGATIONS OF AGENTS' OPEN POSITIONS**

Agents will disaggregate energy for each FMU in the bidding units of sale or purchase associated with such a bid, respecting the limits established in these Market Rules.

### **29.4.1. SUBMISSION PERIOD**

Agents may send disaggregations for FMU energy from the moment of closure of the submission period of the relevant open positions by the Futures Market Operator until the closure of the receipt of bids on the daily market.

The agent may opt to disaggregate by default for those FMUs which only have one bidding unit. Disaggregations for agents using this option will be calculated automatically, in accordance with the rules established, and they will not need to be submitted.

#### **29.4.2. CONTENT**

Agents will submit information on disaggregations in the hourly timetables and may send the disaggregations for all their futures market units in a single submission.

In addition, agents may send all disaggregations concerning energy from hiring units for different future days in one submission, on those days when the Daily Market Operator has information on open positions reported by the Futures Market Operator.

#### **29.4.3. DEFAULT DISAGGREGATIONS**

Default disaggregations are those calculated automatically and in accordance with the following points:

- a) They may only be used by those FMUs that exclusively contain a production unit.
- b) If a new production unit is to be included later in the same FMU, the disaggregation by default option should be forfeited first. If this does not take place, the new relationship between FMU/Production unit will not be registered.
- c) Using the Market Operator's Computer System, the agent may choose the option to apply the disaggregation by default or not and its validity date.
- d) The agent should report a maximum limit in MWh for which it accepts the default disaggregation. In the event that the value of the open position sent by OMIP/OMIClear exceeds this limit, it will only be disaggregated until the limit imposed by the agent is reached.

- e) Each time OMIP/OMIClear's open positions are received there will be automatic disaggregation for those positions which have selected the "disaggregation by default" option.
- f) Once the disaggregation receipt period has started, the agent may update or cancel this information, in the same way it would if a normal disaggregation had occurred.

#### **29.4.4. VALIDATIONS IN RECEIPT AND RESPONSE**

The Daily Market Operator will validate the disaggregations of open futures market positions in accordance with the following items:

- a) Firstly, it will check that the agent submitting the disaggregations is not suspended or excluded from the Futures Market, in accordance with the information received from the Futures Market Operator, nor suspended or cancelled by the Daily Market Operator.
- b) It will then check that the FMU units and sales or distribution production units on the daily market where open positions are disaggregated match existing and current agent units for the date when disaggregation is taking place.
- c) It will check that the production units are associated with the FMU for the date disaggregation is taking place.
- d) It will check that energies disaggregated for each bidding unit are coherent with the information on maximum and minimum amounts available at the disposal of the Daily Market Operator at the time disaggregations are received.
- e) It will verify that the disaggregation of energy in the open position of an FMU for a schedule period is carried out, either in the sales units or in the acquisition units, depending on whether this is an FMU sales or purchase position.

If such checks are not approved, all information sent concerning disaggregations will be rejected and the corresponding warning message will be issued.

If checks concerning production units and FMU units are not approved, all information sent concerning disaggregations regarding the FMU which does not comply with validations will be rejected and the corresponding warning message will be issued.

#### **29.4.5. INFORMATION UPDATING**

Information on disaggregations may be replaced with the communication of new information on disaggregations for an FMU. If the validations established are met, new information will replace previous information for all purposes. If the validations established are not met, the previous information available accepted as valid will still be valid.

The agent may report the cancellation of information reported on disaggregation for an FMU for a particular day. In this case, all information on that FMU, including submissions previously accepted as valid, will be considered non-valid.

#### **29.4.6. CREATION OF OFFERS FROM OPEN POSITIONS ON THE FUTURES MARKETS**

Disaggregations in sales units or the acquisition of open positions from the futures market with settlements with physical delivery sent by agents and which have turned out to be valid will be considered in the matching process on the Daily Market as bids at an instrumental price. The registration time for the disaggregation will be considered as that of the receipt of the information on disaggregation by the agent.

Disaggregations in acquisition units will be considered, for all effects and purposes, as simple bids with an instrumental price and the disaggregations in sales units will be considered for all purposes as simple bids at an instrumental selling price.

### **29.5. EXCHANGE OF INFORMATION WITH THE FUTURES MARKET OPERATOR**

#### **29.5.1 INFORMATION ON STRUCTURAL DATA**

Exchanges of information with regard to Agents aim to identify and qualify physical settlement Agents on the Futures Market and the respective FMU they use to settle operations on the Daily Production Market.



With regards information sharing between OMIE and OMPI-OMIClear, this will be carried out by putting the relevant data at the disposal of the other party, and the party receiving the information will be obliged to collect it.

#### **29.5.1.1 ADMISSION OF A SETTLEMENT AGENT WITH PHYSICAL DELIVERY**

All agents on the futures market wishing to settle their positions with physical delivery must be daily market agents or have signed a contract with a physical settling agent on the futures market which is also an agent on the daily market.

Prior to the acceptance as Physical Settlement Agent by OMIP-OMIClear, the following information sharing will be made between the Futures Market Operator and the Daily Market Operator:

- a) The Futures Market Operator will ask the Daily Market Operator to accept the physical settlement Agent.
- b) The Daily Market Operator will reject or accept the physical settlement Agent.
- c) If the Daily Market Operator accepts, the Futures Market Operator will accept the possibility of physical delivery to the agent.

#### **29.5.1.2 REGISTRATION OF FUTURES MARKET UNITS (FMU)**

Prior to the acceptance of an FMU referring to energy from a Physical Settlement Agent on the Daily Market, the following information sharing will be made between the Futures Market Operator and the Daily Market Operator:

- a) The Futures Market Operator will ask the Daily Market Operator to accept the FMU, providing details regarding the name of the agent, its code and the FMU code.
- b) The Daily Market Operator will accept the FMU, reporting registration on the FMU system to OMIP-OMIClear on the next working day, indicating the date from which it is available.

- c) The Futures Market Operator will accept the FMU definitively and process the Agent's decision.
- d) Both operators may ask the other operator to send all updated information for the agent/FMU pairs validated up until that time.

### **29.5.1.3 CANCELLATION OF A PHYSICAL SETTLEMENT AGENT BY THE FUTURES MARKET OPERATOR**

When a cancellation or deregistration of a physical settlement agent is carried out by the Futures Market Operator, the following information must be reported to the Daily Market Operator:

- a) The Futures Market Operator will inform the Daily Market Operator about the cancellation of an Agent and the relevant futures market hiring units.
- b) The Futures Market Operator will make information available to the Daily Market Operator. This information will include the name and code of the agent and the respective FMUs for the agent.

### **29.5.1.4 TEMPORARY CANCELLATION OF AN AGENT BY THE DAILY MARKET OPERATOR**

In the event of temporary suspension of an agent by the Daily Market Operator, the Futures Market Operator will follow its procedures and the Daily Market Operator will reject physical deliveries indicating the reason for the rejection.

### **29.5.1.5. EXCLUSION OR CANCELLATION OF AN AGENT BY THE DAILY MARKET OPERATOR**

When an agent from the Daily Market Operator resigns or leaves, the following information must be reported to the Futures Market Operator:

- a) The Daily Market Operator will inform the Futures Market Operator of the resignation of the Agent.

- b) The Futures Market Operator will withdraw the agents' ability for physical delivery.
- c) For a period of up to two working days, it will be accepted that the physical deliveries of the agent are rejected by the Daily Market Operator, in the same way as in the event of temporary suspension of an agent of the Daily Market Operator.

### **29.5.2 GENERAL MARKET INFORMATION**

The Daily Market Operator and the Futures Market Operator will exchange the following information:

- a) Any public information considered relevant, taking into account the availability of this information on the public website for each market.
- b) Essential information, publishing a link to the public website of the other market when users require additional information.

## **RULE 30. MATCHING PROCEDURE ON THE DAILY MARKET**

### **30.1. BASIC ELEMENTS GOVERNING MATCHING ON THE DAILY MARKET**

The Market Operator will match the bids for the purchase and sale of energy using the Euphemia algorithm. A detailed definition of the algorithm will be agreed upon between the Market Operator, OMIE, and all the other European market operators that have subscribed the cooperation agreement for undertaking a single common matching between sundry European market operators. This agreement document is to be posted by the market operator, OMIE, on its website, and shall be presented by OMIE, and by each one of the Market Operators, to the Regulators or authorities responsible for approving the Market Rules in each case.

The production of the energy covered by the bilateral contracts in which they are involved shall not be included in the matching process, or taken into account during the matching process for verifying the maximums for sale or load gradient of the sales unit involved.

The price in each scheduling period in each area will offer corresponding to the result of the algorithm Euphemia.

Before the matching process is carried out the following checks will be performed to select bids and bilateral contract executions considered in the matching process with the information sent by the System Operators on unavailability, on maximum import an available, and export capacity for each one of the international interconnections, and information on energies notification of capacity rights and assignation of capacity rights, sent before the closure of bids on the daily market.

### **Validating an agent's guarantees**

Once the period for receiving bids for the market session has closed, the next step will be to validate all the acquisition bids from each agent to check that said acquisition bids have sufficient guarantees.

In order to value the bids, consideration shall be given the valuation of the blocks of energy in each hour at their prices and the valuation in each zone and hour of the blocks of energy including applicable taxes and fees.

It is to be verified whether the agent to which settlement is to be made of said production unit has sufficient guarantees for the purchase bid. The agent to which settlement is to be made of said production unit shall be a single one, except in the following two cases, in which the procedure shall be as indicated:

1. The production unit has shared ownership, or else groups together shared ownership units all in exactly the same percentage among different agents represented in the name and on behalf of another. In this case, each one of the owners is to have sufficient guarantees to cover the percentage of the purchase bid corresponding to their holding.
2. The production unit is in representation of units from different agents in the name and on behalf of another with different ownership percentages. In this case, each one of the agents is to have sufficient guarantees to cover the full purchase bid.

The value of the bid shall be compared with the balance of excess guarantees of the corresponding agents on the day the bid is applied, using the best information available at the deadline for the reception of bids.

When all the agents have sufficient guarantees, the bid shall be accepted on a provisional basis, entering the matching process; those that have not will be omitted from the process.

For each purchase bid in the matching process, an entry is to be made to reduce the balance of the excess guarantees of the corresponding agents for the amount applicable to that bid as appropriate. Once the settlement has been made, this entry will be replaced by the results of the invoicing.

#### **Validations of bids presented on the daily market.**

In the first place, normal or default bids from units without assignation of capacity rights presented on the market shall be validated, in an inverse order to their presentation, and in the first place normal offers and secondly default bids.

Validation will check that for the last valid bid presented, whether normal or by default, for each sales or purchasing unit, that the energy for the scheduling period of the offer, plus the energy of the same unit and scheduling period, executed in international bilateral contracts, or notification on the use of capacity rights, previously reported by System Operators and accepted, do not exceed any of the following values:

- The maximum hourly energy of the unit in the Market Operator's database.
- The maximum energy amount available considering unavailability in force.
- For units affecting international interconnections with the Iberian system, the sum of the maximum import capacity, in the international interconnection which the transaction is given for, plus the maximum export capacity for the said interconnection, increased by the percentage of losses applicable, corresponding to the offered scheduling period. To calculate this, the latest information available sent by the system Operators before the closure of the reception of bids on the daily market will be used.

In the event that none of these values are exceeded, in any of the scheduling periods, the offer will be accepted for the matching process. In the case that any of these values is exceed, in any of the scheduling periods, the bilateral contract will be rejected in its entirety.

Secondly, normal or default bids which have not already been validated shall be validated, including bids for units without assignment of capacity submitted to the market for the

interconnection with the French electricity system, in reverse order to the order of their submission, with normal bids appearing first followed by default bids.

Validation will check that for the last valid bid presented, whether normal or by default, for each sales or acquisition unit, that the energy for the scheduling period of the bid does not exceed any of the following values:

- The maximum hourly energy of the unit in the Market Operator's database.
- The maximum energy amount available considering unavailability in force.
- For units which affect international interconnections with the Iberian system: the sum of the maximum import capacity, in the international interconnection which the transaction is given for, plus the maximum export capacity for the said interconnection, increased by the percentage of losses applicable, corresponding to the offered scheduling period. To calculate this, the latest information available sent by the Spanish System Operator before the closure of the reception of bids on the daily market will be used.
- For generic sales production units the energy offered is lower than or equal to the purchasing balance of the generic schedule unit for the same scheduling period.
- For generic purchase production units the energy offered is lower than or equal to the sales balance of the generic schedule unit for the same scheduling period.

In the event that none of these values are exceeded, in any of the scheduling periods, the offer will be accepted for the matching process. In the case that any of these values is exceed, in any of the scheduling periods, the bilateral contract will be rejected in its entirety.

**Validation at close of the receipt of bids from open positions on the futures market and the consideration of such offers in the matching algorithm on the daily market**

For the purpose of validation of disaggregated energy by agents at the time the receipt of bids closes, these will be considered as bids on the daily market at an instrumental price and the acceptance moment will be considered as the moment that disaggregation of FMU energy is received and accepted.

For all purposes and effects, the previous information will be considered in the validation process in reverse order to their submission, and priority will be given to the most recent information.

At the time of validation at the closure of receipt of offers, only the offer from open positions relevant to the production unit not exceeding the validations established will be rejected, and the rest of the information will be maintained for other offer units belonging independently to the same disaggregation.

Valid disaggregations for open positions on the futures market with settlement with physical delivery will be considered offers at the instrumental price. Energy and price information for these bids will be processed with the matching algorithm as information independent of bids belonging to the relevant units sent by the agent for the daily market:

- a) Complex conditions which may have been included by the agent in the bid sent for the daily market will not be applicable to the energy assigned to the offers from open positions on the futures market.
- b) The matching process on the daily market will be carried out in accordance with the rule provided for this purpose, and both offers in the same production unit will be treated separately.

### **30.2. MATCHING SCHEDULE**

The purpose of the Euphemia matching algorithm is to optimise what is referred to as welfare, which corresponds to the sum for the combined total of all the hourly periods in the programming horizon of the gain from the purchase bids, plus the gain from the sale bids, plus the congestion charge. Gain in terms of purchase bids is understood to be the difference between the price of the matched purchase bid and the marginal price received, and the gain in terms of sale bids is understood to be the difference between the marginal price received and the price of the matched sale bid.

The Euphemia algorithm considers stepwise aggregate curves, which correspond to the curves for which the start price for the acceptance of a block of energy and the full acceptance price for said block of energy coincide, and to interpolated aggregate curves, which are those curves for which the start price for the acceptance of a block of energy and the full acceptance price for said block of energy differ in at least one minimum step between bid prices. For the processing of both types of curves, the Euphemia algorithm performs the matching process with the accuracy of the price values and energy values exceeding the ceiling of decimals specified for the submission

of bids. Once the matching process has been completed, the figures for energies and prices are rounded off according to the accuracy specified in each market. The accuracy established for the Iberian market is two decimal points for prices, stated in euros per MWh, and one decimal point for energies, stated in MWh.

In each market, the Euphemia algorithm considers each one's specific complex conditions or block conditions, with the conditions for bids in the Iberian market being as stipulated in these rules.

The result of the Euphemia logarithm is limited to the interchange established in each market between production zones. Accordingly, the net flow between the Iberian market's internal production zone (flow between Spain and Portugal) and the Iberian system's frontiers (flow between Spain and France, and flow between Spain and Morocco), will be restricted to the capacity available for the market as notified by the system operators responsible for said notification.

The Euphemia algorithm treats all simple bids as a single bid, being the combined total of all the simple bids in the production zone. Once the matching process has been completed, the market operator shall proceed to allocate the matched and unmatched blocks of the simple bids in each production zone.

Once Euphemia's matching process has been made, allocation will be made of the values of the matched and unmatched energy blocks of all the bids that have declared any one of the complex conditions, as well as the values of the matched and unmatched energy blocks for the sum of bids that have not declared a complex condition.

In order to perform the matching, the algorithm will perform the following operations:

### **30.2.1 ESTABLISHMENT OF THE ORDER OF FINANCIAL PRECEDENCE OF SALE BIDS AND DETERMINATION OF THE SALES SUPPLY CURVE**

The Market Operator will establish, for each scheduling period in the daily horizon, the order of financial precedence of sale bids, starting with the lowest, until reaching the highest and covering the energy demand of said scheduling period. In the case that there are energy blocks at the same price, these will be ordered following the criteria below:



- Date, hour, minute and second of insertion in the Market Operator's Computer System, from the lowest to the highest bid.
- Volume of energy in the block from lowest to highest. In the event the aforesaid date, hour, minute and second also coincide in both bids, they are to be ordered according to the amount of energy in the block.
- Alphabetical order, from the lowest to the highest. In the event that the amount of energy is also the same, bids will be ordered alphabetically, if applicable, in descending order.

The Market Operator will determine the aggregate sale bid curve, adding the price of the amounts of energy tendered in descending order and regardless of the sales units said amounts correspond to.

With a view to running the Euphemia matching algorithm, two aggregate sales curves will be plotted for each production zone:

- The first aggregate sales bid curves will contain all the blocks of all the simple bids and all the blocks of all the simple bids that have declared the condition of indivisibility in any hourly period. The energy tendered at the same price will be aggregated to that price with no differentiation. The curve will not feature any identification of the production units to which they correspond.
- The second aggregate sales bid curves will contain all the blocks of the economic order of precedence that are not contained in the first aggregate sales bid curves, without aggregating the energy tendered at the same price, and featuring the identification of the production blocks that belong to the same tender. The curve will not feature any identification of the production units to which they correspond.

### **30.2.2 DETERMINATION OF THE PURCHASING CURVE**

The Market Operator shall establish, for each scheduling period in the daily horizon, the order of financial precedence of purchase bids, starting with the highest, until reaching the lowest and covering the energy demand of said scheduling period. Whenever there are energy blocks at the same price, these will be ordered following the criteria below:

- Date, hour, minute and second of insertion in the Market Operator's Computer System, from the lowest to the highest bid.
- Volume of energy in the block from lowest to highest. Whenever the aforesaid date, hour, minute and second also coincide in both bids, these are to be ordered according to the amount of energy in the block.
- Alphabetical order, from the lowest to the highest. Whenever the amount of energy is also the same, bids will be ordered alphabetically, if applicable, in descending order.

The Market Operator shall determine the aggregate sale bid curve, adding the price of the amounts of energy tendered in descending order and regardless of the purchase unit said amounts correspond to.

With a view to running the Euphemia matching algorithm, an aggregate sale bid curve will be plotted for each production zone, which will contain all the blocks of all the purchase bids. The energy tendered at the same price will be aggregated to that price with no differentiation. The curve will not feature any identification of the production units to which they correspond.

### **30.3. PROCESSING BIDS WITH THE COMPLEX CONDITION OF MINIMUM INCOME**

The Euphemia algorithm performs a matching process with an accuracy exceeding the two decimal points established for the prices of bids in the Iberian market and with an accuracy exceeding the one decimal point established for the energies in bids on the Iberian market.

Although the Euphemia algorithm considers the complex conditions established in these rules, needing to fulfil the conditions said conditions lay down, verification of compliance with the complex condition on minimum income will be made with the value of the prices and energies used in the matching process prior to rounding, whereby a bid may be matched, with the value being the sum of the fixed term plus the variable term multiplied by the final energy matched once the rounding has been performed, lower than the sum of the multiplication of the matched energy once the rounding has been performed, by the marginal hourly price once the rounding has been performed.

### **30.4. PROCESSING BIDS WITH THE COMPLEX CONDITION OF GRADIENTS**

In the application of the complex condition of load gradient, a block of energy tendered at a price higher than the marginal may be matched, if the acceptance of said production block allows matching more energy in adjacent programming periods, such that a solution is obtained with greater welfare, fulfilling all the other conditions of the algorithm.

### **30.5. PROCESSING BIDS WITH THE CONDITION OF INDIVISIBILITY**

Once Euphemia's matching process has been completed, allocation will have been made of the values of the matched and unmatched blocks of all the bids that have declared one of the complex conditions of gradients, minimum incomes and scheduled stoppage, as well as the values of the matched and unmatched blocks of energy for the sum of bids that have not declared any one of the aforementioned complex conditions.

If the process of allocating the blocks of simple bids or the blocks of bids with the condition of indivisibility should lead to non-determination because the aggregate matched offer of said bids, referred to as simple energy aggregated to marginal, exceeds the energy allocated to said bids in the Euphemia matching process, referred to as energy to be distributed to marginal, the following procedures are to be applied:

- a) If the marginal price is above zero, each block will be allocated a proportional part of the simple energy aggregated to marginal, whereby the sum of the allocations will be equal to the energy to be shared to marginal. The proportion applied is that corresponding to the proportion between the simple energy aggregated to marginal and the energy to be distributed to marginal.
- b) If the marginal price is zero, the following criteria are to be applied:
  - b.1 If the sum of the energy of the blocks of the simple energy aggregated to marginal that have declared the condition of indivisibility exceeds the energy to be distributed to marginal, application will be made of the provisions of section a) above.

- b.2 If the sum of the energy of the blocks of the simple energy aggregated to marginal that have declared the condition of indivisibility is lower than or equal to the energy to be distributed to marginal, allocation will be made to the blocks that have declared the condition of indivisibility of an energy equal to the energy tendered. Those matched blocks that have not declared the condition of indivisibility will be allocated a proportional part of their bid, whereby the sum of the allocations will be equal to the energy to be shared to marginal minus the energy allocated to the matched units with a declaration of indivisibility.

### **30.6. RE-MATCHING THE IBERIAN DAILY MARKET**

Once the daily market's matching process has been completed, and once the result has been confirmed by both OMIE and all the market operators undertaking the matching coupled to the Iberian market, the results of the flows through the France-Spain interconnection, referred to as end prices, shall be final.

If an error were to be detected in the matching process within a due period after the publication of the Base Matching Programme, the Iberian market operator, following a consultation with the operators of the Spanish and Portuguese systems, shall proceed to repeat the matching process in a decoupled manner from all the other European markets, maintaining the flow in the interconnection between Spain and France resulting from the previous matching process. The outcome of the re-matching process will be a new complete result for the matching of the Iberian daily market, which will replace the previous result and be the one applied to the settlement process, albeit with the exception as detailed forthwith. For the purpose of the financial valuation of the flow at the interconnection with France, as well as for the purpose of calculating the congestion charge at said interconnection, application shall be made of the price in the Spanish system referred to as the end price, which corresponds to the common matching confirmed by European market operators.

### **30.7. RE-MATCHING THE IBERIAN DAILY MARKET FOR PROCESSING THE INTERCONNECTION WITH MOROCCO'S SYSTEM**

Until the Morocco zone is considered a separate production zone from Spain's production zone, the allocation of programmes of units through the interconnection with the Moroccan system is to comply with the prorrata criterion between the balance of the

final bilateral contracts declared through said interconnection and the net balance of the market transaction that would be matched in the overall matching process involving European markets, as stipulated in Order ITC/4112/2005. The fulfilment of this criterion will involve running the algorithm with the total capacity available for import and export with the Moroccan system. Once the joint matching has been completed for the purpose of confirming the result of the matching to all the other markets, no consideration shall be given to the criterion of prorrata between market and bilaterals as a reason for rejecting the result of the matching.

Once the daily market's matching process has been completed, and once the result has been confirmed by both OMIE and all the market operators undertaking the matching coupled to the Iberian market, the results of the flows through the France-Spain interconnection, and the prices in the Spanish production zone, referred to as end prices, shall be final.

If confirmation is subsequently forthcoming of the non-fulfilment of the criterion of prorrata between bilateral contracts and transactions in the market resulting from the matching, the Iberian market operator shall proceed to repeat the matching process in a decoupled manner from all the other European markets, maintaining the flow in the interconnection between Spain and France resulting from the previous matching process and restricting the bids through the interconnection with the Moroccan system to the maximum corresponding to the prorrata criterion between bilaterals and market. The outcome of the re-matching process will be a new complete result for the matching of the Iberian daily market, which will replace the previous result and be the one applied to the settlement process, albeit with the exception as detailed forthwith. For the purpose of the financial valuation of the flow at the interconnection with France, as well as for the purpose of calculating the congestion charge at said interconnection, application shall be made of the price in the Spanish system referred to as the end price, which corresponds to the common matching confirmed by European market operators.

### **RULE 31. SETTLEMENT RESULT ON THE DAILY MARKET**

In the case of shared property production units, energies matched will be assigned to each co-owner in proportion to the difference between the total energy of the matched unit on the daily

market plus the energy committed in all bilateral contracts multiplied by ownership percentages and information on energy assigned to the co-owner to be committed in bilateral contracts.

If the energy matched on the daily market plus energy declared to be assigned to each agent exceeds the maximum energy available, or the energy declared to be assigned to an agent exceeds the assigned energy according to its percentage of energy property foreseeable in the BOS, none of the declarations will be taken into account and, therefore, the percentages of property over the unit of each one of the agents will be used.

### **RULE 32. CALCULATION OF THE SCHEDULE RESULTING FROM THE MATCHING ON THE DAILY MARKET**

The base matching schedule is the result of the matching process referred to in article 10 of Royal Decree 2019/1997 of 26 December.

The Market Operator shall notify the market participants of the contents of the base matching schedule, and shall inform of the schedule that corresponds to their production or purchasing units, according to the terms established in these rules.

The Market Operator will provide the System Operators with the content of the schedule resulting from the relevant matching process, with the previous assignment of values assigned to the Generic Production unit and the values assigned to the Generic Purchase Unit, with their relevant symbol. The Generic Production unit will have negative and positive values, according to whether it is a sales or purchase bid, and it will serve exclusively to put the matching result at the disposal of the System Operators.

#### **32.1. REPORTING OF SALES UNIT DISAGGREGATION**

Market Agents will send the Market Operator disaggregations of the matching result for each one of their sales units matched in the matching process for settlement purposes and concerning the sales units they use to participate on the market in the name and on behalf of third parties.

1. Each agent, viewing the matching result, will report the foreseeable disaggregations on the daily market session for each sales unit **that is associated to more than one physical unit.**
2. Files of foreseeable disaggregations will contain the disaggregation for each physical unit, expressed in MWh to a maximum of one decimal place.

3. Disaggregations will be received for the matching result before the time set in the current rules.
4. Those disaggregations which are not received before the time limit or whose reporting is not valid will be carried out proportionally depending on the maximum power in the Market Operator's database.
5. In the case valid disaggregations are not reported by the agent before the set time, these will be calculated by the Market Operator according to what is established in the previous section of this rule, without considering the installed capacity limits, power over zero, power available, with the agent being responsible for the financial consequences of the application of default break-downs applied due to a lack of data, or because of the miscommunication of the said data. The adjustment to an integral value will be carried out in compliance with rounding-off rules.

Notwithstanding the above, if the matching process is repeated, those disaggregations already sent by agents which were validated at the time of their receipt and which are still valid with the new matching result will be considered valid. Otherwise, agents should send new disaggregations within the period established, proceeding in accordance with the sections herein.

### **32.2. ESTABLISHMENT OF THE ECONOMIC PRECEDENCE ORDER OF SALE BIDS AND DETERMINATION OF THE SALES SUPPLY CURVE**

The Market Operator will establish the order of precedence to which Article 10 of Royal Decree 2019 is concerned of matched bids, bids partially matched and not matched taking as a basis offered energy blocks and their prices, without considering any complex bid conditions. This order will take into account the following:

In the event that two bid blocks are priced at the same price, these will be ordered in decreasing date, hour, minute and second order, and depending on their insertion in the Market Operator's Computer System.

In the event that the said date, hour, minute and second also coincide in both bids, these will be ordered inversely from a higher to a lower amount of energy within the block.

In the event that the amount of energy is also the same, bids will be ordered alphabetically, if applicable, in descending order.

**RULE 33. INFORMATION ON THE ACCEPTANCE AND VERIFICATION PROCESS OF BIDS AND THE RESULT OF THE DAILY MARKET SETTLEMENT**

As a consequence of acceptance processes, bid verification and the result of the daily market matching, the Market Operator will generate the following information, which will become available as is described below:

a) Information on the bid acceptance and verification process

- The result of the acceptance or not and verification both of the insertion of the bid as well as its validation prior to matching will be made available to market agents. The reasons for their exclusion will be delivered under the terms set out in the current rules when this is requested by the agents. This information shall be accessible at the time it is produced.
- Valid purchasing or sales unit bids presented during the session.  
The System Operators with the confidentiality in the Rules and the market agents will be informed on the set of valid purchase and sale bids presented on each daily market session, respecting confidentiality agreements in compliance with these rules, after the result of the daily market matching session.

b) Information on the daily market matching result

- Matching price result.  
It will be generated as a consequence of the matching process and it will also be made available to market agents and the System Operators. This information will be published after it is produced.

The Daily Market Operator shall provide the Futures Market Operator, within two hours of the close of the daily market, with the contracting volumes and prices traded in each hour in the Daily Market for the following day.

- Provisional Matching Schedule Result.  
It will be generated as a consequence of the matching process on the daily market and it will also be made available to market agents and the System Operators in compliance with the confidentiality in the Rules, immediately after it is produced.
- Energy of bids assimilated to physical bilateral contracts.



It will be generated as a consequence of the matching process on the daily market and it will also be made available to market agents in compliance with the confidentiality in these rules.

- The order of financial precedence.

It will be generated as a consequence of the matching process on the daily market and it will also be made available to the System Operator immediately after it is produced.

- Aggregate supply and demand curves.

For each grouping of production zones with the same price, the aggregate sale and purchase curves will be generated as a consequence of the matching process for each of the scheduling periods on the daily market, and this information will be public. It will be made available to market agents in compliance with the confidentiality in the Rules, and published after it is produced.

- Business of each international interconnection per hour indicating the maximum import and export sales capacity for each interconnection, the busy capacity in each flow direction and interconnection, the capacity occupied by a declaration of capacity use rights and the free capacity in each flow direction and interconnection. This information will be generated as a result of the daily market settlement for each scheduling period of the daily market and the information will be publicly available.

- Result of the physical delivery process. The Daily Market operator will put the result of the physical delivery process at the disposal of the Futures Market Operator, with three possible outcomes:

a) That bids have already been matched.

b) That bids have been partially matched.

c) That bids have been rejected before the matching process on the Daily Market because they do not comply with Daily Market Regulations or because the agent has not received the relevant disaggregation.

## **RULE 34. EXCEPTIONAL SITUATIONS**

For the purposes of the provisions of these Market Operating Rules, exceptional situations are those which make it impossible to perform the bid submittal and acceptance process or the matching process.

The situations referred to by the preceding paragraph can be the result of one or more of the following circumstances:

- a) Insufficient supply of electricity for sale to satisfy the demand which utilizes the system's instrumental price.

In this case the Market Operator shall establish the order of financial precedence of the available sale bids, and shall send the said order to the system operators with the confidentiality in the Rules with a deficit for the hourly scheduling periods in which the said insufficient demand occurs.

- b) Impossibility of undertaking, prior to the set deadline, the matching process with the Euphemia algorithm for the sum of markets.

In the event the deadline for the decoupling of all the markets is reached, the matching of the Iberian market shall be performed in a decoupled manner considering the capacity in the market with the French system to be null.

- c) Force majeure.

c.1 . If a situation of force majeure were foreseeable, but inevitable, the Market Operator would perform advance matchings, expanding, for this purpose, the daily scheduling horizon so that it would include the hourly scheduling periods in the case that the exceptional situation continues. If the force majeure situation were impossible to predict, the Market Operator could determine matching by using the historical algorithm referred to as SIOM with the necessary adjustments in the sale and purchase bids submitted by the agents for the use of said algorithm. Whenever necessary, the matching may be made using log data.

c.2. If the force majeure situation were due to serious breakdowns affecting the Market Operator's computer equipment or communications equipment which impede their proper functioning, The Market Operator could introduce measures equivalent in content to those discussed in point c.1) above.

- d) Impossibility of determining matching as a result of the technical and financial conditions of complex bids. The Market operator may arbitrate measures with the same content as those in point c.1) above.

If the impossibility of determining the matching persists, the Market Operator shall proceed to determine the matching using the historical algorithm referred to as SIOM with the necessary adjustments in the sale and purchase bids submitted by the agents for the use of said algorithm. Whenever necessary, the matching may be made using log data.

### **RULE 35. DAILY MARKET SETTLEMENT**

The Market Operator will determine the settlement of energy for each agent which participates on the daily electricity production market and in each scheduling period, for each acquisition unit, sales unit and, if applicable, physical unit. Likewise, the Market Operator will determine the settlement of the energy flow at the interconnection between Spain and France and the congestion charges generated at the different interconnections in the Spanish electricity system.

In the event the settlement is made before the end of the period for receiving disaggregations, the consideration of disaggregations will apply by default to those sales units required to submit them and which have not done so, as provided for by the rule “Notification of the disaggregations of the sales units and conversion to scheduling units of the system operators”, without prejudice to the fact that, once the deadline for the reception of disaggregations has passed, a new settlement is made with the definitive disaggregation.

#### **35.1. DETERMINATION OF THE RETRIBUTION CORRESPONDING TO SELLERS AS A RESULT OF THE DAILY MARKET SETTLEMENT**

Sellers who operate on the daily market will receive for each sales unit or, if applicable, physical unit and for each scheduling period a retribution which will incorporate the marginal price on the daily market in each scheduling period of the offer area where the unit is located.

The Market Operator will carry out the daily settlement of enteric power for each seller who participates on the daily market and for each sales unit which has been incorporated in the resulting matching schedule in each scheduling period.

In order to carry out these settlements, the Market Operator will carry out the relevant entries in the books on the registry created for this purpose for each sales unit or, when applicable, each physical unit.

### **35.2. PRICES TO CONSIDER IN THE DETERMINATION OF ELECTRICITY PURCHASE PRICES ON THE DAILY MARKET**

Those purchasers that operate in the daily market shall pay, for the electricity acquired included in the programme arising from the matching and for each programming period, the marginal price on the daily market for each programming period in the production zone in which the purchase unit is located.

### **35.3. DEBT COLLECTION RIGHTS ON THE DAILY MARKET**

The seller whose bids have been matched during the daily market trading session and incorporated in the schedule resulting from the matching process will have a debt collection right which is calculated as the result of the energy whose production is assigned in each scheduling period to its production unit, or a production unit it is not the owner of but which it represents in its own name and on behalf of another, for the marginal price set for this unit and for the production zone where the unit is located. It is considered accordingly that the sales unit to which settlement is to be made of the energy imported by Spain from France, as a result of the matching, is located in the Spanish production zone. The owner of said production unit will be the French market operator or the agent empowered by it to perform said settlement.

Seller debt collection rights will be:

$$DCPBC(up, h, z) = EPBC(up, h, z) * PMH(h, z)$$

Where:

DCPBC (pl,h,z): Seller debt collection right for energy corresponding to the production unit up, located in the offer zone z, at hour h.

EPBC (pl,h,z): Energy assigned to the sales or physical unit up, located in the offer zone z, in hour h on the daily market (PBC).

PMH (h,z): Marginal hourly price corresponding to the hour h on the daily market (PBC) in the offer zone z.. In the event a new matching is performed according to the rule “Re-matching the Iberian Daily Market” or of the rule “Re-matching the Iberian Daily Market for processing the interconnection with Morocco’s system” the price to be considered shall be the one corresponding to said re-matching, except for the interchanges of energy between Spain and France that are to be settled at the price in the Spanish production zone corresponding to the end result of the matching confirmed by the market operators.

#### **35.4. PAYMENT DUTIES ON THE DAILY MARKET**

The buyer whose bids have been matched during the daily market hiring session and incorporated in the schedule resulting from the matching process will have a duty to pay which is calculated as the production result of the energy assigned in each scheduling period to its purchasing unit, or a purchasing unit it is not the owner of but which it represents in its own name and on behalf of another, for the marginal price set for this unit for the offer zone where the unit is located. It is considered accordingly that the purchase unit to which settlement is to be made of the energy exported from Spain to France, as a result of the matching, is located in the Spanish production zone. The owner of said production unit will be the French market operator or the agent empowered by it to perform said settlement.

The buyers’ duty for each purchasing bid in hour h will be the following:

$$\text{OPPBC}(ua,h,z) = \text{EPBC}(ua,h,z) * \text{PMH}(h,z)$$

where:

OPPBC (ua, h,z): Payment duty of the buyer for energy corresponding to the purchasing unit ua, located in offer zone z, at hour h.

EPBC (ua, h,z): Energy assigned to the purchasing unit ua, located in offer zone z, in hour h on the daily market (PBC).

PMH (h,z): Hourly marginal price corresponding to hour h on the daily market (PBC) in offer zone z. In the event a new matching is performed according to the rule “Re-matching the Iberian Daily Market” or of the rule “Re-matching the Iberian Daily market for processing the interconnection with Morocco’s system” the price to be considered shall be the one corresponding to said re-matching, except for the interchanges of energy between Spain and France that are to be settled at the price in the Spanish production zone corresponding to the end result of the matching confirmed by the market operators.

### **35.5. INCOME ON THE DAILY MARKET DUE TO THE MARKET SPLITTING PROCESS**

The settlement of the daily market, following the process of market splitting at each interconnection, shall give rise to revenues referred to as ‘congestion charges’ which are to be calculated as the product of the interchange capacity effectively used within the framework of the market splitting process in each programming period for the difference of the marginal prices set for the same in each one of the production zones located on both sides of the interconnection.

#### **35.5.1 CONGESTION CHARGE IN THE DAILY MARKET AT THE INTERCONNECTION BETWEEN SPAIN AND PORTUGAL**

The congestion charge generated at the interconnection between Spain and Portugal shall be shared equally between the operators of the Spanish and Portuguese electricity system.

Each system operator will therefore be allocated a direct credit collection right in hour h as:

$$DCPBCPTES\_CI(h) = 0,5 * \text{abs}(EPBCPTES(h)) * \text{abs}(PMH(h,z_1)-PMH(h,z_2))$$

where:

DCPBCPTES\_CI (h): Income in hour h, in the daily market, allocated to the Spanish and Portuguese systems, for the application of the market splitting process between the offers zones.

EPBCPTES (h): The exchange capacity effectively used in the framework of the splitting process in hour h in the offer zones.

$z_1, z_2$ : Sub-indexes referring to the Spanish and Portuguese zones, respectively.

### 35.5.2 CONGESTION CHARGE IN THE DAILY MARKET AT THE INTERCONNECTION BETWEEN SPAIN AND FRANCE

The congestion charge generated at the interconnection between Spain and France shall be shared equally between the operators of the Spanish and French electricity system.

A payment obligation will be debited to the account of the French electricity system operator in hour h as:

$$OPPBCFRES\_CI(h) = 0.5 * \text{abs}(EPBCFRES(h)) * \text{abs}(PMH(h, z_1) - PMH(h, z_3))$$

A collection right will be credited to the account of the Spanish electricity system operator in hour h as:

$$DCPBCFRES\_CI(h) = 0,5 * \text{abs}(EPBCFRES(h)) * \text{abs}(PMH(h, z_1) - PMH(h, z_3))$$

Furthermore, in the event a new matching is performed according to the rule "Re-matching the Iberian Daily Market" the following entries shall be credited to the account of the Spanish electricity system operator in hour h:

- If  $PMH'(h, z_1) > PMH(h, z_1) > PMH(h, z_3)$  or  $PMH'(h, z_1) < PMH(h, z_1) < PMH(h, z_3)$

$$DCPBCFRESAJ\_CI(h) = \text{abs}(EPBCFRES(h)) * \text{abs}(PMH'(h, z_1) - PMH(h, z_1))$$

- If  $PMH(h, z_1) > PMH(h, z_3)$  y  $PMH(h, z_1) > PMH'(h, z_1)$   
or  $PMH(h, z_1) < PMH(h, z_3)$  y  $PMH(h, z_1) < PMH'(h, z_1)$

$$\text{OPPBCFRESAJ\_CI}(h) = \text{abs}(\text{EPBCFRES}(h)) * \text{abs}(\text{PMH}'(h,z_1) - \text{PMH}(h,z_1))$$

where:

DCPBCFRES\_CI(h): Income in hour h, in the daily market, allocated to the Spanish system operator, for the application of the market splitting process between the Spanish and French offer zones.

OPPBCFRES\_CI(h): Payment obligation in hour h, in the daily market, allocated to the French system, for the application of the market splitting process between the Spanish and French offer zones.

DCPBCFRESAJ\_CI(h): Income in hour h, in the daily market, allocated to the Spanish system operator as a result of the re-matching of the Iberian daily market and of the market splitting process between the Spanish and French offer zones.

OPPBCFRESAJ\_CI(h): Payment obligation in hour h, in the daily market, allocated to the Spanish system as a result of the re-matching of the Iberian Market and the market splitting process between the Spanish and French offer zones.

EPBCFRES (h): Interchange capacity effectively used within the framework of the market splitting process in hour h between the Spanish and French offer zones.

PMH (h,z): Marginal hourly price corresponding to hour h in the daily market (PBC) in offer zone z corresponding to the end result of the matching.

PMH' (h,z): Marginal hourly price corresponding to hour h in the daily market (PBC) in offer zone z arising from the matching provided for in the rule "Re-matching the Iberian Daily Market".

$z_1, z_3$ : Sub-indexes referring to the Spanish and French zones, respectively.

### 35.6. PUBLICATION OF DAILY MARKET SETTLEMENT RESULTS

In accordance with general confidentiality regulations established in this rule, after each daily market session the Market Operator will make the following information available to market agents using its information system: the results on debt collection rights and payment duties derived from the said market, for the daily scheduling horizon corresponding to each hiring session.

The entries corresponding to each contracting session shall be provisional when:

- a) The corresponding matching is provisional according to the rule "SEQUENCE OF OPERATIONS IN THE DAILY MARKET"



- b) The period is open for the notification of the disaggregations to the results of the matching of the corresponding markets.
- c) The subsequent appearance of erroneous values in the settlement.

These entries shall become final when none of the above circumstances concurs, except when for one or more of these reasons a new settlement has to be made, in which case the new entries shall be final when there is no concurrence of any cause for provisional consideration among those mentioned in the preceding paragraphs.

## **CHAPTER SEVEN**

### **SCHEDULES RECEIVED AFTER THE DAILY MARKET OPENS**

#### **RULE 36. BASE OPERATIONAL SCHEDULE**

The System Operators shall provide the Market Operator with the Daily Base Operating Schedule before the deadline specified in these rules, as well as reports on declarations of international bilateral contracts in order to comply with applicable legislation on the confirmation of the presentation of bids on the daily market. The Market Operator will make this information, as well as the conversion of said information into production units, readily available for the agents.

#### **RULE 37. VIABLE DAILY SCHEDULE**

Before the first session on the daily market opens, the System Operators will provide the Market Operator with the Viable Daily Schedule, in order to carry out validations of bids on the intraday market. The Market Operator will make this information, as well as the conversion of said information into production units necessary for validations and carrying out the matching process, readily available for agents.

## **CHAPTER EIGHT**

### **INTRADAY MARKET**

#### **RULE 38. CONCEPT AND PURPOSE**

The purpose of the intraday market is to attend energy sell and purchase which may arise in the hours following the Daily Viability Schedule.

The intraday market is structured in sessions in accordance with the following rules:

- a) Once a daily viable schedule has been determined, intraday market sessions shall be opened for the hourly scheduling periods included in the daily viable schedule and, when applicable, in the previous daily schedule in the process of execution.
- b) Each intraday market session may target one or more hourly scheduling sessions, provided that the sessions targeted have a published daily viable schedule.
- c) Each hourly scheduling period may be the target of successive intraday market sessions.
- d) Hourly scheduling periods for which there is no published daily viable schedule cannot be included in intraday market sessions.
- e) The start time and deadline for placing sale and purchase bids on the intraday market shall be determined in these Market Operating Rules, and shall ensure that any hourly scheduling period having a published daily viable program is the subject of at least one intraday market session.

Intraday sessions are established in the following manner:

At least six sessions of the intraday market shall be held each day. The Market Operators shall be able to establish and modify the timetable of the sessions and each session's internal time distribution, including the horizons of the same, if this were advisable, after consulting the Market Participants' Committee and the System Operator and with the permission of the Ministry of Industry, Energy and Tourism.

Any increase in the number of sessions in the intraday market, up to the implementation of sessions called each hour, shall be decided by the Market Operator, with a prior report from the System Operators, the Committee of Market Representatives and the regulatory bodies as appropriate, and with the permission of the Ministry of Industry, Energy and Tourism.

## **RULE 39. BIDS ON THE INTRADAY MARKET**

### **39.1. OBJECT AND CONTENT OF SALES AND PURCHASE BIDS**

Sale bids can be simple or complex, depending on their content.

Sales and purchase bids can only be presented for the same daily horizon and the same sales or purchasing unit. Complex bids are those simple bids that in addition to the simple bid declare any one of the complex conditions provided for in these rules.

For each scheduling period the Market Operator will assign the selling balance of the Generic Schedule Unit to the Generic Sales Production unit and the purchase balance of the Generic Schedule unit to the Generic Purchase Production unit, of the Daily Viable Schedule in the event of a first session and the Final Hourly Schedule in the previous session for the remaining sessions.

In the horizon hours of each intraday market which are negotiated for the last time, agents which - in the final hourly session prior to the opening of the intraday session - have program in the generic sales or purchase production units, should dispose of this capacity through the presentation of the corresponding simple bids at an instrumental price.

#### **39.1.1 SIMPLE BIDS**

Simple bids are those which are placed for one or more hourly scheduling periods, which state a price (which may even be zero) and a quantity of power. In each hourly scheduling period targeted by the bid there may be as many as five power blocks from the same bid from a production or purchasing unit, with a different price for each block. Simple bids may not include any additional terms to be considered in the matching process.

### **39.1.2 COMPLEX BIDS**

Complex bids comply with the requirements governing simple bids, but also include at least one of the conditions which are listed in the following sections.

The limitations derived from the processing of complex bids placed in the intraday market only affect the power volumes they include, and thus do not affect power assigned previously in the viable schedule and in the previous sessions of the intraday market.

#### **39.1.2.1 COMMON COMPLEX CONDITIONS AFFECTING SALES AND PURCHASE BIDS**

##### **39.1.2.1.1 CONDITION FOR PRODUCTION CAPACITY VARIATION OR PREVIOUSLY PURCHASED ENERGY, OR THE CHARGE GRADIENT CONDITION**

Sellers may include this condition in all the bids submitted by production or purchasing units for each of them. The production capacity variation condition consists of establishing a maximum variation in power production capability or of purchased power capacity between two consecutive hourly scheduling periods.

This condition shall be expressed in MW/minute as a rising, descending, start-up or stop gradient, and its inclusion in the matching process shall be accomplished in accordance with the provisions of this Rule on the verification of the load gradient condition. As a value to be taken into account in matching, the value entered in the bid having the lowest unit identifying number shall be used.

The matching result shall be, in any case, limited by the production unit's maximum and minimum energy capabilities, or by the total power previously assigned to the production unit in the daily viable schedule or to the purchasing unit in the sessions prior to the intraday market. This condition must at all times respect the continuous linear variation of the production unit, or of the power purchased by the purchasing unit, in each hourly scheduling period.

### **39.1.2.1.2. CONDITION OF COMPLETE ACCEPTANCE IN THE MATCHING OF THE FIRST BLOCK OF THE SALE BID**

In bids they submit for each production or purchasing unit, sellers may include the condition that a bid must be eliminated if its first block is not completely matched.

### **39.1.2.1.3 CONDITION OF COMPLETE ACCEPTANCE IN EACH HOUR IN THE MATCHING OF THE FIRST BLOCK OF THE SALE BID**

In bids they submit for each production or purchasing unit, sellers may include the condition that, if the first block of a given bid is not completely matched in an hour, all the blocks of the bid for that hour shall be eliminated from matching, while the rest of the bid shall remain valid.

### **39.1.2.1.4 CONDITION OF MINIMUM NUMBER OF CONSECUTIVE HOURS OF COMPLETE ACCEPTANCE OF THE FIRST BLOCK OF THE SALE BID**

In the sale bids they submit for each production or purchasing unit, sellers may include the condition that, if the first block of a bid is not completely matched in of the matching scheduling horizon during the number of consecutive hours specified in the bid, the bid shall be eliminated.

### **39.1.2.1.5 MAXIMUM POWER CONDITION**

By virtue of the maximum power condition, the Market Operator's acceptance of a sale bid for the scheduling horizon determines, if the bid is matched, that it will be matched for a total volume of power or one that is lesser than or equal to the volume indicated by the seller in its bid, and never for a greater volume.

## **39.1.2.2 SALE BID COMPLEX CONDITIONS**

### **39.1.2.2.1 MINIMUM INCOME CONDITION**

Sellers may include, as a condition governing each sale bid they submit for a sales or purchasing unit, that the bid in question is only to be considered submitted for matching purposes if the seller obtains a minimum income, which shall be expressed as a fixed amount in Euros, without decimal places, and as a variable amount expressed in Euros per MWh, with as many as three decimal places

The minimum income condition may not be used in sale bids in which more than 50% of the power is bid at the price of zero.

### **39.1.2.3 COMPLEX CONDITIONS OF PURCHASE BIDS**

#### **39.1.2.3.1 MAXIMUM PAYMENT CONDITION**

Buyers may include, as a condition in each purchase bid they submit for each sales or purchasing unit, that the bid in question is only to be considered submitted for matching purposes if the seller obtains a minimum income, which shall be expressed as a fixed amount in Euros, without decimal places, and as a variable amount expressed in Euros per MWh, with as many as three decimal places.

## **39.2. FORMAT FOR SUBMITTING SALES OR PURCHASE BIDS**

Bids should have the form established as follows, in relation with their content.

- a) Code of the sales or purchasing unit.
- b) Bid number. Bid number for the same production unit.
- c) Description of the bid. Alphanumeric field which does not use the algorithm.
- d) Bid type: sales or purchase.
- e) Currency unit: Euro.
- f) Type of adjustment according to the codes defined in the Market Operator's Computer System.

- g) Financial conditions, minimum income condition for sale bids for the sales or purchasing unit, or maximum payment condition for the purchase bids of the sales or purchase unit, which shall be expressed by means of the following two values:
- Fixed term (FT) for a single daily scheduling horizon, set in Euros. Decimals will not be included.
  - Variable term (VT), which shall remain invariable for a single daily scheduling horizon, set in Euros per MWh, with as many as three decimal cents being included.

If the value declared is zero (0) or no value is declared, it shall mean the bid in question does not include this condition.

- h) Maximum rising, maximum descending gradient, start-up and stop gradient, in MW/minute expressed to no more than one decimal place. If the value declared is zero (0) or no value is declared, it shall mean that the bid in question does not include the relevant gradient.
- i) Technical minimum (MW with a maximum of decimals the same as that established in the hiring unit). If the value declared is zero (0) or no value is declared, it shall mean that the bid in question does not include the technical minimum.
- j) Indicator of the requirement of complete acceptance of the first block of the sale bid (S/N).
- k) Maximum admissible energy for the bid in MWh, to a maximum of one decimal place. If the value is zero (0), it shall mean that the bid in question does not include this condition.
- l) Indicator of the requirement of complete acceptance of the first block of the sale bid (S/N).
- m) Minimum number of consecutive hours required for a first block of the bid, matched in its entirety. If no value is declared or the value is zero (0), it shall mean that the bid in question does not include this condition.



For each block and scheduling period:

- Date which the bid covers.
- Hour which the bid covers.
- Block number of the bid.
- Amount of energy in the bid in MWh, to a maximum of one decimal place.
- Price at which the block is bid for sale in Euros per MWh, to a maximum of two decimal places.

### **39.3. INFORMATION RECEIVED BY THE SYSTEM OPERATORS: UNAVAILABILITY, SALES CAPACITY OF INTERNATIONAL INTERCONNECTIONS, INFORMATION ON ASSIGNATION OF CAPACITY RIGHTS AND ON LIMITATIONS ON BIDDING AND ZONE LIMITS**

The issuing of electricity sale and purchase bids is subject to the following limits:

The sum of energies assigned in the last hourly schedule, or the daily viability schedule if this is the first session on the intraday market, together with that offered should be between the upper limits of higher and lower energy which the Market Operator has in its system.

Notwithstanding the previous condition, subsequent information sent by the System Operators to the Market Operator's Computer System on sales unit unavailability, received by the information system before the session offer reception period closes, will be taken into account in the matching process.

#### **39.3.1 DEFINITION AND INCORPORATION OF INFORMATION ON UNAVAILABILITY**

Information on unavailability sent by the System Operators to the Market Operator's Computer System, will be gathered by the Market Operator, and it will contain for each system the unavailability which the corresponding System Operator has confirmed regarding any of the units at the time this information is sent. Unavailability will be sent per physical unit. As a consequence, the Market Operator will consider that all production units not included in the latest information received by the relevant System Operator are available.

Information on unavailability will be incorporated into the Market Operator's Computer System at the time the operator receives this information, with the time limit of the inclusion of this information for matching purposes being the daily market session closing time.

### **39.3.2 DEFINITION AND INCORPORATION OF INFORMATION ON LIMITATIONS AFFECTING BIDS AND ZONE LIMITATIONS**

Information on unavailability sent by the System Operators to the Market Operator's Computer System will contain for each system all the limitations that the corresponding System Operator imposes on the possibility to place offers on the intraday market affecting any of the sales or purchasing units, at the time the information is sent. There will be two types of limitations: unit limitations, which are limitations on a single unit, and zone limitations which involve several units. For the purpose of receiving bids and the matching process only the information on both limitations received by the sales or purchasing unit will be taken into account.

Information on zone and unit limits will be incorporated into the Market Operator's Computer System at the time the operator receives this information, except during the intraday market sessions which it is not incorporated in, with the incorporation taking place when the final hourly schedule has been confirmed. The only limitations on the option to place bids will be those which are within the scheduling period on the next intraday market session.

The System Operators will report zone limitations to the Market Operator when these involve a group of sales or purchasing units of their zone to be considered in the matching process. Zone limitations are the maximum sales balance of the sum of accumulated schedules of sales units, discounting scheduling units' accumulated schedules, or the minimum balance of these schedules. Zone limitations can also be the maximum purchase balance of the sum of accumulated schedules of sales units, discounting scheduling units' accumulated schedules, or the minimum balance of these schedules.

These zone limitations will be reported by the corresponding Operator System before the first session on the intraday market opens, and may be updated before each intraday market session opens.

In the event that none compliance with zone limitations cannot be achieved, the result of the matching process will come close to complying with these limitations, meeting the rest of the conditions of algorithm execution. In the event that there is unavailable capacity affecting production or purchasing pump units, these units will be excluded from complying with the limitation for the amount of energy which is unavailable.

### **39.3.3 DEFINITION AND INCORPORATION OF INFORMATION ON SALES CAPACITY IN INTERNATIONAL INTERCONNECTIONS**

Information available on import and export capacities - sent by the System Operators to the Market Operator's Computer System - will be gathered by the Market Operator and it will contain information on maximum import and export capacity at the border, at each hour, with every one of the Spanish electricity system interconnections which have a maximum capacity limitation. As a consequence, the Market Operator will consider that all interconnections and the direction of the flow which are not included in the latest information received from the System Operators equal zero.

Information on capacities will be added to the Market Operator's Computer System at the time the operator receives this information, with the time limit for matching purposes being the bid reception closing time on the daily market session.

### **39.3.4 DEFINITION AND INCORPORATION OF INFORMATION ON SALES CAPACITY RIGHTS ASSIGNATION**

Information available on assignation of physical capacity rights in the interconnection with the French electricity system sent by the Spanish System Operator to the Market Operator's Computer System will be compiled by former, and it will contain information on physical capacity rights, at each hour of the schedule horizon, for each one of the sales or production units with capacity rights. As a consequence, the Market Operator will consider that sales or purchasing units not included in the latest information received by the Spanish System Operator have no capacity rights assigned.

Information on capacity rights assignment will be added to the Market Operator's Computer System at the time this operator receives the information, with the time

limit to validate bids and take them into account in the intraday market matching process being the closing time of bid reception on the intraday market session.

## **39.4. VERIFICATION OF SALE BIDS**

Sales or purchasing bids presented by agents will be verified by the Market Operator, as a prior condition to their possible acceptance, in accordance with the following rules:

### **39.4.1 CHECKS WHICH ARE APPLIED TO BOTH SALES AND PURCHASE BIDS**

#### **39.4.1.1. VERIFICATION OF THE STATE OF THE SESSION**

At the moment it receives a sale bid in its computer system, the Market Operator shall verify, according to the reception time available in its computer system, that this reception time falls before the close of the bid acceptance period. In the case of file-presented bids, if this bid has started to be received by the Market Operator's Computer System before the deadline to receive bids and the file's format is correct, a validation process will be carried out for all the offers included in the said file considering, for control effects, the time limit for bid presentation as the hour the file is received at, with a validation being inserted for each offer with the time and date the validation finishes.

#### **39.4.1.2. AGENT VERIFICATION**

The Market Operator will verify, at the time the bid is placed, that the agent:

- Is registered in the Market Operator's system, in the capacity of market agent and has not been suspended by the System Operators as a Participant in the System.
- That the agent is allowed to place offers for the sales or purchasing unit. All bids from agents who place bids for units they are not authorized to place bids for will be rejected.
- Electricity sale bids can be placed on the intraday market by all agents participating in the relevant session on the daily production market.

- Notwithstanding the provisions in the previous paragraph, production units which have advised the corresponding system operator on unavailability before the daily production market session ends and who have subsequently regained availability can place sale bids on the relevant intraday market session. Likewise, electricity sale bids can be placed on the intraday market by all market agents which have previously informed the corresponding System Operator of the existence of a bilateral sales or purchase contract for hours between the relevant session on the intraday market they are taking part in, and considering that this energy has been scheduled in the Base Operating Schedule, without having taken part previously in the relevant session on the daily market.

#### **39.4.1.3. VERIFICATION OF THE SALES OR PURCHASING UNIT**

At the moment each sale bid is submitted, the Market Operator shall verify that the installations or supply points that make up the sales or purchasing unit, respectively, for which the bid is being submitted are registered in the Market Operator's Computer System and authorized to offer in the scheduling periods in which the bid is submitted.

At the moment each sales or purchasing bid is submitted, the Market Operator shall verify that the sales or purchasing unit which the agent is submitting is matched with this agent.

#### **39.4.1.4. VERIFICATION OF THE SUITABILITY OF DATA OF THE SALES OR PURCHASE BID AGAINST THE INFORMATION THE MARKET OPERATOR DISPOSES OF ON THE CONDITION OF PRODUCTION CAPACITY VARIATION.**

The Market Operator will check, when the bid is placed, that the maximum difference between electricity which can be accepted from a sales unit in two consecutive hours on the intraday market is equal to or lower than maximum energy that the sales unit could supply, according to the data registered in the Market Operator's Computer System.

#### **39.4.1.5. VERIFICATION OF THE SUITABILITY OF DATA OF THE BID AGAINST THE INFORMATION THE MARKET**

## **OPERATOR DISPOSES OF SENT BY THE SYSTEM OPERATORS.**

The Market Operator will verify, before its acceptance, that electricity offered respects the relevant unit limitations on the bid offer submitted put at the disposal of the Market Operator by the System Operators at the beginning of the session, in compliance with the Rule “Limitations on the possibility of placing bids” and the specific rule according to the type of verification bid of maximum energy to be offered in a scheduling period.

In the bid validation process, zone limitations associated to the units will not be taken into account.

### **39.4.1.6. VERIFICATION OF SUITABILITY OF THE BID WITH THE MAXIMUM ENERGY CONDITION**

The Market Operator will verify, at the time the bid is placed, that bid including the maximum energy condition:

- Does not include the load gradient condition.
- That it is the only bid submitted by the sales or purchasing unit.

### **39.4.1.7. VERIFICATION OF PERIODS OFFERED**

The Market Operator will verify at the time the bid is placed that the periods offered are within the scheduling horizon of the intraday market session which the bids are validated for.

## **39.4.2 SPECIFIC CHECKS AFFECTING SALE BIDS**

### **39.4.2.1. VERIFICATION OF PRICE SUITABILITY**

The Market Operator will verify, at the time the bid is placed:

- That the prices of energy of the units are not higher than the maximum prices adopted for this purpose and registered in the Market Operator’s Computer System.

- The blocks included in sale bids in each hour should be strictly growing prices with the number of the block. Empty intermediate blocks are allowed in each hour, without a price and without energy, but with zero energy.
- Concerning the bids for the supply of energy referred to in section a) of article 24 of Royal Decree 661/2007, of 25 May, either directly or through a special regime production representative, the price of the energy tendered is zero.

#### **39.4.2.2. VERIFICATION OF THE MAXIMUM ENERGY TO BE OFFERED WITHIN A SCHEDULING PERIOD**

The Market Operator will check the suitability of the bid's data against information in the Market Operator's Computer System. The maximum energy to be offered within a scheduling period:

For a selling offer from a sales unit presented in a session, a check will be performed on the total energy offered in each hour of the said offer, plus the scheduling of the PHF unit of the previous session, or in the PDVD for the first session of the intraday market, for production units which are not over one of the following values:

- The unit's maximum energy in the Market Operator's database.
- The maximum energy amount available considering unavailability in force.
- Energy limited by unit limits reported to by the System Operators prior to the opening of the intraday market session.
- For units which affect international interconnections with the Iberian system: the sum of the maximum import capacity, in the international interconnection which the transaction is given for, plus the maximum export capacity for the said interconnection, increased by the percentage of losses applicable, corresponding to the offered time period. For this purpose the latest available data, sent by the System Operators, will be used at the time the bid is received.
- For sales units with physical rights assignation with the electrical French system, the hourly value of the said assignment sent to the Market Operator by the Spanish System Operator, before the opening of the period of reception of offers on the intraday market.

In the event that energy offered exceeds the maximum value in any of the hours, the bid will be rejected in its entirety.

For a selling offer from purchasing unit, placed on an intraday market session, a check will be performed to verify that the in the previous sessions' PHF or in the PDVD for the first session of the intraday market, minus the total energy offered in each hour in the offer, is higher than the minimum between the energy limited by unit limits reported to the System Operators before the opening of the intraday market session or the energy available considering current unavailability.

### **39.4.2.3. VERIFICATION OF THE SUITABILITY OF THE BID WITH THE MINIMUM INCOME CONDITION**

The Market Operator will verify at the time the bid is presented that the sale bid does not include the minimum income condition in the case that more than 50% of the energy has been offered at a price equalling zero.

## **39.4.3 SPECIFIC PURCHASE BID CHECKS**

### **39.4.3.1. VERIFICATION OF PRICE SUITABILITY**

The Market Operator will verify, at the time the bid is placed:

- That the prices of energy of the units are not higher than the maximum prices adopted for this purpose and registered in the Market Operator's Computer System.
- The blocks included in sale bids in each hour should be strictly descending prices with the number of the block. Empty intermediate blocks are allowed in each hour, without a price and without energy, but with zero energy.

### **39.4.3.2. VERIFICATION OF THE MAXIMUM ENERGY TO BE OFFERED WITHIN A SCHEDULING PERIOD**

For a purchasing bid from a purchasing unit presented in a session, a check will be performed on the total energy offered in each hour of the said offer, plus the scheduling of the PHF unit of the previous session, or in the PDVD for the first session of the intraday market, for purchasing units which are not over one of the following values:

- The maximum energy of the unit in the Market Operator's database.



- The maximum energy amount available considering unavailability in force.
- Energy limited by unit limits reported to by the System Operators prior to the opening of the intraday market session.
- For units which affect international interconnections with the Iberian system: the sum of the maximum import capacity, in the international interconnection which the transaction is given for, plus the maximum export capacity for the said interconnection, increased by the percentage of losses applicable, corresponding to the offered time period. For this purpose the latest available data, sent by the System Operators, will be used at the time the bid is received.
- For purchasing units with physical rights assignment with the electrical French system, the hourly value of the said assignment sent to the Spanish Market Operator by the System Operator, before the bid reception closing time on the intraday market.

In the event that energy offered exceeds the maximum value in any of the hours, the bid will be rejected in its entirety.

For a purchasing offer from purchasing units, presented in an intraday market session, a check will be performed to verify that the in the previous sessions' PHF or in the PDVD for the first session of the intraday market, minus the total energy offered in each hour in the offer, is higher than the minimum between the energy limited by unit limits reported to the System Operators before the opening of the intraday market session or the energy available considering current unavailability.

#### **39.4.3.3. VERIFICATION OF THE SUITABILITY OF THE BID WITH THE MAXIMUM PAYMENT CONDITION**

The Market Operator will verify at the time the bid is placed that the purchasing bid does not include the maximum payment condition in the case that more than 50% of the energy has been offered at the instrumental price.

#### **39.4.3.4. VERIFICATION OF COMPLIANCE WITH GUARANTEES**

The Market Operator shall verify at the time the bid is placed that the agent to which said production unit is to be settled has sufficient guarantees for the purchase bid, on the basis of the simple hourly price tendered including applicable taxes and fees.

The agent to which settlement is to be made of said production unit shall be a single one, except in the following two cases, in which the procedure shall be as indicated:

1. The production unit has shared ownership, or else groups together shared ownership units all in exactly the same percentage among different agents represented in the name and on own behalf of another. In this case, each one of the holding agents is to have sufficient guarantees to cover the percentage of the purchase bid corresponding to their holding.
2. The production unit is in representation of units from different agents in the name and on own behalf of another with different ownership percentages. In this case, each one of the agents is to have sufficient guarantees to cover the full purchase bid.

The value of the bid shall be compared with the balance of excess guarantees of the corresponding agents on the day the bid is applied, using the best information available at the deadline for the reception of bids. The bid shall be accepted on a provisional basis, although the agents responsible for the supply unit are to be informed of the result of this verification.

The bid shall be validated once again with the balance of excess guarantees on the day the bid is applied, using the best information available at the deadline for the reception of bids, based on the simple hourly price tendered, and will not be included in the matching process if any one of the agents does not have sufficient guarantees.

For each purchase bid in the matching process, an entry is to be made to reduce the balance of the excess guarantees of the corresponding agents for the amount applicable to that bid as appropriate. Once the settlement has been made, this entry will be replaced by the results of the invoicing.

### **39.5. ACCEPTANCE OF SALES AND PURCHASE BIDS**

Sales or purchasing bids presented by each sales or acquisition unit will become firm at the time the bid acceptance period finishes.

### **39.6. EFFECTS OF THE INCLUSION OF BIDS IN THE SETTLEMENT PROCESS**

The participating agent on the intraday market should accept the result of the matching process under the terms established in the Rules.

## **RULE 40. MATCHING PROCEDURE ON THE INTRADAY MARKET**

### **40.1. BASIC ELEMENTS GOVERNING MATCHING ON THE INTRADAY MARKET**

The Market Operator will carry out the settlement of energy sales and purchase bids using the simple matching method - which is the matching method which gives the marginal price separately - as well as the volume of energy to be accepted for each buyer and seller for each scheduling period. The said simple settlement method will be adapted by means of the necessary mathematical algorithms to include the possibility in the process to make complex sale bids.

Only conditions foreseen in the Rules will be included in the algorithms incorporated in these rules. For the purpose of these Market Operating Rules, a matching algorithm is defined as an orderly and finite set of mathematical operations which allows obtaining the marginal for each scheduling period. Said price corresponds to the cut-off price of the aggregate sale and purchase curves, with the exception of the provisions of the rule specifying the matching terms for the case of market splitting.

Matching will be carried out using a simple or complex process when simple or complex bids occur, in accordance with the requirements in these rules. In all cases, criteria governing the assignation of production and demand of electricity and the fixing of the marginal price will be the same for simple and complex matching procedures.

### **40.2. SIMPLE MATCHING SCHEDULE**

The Market Operator will obtain marginal prices for each one of the scheduling periods on the same programming horizon, and it will carry out the splitting of energy offered in each scheduling period between sales and purchasing bids using a simple match made up by the following operations:

- a) The Market Operator will determine the aggregate sale bid curve, adding the price of the amounts of energy on sale in descending order, irrespective of the sales or purchasing units these proceed from.
- b) The Market Operator will determine the electricity aggregate purchasing bid curve, adding the price of the amounts of energy to be purchased in descending order, irrespective of the sales or purchasing units these proceed from.
- c) Determination of the cross-over point on the aggregate sale and purchase bid curves for each scheduling period for the marginal price, corresponding to the cut-off point of the aggregate sale and purchase curves, with the exception of the provisions of the rule specifying the matching terms for the case of market splitting.
- d) Assignment to each seller, for each electricity sale bid submitted for the same hourly scheduling period, of the electricity being sold during that scheduling period, provided that the said bid price is lower than or equal to the marginal price in the period in question, and provided that there is sufficient electricity required at that price or above it.
- e) Assignment to the buyer, for each electricity purchase bid submitted for the same hourly scheduling period, of the electricity being demanded during that scheduling period, provided that the price of the said purchase bid is higher than or equal to the marginal price in the scheduling period in question, and provided that there is sufficient electricity for sale at that marginal price or below it.
- f) Since the aggregate electricity sales and purchase curves are discrete stepped curves, their intersection point may give rise to indeterminacy in the assignment of electricity in one or more scheduling periods of the same scheduling horizon. If this situation arises, and when the crossing point of the aggregate electricity supply and demand curves occurs in a horizontal section of either or both curves, the Market Operator shall proceed as follows:
  - If there is a surplus supply of electricity for sale, this surplus shall be proportionally deducted from the quantities of electricity found in the block of sale bids from sellers representing those production units whose price is equal to the marginal price of the hourly scheduling period in question.
  - In the event of a surplus in the purchase bid, this surplus shall be deducted proportionally from the amounts of electricity included in the purchase bids of

the buyers whose price coincides with the marginal price of the scheduling period involved.

To avoid imbalances due to rounding off after the application of the power deductions when there is excess demand or supply at the marginal price, the following procedure shall be applied:

1. Initially, the total power assigned after distribution which does not correspond to a whole value of the decimal place is cut off at the lower whole value of the said decimal place.
  2. The degree of imbalance (D) is then evaluated. The imbalance may be caused by the difference between the total accepted demand, when the distribution affects the sale bids, or between the total accepted demand and the total assigned supply, if the distribution affects the purchase bids. The value of D indicates the number of bids that must increase their assignment by 0.1 MWh during the hourly scheduling period in order to correct the imbalance.
  3. Finally, the power accepted for a number D of bids that were included in the distribution is increased by 0.1 MWh, choosing first the bids that ended up with a higher residual value after the cut-off of the lower whole value of the first decimal place. If this value comes out equal, the bids submitted previously shall be selected. If this value comes out equal again, the bids submitted previously shall be selected.
- g) If, at the intersecting point, the aggregate purchase and sales curves do not meet in the prices of the last electricity sales and purchase unit accepted, (which is equivalent to the electricity sales and purchase aggregate curves coinciding or crossing in a vertical segment of the sales curve), the Market Operator will apply the same criteria as on the daily market, with a different criteria being possible for the intraday market if experience advises this.

#### **40.3. MATCHING PROCEDURE APPLIED WHEN SIMPLE AND COMPLEX BIDS COINCIDE**

If simple and complex electricity purchase and sale bids coincide in the same scheduling horizon, the Market Operator shall include the conditions contained in the said complex bids in the matching process with simple bids, by performing the operations which are indicated below:

### **40.3.1. SEARCH FOR AN INITIAL VALID SOLUTION**

The objective of this operation is to find a solution consisting in determining marginal prices corresponding to the scheduling periods of the scheduling horizon and an assignment of electricity to each of the sales and purchasing units whose owners have submitted electricity purchase and sale bids in the scheduling period in question, which satisfies the conditions of derived from the complex bids on the intraday market.

To this end, the Market Operator shall apply the simple matching method described in the previous section, to which the operator shall add, as a condition, the obtaining of a solution which complies with the load gradient condition. This method shall be called simple conditioned matching.

In order to incorporate the treatment of conditions derived from complex bids in the search of a first valid solution, the following steps will be carried out:

1. All bids which have been selected on the intraday market are selected.
2. A simple match is carried out with all the selected bids, incorporating the load gradient restriction and the condition of complete acceptance in each hour of the first block.
3. It will be verified that all the bids assigned in the simple matching process comply with the complete acceptance condition of the first block.
4. All bids which do not meet this condition will be selected and ordered according to the Rule "Condition of complete acceptance of the first block", withdrawing the matching of the last bid. With the remaining set of bids, step 2 will be repeated.
5. Once it has been checked that all accepted bids meet the complete acceptance condition of the first block, steps 2 to 4 of the process are repeated with the conditions of a minimum number of consecutive hours of complete acceptance of the block first maximum energy and minimum income/maximum payments, and so on.

### **40.3.1.1. VERIFICATION OF THE LOAD GRADIENT CONDITION DURING SIMPLE CONDITIONED MATCHING**

#### **40.3.1.1.1. GENERAL DISPOSITIONS**

The purpose of the load gradient condition is to limit the assignment of the volume of power corresponding to a sales or production unit's purchase or sale bid when the variation of power between two consecutive scheduling periods exceeds the value stated in the bid.

For the purpose of this Rule, aggregated energy of a sales or purchase unit is the sum of energy assigned by virtue of the daily viable schedule and intraday markets preceding the current session, plus energy assigned in the matching process of the current intraday market session.

For the purposes of this rule, the following terms are defined:

- Maximum power: the maximum power in the Market Operator's Computer System, or the maximum power available, and the maximum power limited in a unitary way by the System Operators for security purposes, whichever is less.
- Minimum power: the minimum power in the Market Operator's Computer System, or the minimum power limited in a unitary way by the System Operators for security reasons, whichever is greater.

The main criteria which are applied in the verification of the gradient condition are the following:

- The gradient statement is optional. If no value is declared or the value is zero (0), it shall mean that the bid in question does not include this condition.
- Two sets of gradients may be used for each production unit - a start-up / rising gradient and a stop / descending gradient - when the unit increases / reduces its schedule in two consecutive periods.
- Increases or reductions of power during each hour shall always be considered linear.

- The condition shall be checked by analyzing each of the scheduling periods directly (that is, by verifying each scheduling period according to the data corresponding to the previous scheduling period), and then inversely (that is, by verifying each scheduling period according to the data corresponding to the following hourly scheduling period).
- During the verification of the gradient condition, no assignment of energy previously agreed on the daily market is modified, only the bids presented on the intraday sessions.
- In any case, the Market Operator will assign the owner of a sales unit which includes the gradient condition in an electricity sale or purchase bid a lower quantity of power than the latter would have received if it had not included the cited condition.

#### **40.3.1.1.2. PROCEDURE**

Following the criteria included in the previous paragraphs, the Market Operator shall follow the procedure outlined below to check the gradient condition:

a) Hour-by-hour verification of the gradient condition proceeding forward in time. (Direct)

-First, matching is done for the first hour of the horizon using all the bids submitted by each unit. This matching produces the total hourly power values for each unit in hour 1 (E1). These values already include the power assigned in the previous dispatch.

-Then the maximum (EM1) and minimum (EN1) power values are calculated for each unit in hour 1. For this first hour, EM1 takes the value of the maximum power for the unit in hour 1, and EN1 takes the value of the minimum power.

-For each unit it is verified whether E1 is among the values obtained for EM1 and EN1. If this is not the case, it is verified whether this problem can be resolved on the basis of limiting bids matched at the unit. That is:

- If  $E_1$  is greater than  $EM_1$ , the operator checks to see whether bids “to raise” (either purchase or sale bids) have been accepted from the unit. If this is case these bids are limited so that, considering that the same bids are going to end up matched “to lower” (repurchase or resale) in that hour, the new value of  $E_1$  cannot exceed  $EM_1$ .



- If  $E_1$  is less than  $EN_1$ , the operator checks to determine whether, due to the operation of the algorithm, sale or purchase bids have been accepted for purchase or production units, respectively. If this is the case, these bids are limited so that, considering that the same sale or purchase bids will end up matched for production or purchase units, respectively, in that hour, the new value of  $E_1$  cannot be less than  $EN_1$ .

The way to apply these limitations to a unit's bids shall be starting with the highest-priced ones, when dealing with sale bids, and beginning with the lowest-priced ones in the case of purchase bids.

If limitations have been applied to any unit, the matching is repeated in that hour and the previous restrictions are checked again. If new limitations on the unit are necessary, these are added to the ones already applied in previous matchings for the same hour.

If no limitations have been carried out (because of gradient restrictions for all units, or because of the impossibility to resolve the breach), the analysis of existing zone limitations is continued.

For this purpose, it will be examined whether, with the energy matched at that time, all the zone limitations are met. If the opposite is the case, all the units involved in the different limitations which are not met will be selected and limited one by one until all the zone limitations are met.

The way to carry out these limitations on the bids of the units involved will be to start with the most expensive blocks, in the case of sales, and the cheapest ones, in this case purchase bids.

Between sales and purchase bids which affect a zone limit, the one to be withdrawn first will be that block which is closer to the intersection between aggregated purchase and sales curves.

Once a block which provokes a zone restriction breach has been detected, its energy is limited in the amount necessary to make sure the limitation or limitations are complied with in the zone the unit was involved in. Energy for those blocks of purchase offers which help to comply with unavailability will not

be limited. The process will continue analyzing both curves until there are no zone limits which are not complied with or until there are no more unit blocks involved to examine.

After this, individual limitations are checked again, with the process described being repeated until all the individual and zone limitations have been resolved or there are no more unit blocks involved in limitations which are not met.

Once this stage is reached, matching of the hour is accepted as temporarily valid.

- When the procedure has reached this point, the maximum and minimum power values at the end of hour 1 are calculated for all the units that have declared gradients. This is done as follows:
- If the power assigned in hour 1 ( $E_1$ ) is below the technical minimum, it is assumed that the unit is performing its start-up, and the start-up gradient is selected as the rising gradient ( $g_a$ ); the stop gradient is chosen for the descending gradient ( $g_d$ ). In any other case,  $g_a$  is chosen as the rising gradient and  $g_d$  as the descending gradient.
- With the gradients selected, the maximum and minimum power values at the beginning of hour 1 ( $PM_0$  and  $PN_0$ ) and at the end of hour 1 ( $PM_1$  and  $PN_1$ ) are obtained, assuming maximum linear rises which will uphold the power value  $E_1$  obtained, that is:

$$\begin{aligned} PN_0 &= E_1 - g_a * 30 & PM_1 &= E_1 + g_a * 30 \\ PM_0 &= E_1 + g_d * 30 & PN_1 &= E_1 - g_d * 30 \end{aligned}$$

- If  $PN_0$  is less than the minimum or  $PM_1$  exceeds the production unit's maximum power value in hour 1, the rise is reduced to the maximum which allows both values to be feasible. In analogous fashion, the values of  $PM_0$  and  $PN_1$  are checked and recalculated, if necessary. The maximum and minimum values at the end of hour 1 ( $PM_1$  and  $PN_1$ ) are saved to be used at a later stage.

- Next, the match for hour 2 is carried out, obtaining for each value  $E_2$  the final energy assigned for hour 2.
  
- The maximum ( $EM_2$ ) and minimum ( $EN_2$ ) admissible power values for each unit in hour 2 are then computed in the following manner:
  - If the unit has not declared gradients,  $EM_2$  takes the value of the maximum power for the unit in hour 2, and  $EN_2$  takes the value of minimum power.
  
  - If the unit has declared gradients, the values of maximum power ( $PM_2$ ) and minimum power ( $PN_2$ ) at the end of hour 2, are calculated in the following manner:
    - To calculate  $PM_2$  the value of the rising gradient to be used ( $g_a$ ) is selected. If the maximum power value at the end of hour 1 ( $PM_1$ ) is strictly below the technical minimum declared by the unit, the start-up gradient declared is selected. In any other case, the rising gradient would be chosen.
  
    - With the gradient value selected ( $g_a$ ),  $PM_2 = PM_1 + g_a * 60$  is calculated. If  $PM_2$  exceeds the maximum power for the unit in hour 2, this maximum is taken as the new value of  $PM_2$ .
  
    - In an analogue fashion, to calculate  $PN_2$ , the value of the descending gradient to be used ( $g_d$ ) is selected. If from value  $PN_1$  onwards an inferior value to the minimum technical value at the end of hour 2 with the descending gradient can be reached (that is, if  $PN_1 - g_d * 60 < MT$ ), then the stop gradient is chosen. Otherwise, the descending gradient is selected.
  
    - With the gradient value selected,  $PN_2 = PN_1 - g_d * 60$  is calculated. If  $PN_2$  is lower in value than the minimum power for the unit in hour 2, this value is taken as the new value of  $PN_2$ .

Once  $PM_2$  and  $PN_2$  have been obtained,  $EM_2$  is calculated as the average value of  $PM_1$  and  $PM_2$ , and  $EN_2$  as the medium value of  $PN_1$  and  $PN_2$ .

-A check is made for each unit to determine whether  $E_2$  is among the values obtained for  $EM_2$  and  $EN_2$ . If the result is negative, an attempt is made to solve this problem based on limiting the unit's matched bids, in the same way indicated above for hour 1. Whatever limitations needed are applied, and hour 2 is matched again until it is no longer necessary to add more limitations.

-After this, it will be examined whether, with the energy matched at that time, all the zone limitations are met. If the opposite is the case, all the units involved in the different limitations which are not met will be selected and limited one by one until all the zone limitations are met, in exactly the same way as hour 1.

-With the values of  $E_1$  and  $E_2$  obtained for each unit which has declared gradients, a single value is power value is calculated at the end of hour 2 ( $P_2$ ).

- If the restriction of gradients has been complied with (that is,  $E_1$  is between  $EM_2$  and  $EN_2$ ), an attempt shall be made to assign a continuous rising or descending load for the two hours. The formula for  $P_2$  will be:

$$P_2 = E_1 + (E_2 - E_1) * 3/2$$

If the value obtained for  $P_2$  exceeds the unit's maximum for hour 2,  $P_2$  takes the value of this maximum. In the same way, if  $P_2$  is less than the unit's minimum in hour 2,  $P_2$  takes the value of that minimum.

- Otherwise, if  $E_2$  is greater than  $EM_2$ , the maximum value between  $E_2$  and  $PM_2$  shall be taken as  $P_2$ , and if  $E_2$  is less than  $EN_2$ ,  $P_2$  shall take the minimum value between  $E_2$  and  $PN_2$ .
- At this point the matching for the following hour ( $h$ ) is performed in the same way, without taking the gradient restrictions into account for the time being. With the power values obtained ( $E_h$ ), the Market Operator verifies whether each unit has complied with the gradient restrictions since the previous hour. To this end, the upper ( $EM_h$ ) and lower ( $EN_h$ ) power limits within which each unit can comply with its limits are verified. These values are calculated as follows:

- If the unit has not declared gradients,  $EM_h$  takes the value of the maximum power for the unit in hour  $h$ , and  $EN_h$  takes the value of the minimum power.
- If the unit has declared gradients, the values of the maximum ( $PM_h$ ) and minimum ( $PN_h$ ) power at the end of hour  $h$  are calculated in the following manner:
  - To calculate  $PM_h$ , the rising gradient ( $g$ ) value to be used is selected. If the power value at the end of the previous hour ( $P_{h-1}$ ) is strictly lower than the technical minimum declared for the unit, the unit's declared start-up gradient is selected. Otherwise, the rising gradient is selected.
  - With the gradient value ( $g$ ) selected,  $PM_h = P_{h-1} + g * 60$  is calculated. If  $PM_h$  exceeds the maximum power for the unit in hour  $h$ , that maximum is taken as the new value of  $PM_h$ .
  - Similarly, to calculate  $PN_h$ , a descending gradient value ( $g$ ) is selected. If, by starting from the value of  $P_{h-1}$ , a value below the technical minimum at the end of hour  $h$  can be reached with the descending gradient (that is, if  $PM_{h-1} - g_b * 60 < MT$ ), then the stop gradient is chosen. Otherwise, the descending gradient is selected.
  - With the gradient value selected,  $PN_h = P_{h-1} - g * 60$  is calculated. If  $PN_h$  is lower than the minimum power value for that unit in hour  $h$ , the said value is taken as the new value of  $PN_h$ .

When  $PM_h$  and  $PN_h$  have been obtained,  $EM_h$  is calculated as the average value of  $P_{h-1}$  and  $PM_h$ , and  $EN_h$  is computed as the average value of  $P_{h-1}$  and  $PN_h$ .

- With the values  $EM_h$  and  $EN_h$ , compliance with the gradient restrictions in that hour is checked in a manner analogous to the procedure explained above for the first hour. If necessary (if a new limitation has been placed on some unit), matching is done again and the verifications are repeated.
- After this, it will be examined whether, with the energy matched at that time, all the zone limitations are met. If the opposite is the case, all the units involved in the different

limitations which are not met will be selected and limited one by one until all the zone limitations are met, in exactly the same way as hour 1.

- When a match has been obtained for hour h which does not require the application of new limitations on bids, the new hour h power values are obtained for each unit ( $E_h$ ). The power value at the end of hour h ( $P_h$ ) is obtained in the following way:
  - If  $P_{h-1}$  is greater than or equal to  $E_{h-1}$  and  $E_h$  is greater than  $P_{h-1}$ , (that is, a rising trend can be seen from the previous hour), the following is obtained:  $P_h = P_{h-1} + 2 * (E_h - P_{h-1})$ .
  - If  $P_{h-1}$  is less than or equal to  $E_{h-1}$  and  $E_h$  is less than  $P_{h-1}$ , (that is, a descending trend can be seen from the previous hour), the following is obtained:  $P_h = P_{h-1} - 2 * (P_{h-1} - E_h)$ .
  - Otherwise, the power level  $P_h$  is set at the value  $E_h$ .
  - In those cases where it has not been possible to ensure compliance with the gradient restriction due to the impossibility of reaching the power value  $E_h$  from  $P_{h-1}$ , if  $E_h$  is greater than  $EM_h$ , the maximum value between  $E_h$  and  $PM_h$  shall be taken as  $P_h$ , and if  $E_h$  is less than  $EN_h$ ,  $P_h$  shall take the minimum between  $E_h$  and  $PN_h$ .
- This process continues until the last hour of the session horizon.

b) Hour-by-hour verification of gradient conditions proceeding backward in time. (Reverse)

The gradient conditions are then checked hour by hour, starting from the last hour of the horizon and working backwards to the first, applying a similar procedure to the one used for forward checking:

- The power values ( $E_n$ ) obtained for the last hour of horizon (n) are treated as definitively valid.
- For all units that have declared gradients, the maximum and minimum power values at the beginning of hour n are calculated in the following manner:

- 
- If  $E_n$  is below the technical minimum, the start-up gradient is selected as the rising gradient ( $g_a$ ) and the stop gradient is chosen for the descending gradient ( $g_d$ ). In any other case, the rising gradient is chosen as  $g_a$  and the descending gradient as  $g_d$ .
  - With the gradients selected, the maximum and minimum power values at the beginning of hour  $n$  ( $PM_{n-1}$  and  $PN_{n-1}$ ) and at the end of hour  $n$  ( $PM_n$  and  $PN_n$ ) are obtained, assuming maximum linear rises which will uphold the power value  $E_n$  obtained, that is:
 
$$PN_{n-1} = E_n - g_a * 30 \quad PM_n = E_n + g_a * 30$$

$$PM_{n-1} = E_n + g_d * 30 \quad PN_n = E_n - g_d * 30$$
  - If  $PN_{n-1}$  comes out to be less than the minimum or  $PM_n$  exceeds the production unit's maximum power value in hour  $n$ , the rise is reduced to the maximum which allows both values to be feasible. In analogous fashion, the values of  $PM_{n-1}$  and  $PN_n$  are checked and recalculated, if necessary. The maximum and minimum values at the end of hour  $n$  ( $PM_{n-1}$  and  $PN_{n-1}$ ) are stored for later use.
  - The next step is to perform matching for the penultimate hour ( $n-1$ ), obtaining a final power value  $E_{n-1}$  assigned in that hour for each unit.
  - Then the maximum ( $EM_{n-1}$ ) and minimum ( $EN_{n-1}$ ) admissible power values for each unit in hour  $n-1$  are computed in the following manner:
    - If the unit has not declared gradients,  $EM_{n-1}$  takes the value of the maximum power for the unit in hour  $n-1$ , and  $EN_{n-1}$  takes the value of the minimum power.
    - If the unit has declared gradients, the maximum ( $PM_{n-2}$ ) and minimum ( $PN_{n-2}$ ) power values at the beginning of hour  $n-1$  are obtained as follows:
      - To calculate  $PM_{n-2}$ , the descending gradient value ( $g_d$ ) to be used is selected. If the maximum power value at the end of hour  $n-1$  ( $PM_{n-1}$ ) is strictly lower than the technical minimum declared for the unit, the declared stop gradient is selected. In any other case, the descending gradient would be chosen.

- With the gradient value ( $g_d$ ) selected,  $PM_{n-2} = PM_{n-1} + g_d * 60$  is calculated. If  $PM_{n-2}$  surpasses the maximum power for the unit in hour n-1, that maximum is taken as the new value of  $PM_{n-2}$ .
- Similarly, to calculate  $PN_{n-2}$ , a rising gradient value ( $g_a$ ) is selected. If, starting from the value of  $PN_{n-1}$ , a value below the technical minimum can be reached at the beginning of hour n-1 with the start-up gradient (that is, if  $PN_{n-2} - g_a * 60 < MT$ ), then the start-up gradient is chosen. Otherwise, the rising gradient would be selected.
- With the gradient value selected,  $PN_{n-2} = PN_{n-1} - g_a * 60$  is calculated. If  $PN_{n-2}$  is less than the minimum power value for that unit in hour n-1, the said value is taken as the new value of  $PN_{n-2}$ .

Once  $PM_{n-2}$  and  $PN_{n-2}$  are obtained,  $EM_{n-1}$  is calculated as the average value of  $PM_{n-1}$  and  $PM_{n-2}$ , and  $EN_{n-1}$  is computed as the average value of  $PN_{n-1}$  and  $PN_{n-2}$ . If  $EM_{n-1}$  surpasses the value obtained in the direct process, the old value of  $EM_{n-1}$  is taken, and if  $EN_{n-1}$  is lower than the value obtained in the direct process, the old value of  $EN_{n-1}$  is taken.

- A check is made for each unit to determine whether  $E_{n-1}$  is among the values obtained for  $EM_{n-1}$  and  $EN_{n-1}$ . If the result is negative, an attempt is made to solve this problem based on limiting the unit's matched bids, in the same way indicated above for hour 1. Whatever limitations are needed are applied, and hour n-1 is matched again until it is no longer necessary to add more limitations.
- After this, it will be examined whether, with the energy matched at that time, all the zone limitations are met. If the opposite is the case, all the units involved in the different limitations which are not met will be selected and limited one by one until all the zone limitations are met, in exactly the same way as hour 1.
- With the values  $E_n$  and  $E_{n-1}$  obtained for each unit that has declared gradients, a single power value is calculated at the beginning of hour n-1 ( $P_{n-2}$ ).
- If the restriction of gradients has been complied with (that is,  $E_{n-1}$  is between  $EM_{n-1}$  and  $EN_{n-1}$ ), an attempt shall be made to assign a continuous rising or descending load for the two hours: The formula for  $P_{n-2}$  will be:  $P_{n-2} = E_n + (E_{n-1} - E_n) * 3/2$



If the value obtained for  $P_{n-2}$  exceeds the unit's maximum for hour  $n-1$ ,  $P_{n-2}$  takes the maximum. In the same way, if  $P_{n-2}$  is less than the unit's minimum in hour  $n-1$ ,  $P_{n-2}$  is given the value of that minimum.

- Otherwise, if  $E_{n-1}$  is greater than  $EM_{n-1}$ , the maximum value between  $E_{n-1}$  and  $PM_{n-1}$  shall be taken as  $P_{n-2}$ , and if  $E_{n-1}$  is less than  $EN_{n-1}$ ,  $P_{n-2}$  shall take the minimum value between  $E_{n-1}$  and  $PN_{n-1}$ .
- At this point, checking and, if necessary, an additional matching for the two previous hours is performed. For each of those two hours ( $h$ ), the upper ( $EM_h$ ) and lower ( $EN_h$ ) power limits within which each unit can comply with its limits are verified in hour  $h$ , starting from the value assigned in hour  $h+1$ . These values are calculated as follows:-
- If the unit has not declared gradients,  $EM_h$  takes the value of the maximum power for the unit in hour  $h$ , and  $EN_h$  takes the value of the minimum power.
  - If the unit has declared gradients, the values of the maximum ( $PM_{h-1}$ ) and minimum ( $PN_{h-1}$ ) power at the start of hour  $h$  are calculated in the following manner:
    - To calculate  $PM_{h-1}$ , the rising gradient ( $g$ ) value to be used is selected. If the power value at the end of hour  $h$  ( $P_h$ ) is strictly lower than the technical minimum declared by the unit, the unit's declared stop gradient is selected. Otherwise, the descending gradient is selected.
    - With the gradient value ( $g$ ) selected,  $PM_{h-1} = P_h + g * 60$  is calculated. If  $PM_{h-1}$  exceeds the maximum power for the unit in hour  $h$ , that maximum is taken as the new value of  $PM_{h-1}$ .
    - Similarly, to calculate  $PN_{h-1}$ , a descending gradient value ( $g$ ) is selected. If, by starting from the value of  $P_h$ , a value below the technical minimum at the end of hour  $h-1$  can be reached with the start-up gradient (that is, if  $PM_{h-1} - g_a * 60 < MT$ ), then the start-up gradient is chosen. Otherwise, the rising gradient would be selected.
    - With the gradient value selected,  $PN_{h-1} = P_h - g * 60$  is calculated. If  $PN_{h-1}$  is lower than the minimum power value for that unit in hour  $h$ , the said value is taken as the new value of  $PN_h$ .

When  $PM_{h-1}$  and  $PN_{h-1}$  have been obtained,  $EM_h$  is calculated as the average value of  $P_h$  and  $PN_{h-1}$ . If  $EM_h$  surpasses the value obtained in the direct process, the old value of  $EM_h$

is taken, and if  $EN_h$  is lower than the value obtained in the direct process, the old value of  $EN_h$  is taken.

- With the values  $EM_h$  and  $EN_h$ , compliance with the gradient restrictions in that hour is checked in a manner analogous to the procedure explained above for the direct process. If necessary (if a new limitation has been placed on some unit), matching is done again and the verifications are repeated.
- After this, it will be examined whether, with the energy matched at that time, all the zone limitations are met. If the opposite is the case, all the units involved in the different limitations which are not met will be selected and limited one by one until all the zone limitations are met, in exactly the same way as hour 1.
- When a matching has been obtained for hour  $h$  which does not require the application of new limitations on bids, the new hour  $h$  power values are obtained for each unit ( $E_h$ ). The power value at the beginning of hour  $h$  ( $P_{h-1}$ ) is obtained in the following manner:

If  $P_h$  is greater than or equal to  $E_{h+1}$  and  $E_h$  is greater than  $P_h$ , (that is, a descending trend can be seen toward the following hour),  $P_{h-1} = P_h + 2 * (E_h - P_h)$  is obtained.

- If  $P_h$  is less than or equal to  $E_{h+1}$  and  $E_h$  is less than  $P_h$ , (that is, a rising trend can be seen from the previous hour),  $P_{h-1} = P_h - 2 * (P_h - E_h)$  is obtained.
- Otherwise, the power level  $P_{h-1}$  is set at the value  $E_h$ .
- In those cases where it has not been possible to ensure compliance with the gradient restriction due to the impossibility of reaching the power value  $E_h$  from  $P_h$ , if  $E_h$  is greater than  $EM_h$ , the maximum value between  $E_h$  and  $PM_h$  shall be taken as  $P_{h-1}$ , and if  $E_h$  is less than  $EN_h$ ,  $P_{h-1}$  shall take the minimum between  $E_h$  and  $PN_h$ .
- This process continues until the first hour of the session horizon.

#### **40.3.1.2.      CONDITION OF COMPLETE ACCEPTANCE OF THE FIRST BLOCK**

For each bid that includes this condition, a check shall be performed to ensure that the matching result includes the assignment of all the power in the first block of the bid.

In the process of seeking the first valid solution, the bids that do not satisfy this condition shall be arranged from highest to lowest according to the percentage of total power accepted for the entire scheduling horizon over the total power corresponding to the first block of the rising bid. In case of equality of this percentage, the bids having a greater amount of power assigned shall have priority. In case of equality of this value, the bids received first in the Market Operator's Computer System shall take precedence.

Following the order indicated above and starting with the offer having the lowest percentage, the bids that do not satisfy the condition shall be withdrawn until all of the bids contained in the solution comply with it.

#### **40.3.1.3.      CONDITION   OF   MINIMUM   NUMBER   OF CONSECUTIVE HOURS WITH ALL THE FIRST-BLOCK POWER MATCHED**

For each bid that has included this condition, a verification shall be performed to ensure that the result of matching at the time the verification is done includes consecutive series of hours with all the power accepted in the first block of the bid, with a length greater than or equal to the specified minimum value of consecutive hours.

In the process of seeking the first valid solution, the bids that do not satisfy this condition shall be arranged from lowest to highest according to the number of consecutive hours specified in each bid. In case of equality of this number of hours, the bids having a greater amount of power assigned shall have priority. In case of equality of this value, the bids received first in the Market Operator's Computer System shall take precedence.

Following the order indicated above and beginning with the bid with the greatest number of hours, the bids that do not comply with the condition shall be successively withdrawn until all the bids in the solution are compliant.

#### **40.3.1.4. CONDITION OF MAXIMUM POWER ADMISSIBLE PER BID**

##### **40.3.1.4.1. GENERAL DISPOSITIONS**

For each bid incorporating this condition, the algorithm shall ensure that total power assigned to the production or purchasing unit in the bid in question in no way exceeds the maximum power limit applied by the market agent.

The algorithm shall assign power to the sales or purchasing unit according to its bid, period by period, beginning with the first period of the matching horizon. At the moment when the power assigned in any period, added to the power assigned to the previous periods, surpasses the maximum quantity indicated, the power assigned in the period in question shall remain limited to the quantity which makes the total value of the power assigned to the bid in the periods analyzed up to the moment equal to the admissible maximum.

##### **40.3.1.4.2. PROCEDURE**

At the beginning of the matching method, each bid shall be given a total assigned value of zero ( $E_{tot} = 0$ ).

During the process of direct hour-by-hour matching (proceeding forward in time), before matching hour  $h$ , a check shall be made to ascertain whether the total power bid for that hour ( $E_{0h}$ ), added to  $E_{tot}$ , surpasses the maximum power specified for the bid ( $EM$ ). That is, if  $E_{tot} + E_{0h} > EM$ , the unit's bid shall be limited in hour  $h$  to a maximum of  $EM - E_{tot}$ . Then matching is done in hour  $h$  to obtain a value  $E_h$  of accepted power for the unit in the said hour. The value of  $E_{tot}$  is updated by adding the new  $E_h$  value to it.

During the process of reverse hour-by-hour matching (proceeding backwards in time), before matching hour  $h$ , a check shall be made to ascertain whether the total power bid for that hour ( $E_{0h}$ ), added to the total assigned in the rest of the hours ( $E_{tot} - E_h$ ), surpasses the maximum power specified for the bid ( $EM$ ). That is, if  $E_{tot} + E_{0h} - E_h > EM$ , the unit's bid shall be limited in hour  $h$  to a maximum of  $EM - E_{tot} + E_h$ . Then matching is done in hour  $h$  to obtain a new  $E_h$  value of accepted power for the

unit in the said hour. The value of  $E_{tot}$  is updated by subtracting the previous  $E_h$  value from it and adding the new  $E_h$  value.

#### **40.3.1.5. JOINT TREATMENT OF MINIMUM INCOME AND MAXIMUM PAYMENT CONDITIONS**

For each bid a check shall be performed to ascertain that the matching result, at the time the minimum income and maximum payments conditions are verified, does not include sale bids that fail to satisfy the minimum income condition, nor purchase bids that do not satisfy the maximum payments condition

It is considered that a sale bid does not satisfy its minimum income condition if the value of the expression  $TFI + TVI * E_{tot}$ , which represents the minimum income requested in the bid (where TFI and TVI are, respectively, the fixed and variable terms of its minimum income condition and  $E_{tot}$  is the sum of the accepted power volumes for the sale bid throughout the scheduling horizon) surpasses the sum of the terms  $E_h * P_h$  for all the hours of the scheduling horizon (where  $E_h$  is the unit's accepted power for hour  $h$ , and  $P_h$  the marginal price at that hour) which represents the income obtained by the sale of power assigned throughout the said scheduling horizon.

.It is considered that a purchase bid does not satisfy its maximum payments condition if the value of the expression  $TFP + TVP * E_{tot}$ , which represents the maximum payments requested in the bid (where TFP and TVP are, respectively, the fixed and variable terms of its maximum payments condition and  $E_{tot}$  is the sum of the accepted power volumes for the bid throughout the scheduling horizon) is less than the sum of the terms  $E_h * P_h$  for all the hours of the scheduling horizon (where  $E_h$  is the unit's accepted power for hour  $h$ , and  $P_h$  the marginal price at that hour) which represents the payments to be made for the purchase of power assigned throughout the said scheduling horizon.

Sale bids that do not comply with the minimum income condition shall be withdrawn from the group of bids included in the solution.

Sale bids that do not comply with the minimum income condition shall be withdrawn from the group of bids included in the solution.

#### **40.3.1.6. CONDITION OF COMPLETE ACCEPTANCE OF THE FIRST BLOCK IN EACH HOUR**

Before beginning the processing of the condition of complete acceptance of the first block in each hour, the system has a solution which allows the existence of blocks containing partially accepted bids, due either to splitting rules, limitation by gradient, maximum power.

The procedure for checking the complete acceptance of the first block in each hour shall consist of verifying whether there is any partially accepted bid which is marked as first block, and in which the checking of the mentioned condition has been specified.

If any bid block having these characteristics exists, the algorithm shall cancel those blocks and repeat all the steps of simple matching, distribution, verification of gradients and maximum power.

The process shall continue until no partially accepted first bid block remains whose overall bid specified the condition of complete acceptance of the first block in every hour.

#### **40.3.2 PROGRESSIVE IMPROVEMENT OF THE FIRST VALID SOLUTION**

Once a first valid solution has been found in which the bids included respect all the conditions attached, a process of seeking the final solution begins. The final solution is defined as the resolution for which all the bids included in matching satisfy their complex conditions at the prices resulting from the matching, where there is no bid, among those excluded from matching, that satisfies its complex conditions at the said prices. This process is called expansion.

The objective of this search process is to obtain a minimal or zero result for the sum of the margins of the unaccepted purchase and sale bids, and for which said margin is positive, according to the formulation shown below. The margin of a sale bid is the difference between the income it would obtain corresponding to the marginal price and the income declared / requested in the bid, either through the prices introduced (bid without the minimum income condition) or through the minimum income condition (otherwise). The margin of a purchase bid is the difference between the maximum quantity to deliver stated in the bid—either

through the prices introduced (bid without the maximum payments condition) or through the maximum payments condition (otherwise)—and the corresponding payments at the marginal price.

$$M(p_l) = \sum_{h=1}^H \sum_{t=1}^T [E(p_l, t, h) * PM(h)] - IMIN(p_l)$$

for sale bids and

$$M(p_l) = PMAX(p_l) - \sum_{h=1}^H \sum_{t=1}^T [E(p_l, t, h) * PM(h)]$$

for purchase bids, where:

$E(p_l, t, h)$ : Power of block  $t$  of the production unit that was matched in hour  $h$  at the price resulting from matching  $p.m. (h)$ .

$IMIN(p_l)$ : One of two alternatives:

Minimum income solicited in the bid, according to the power volumes that would have been matched at the price resulting from matching  $p.m. (h)$ , for bids stating the minimum income condition.

Income that the bid would have received, according to the power volume that would have been matched at the price resulting from the matching  $p.m. (h)$ , at the prices included in the bid, otherwise.

$PMAX(p_l)$ : Maximum payment stated in the bid, according to the power volumes that would have been matched at the price resulting from matching  $p.m. (h)$ , for bids that have declared the maximum payments condition.

Payment that the bid would have made, according to the power volumes that would have been matched at the price resulting from matching  $p.m. (h)$ ; otherwise, at the prices included in the bid.

$M(of)$ : Bid margin.

For all the bids whose income margin  $M(of)$  is positive, the variable TMI shall be calculated:

$$TMI = \sum_{of=1}^U M(pl)$$

Each time the Market Operator matches a combination of bids and the combination comes out valid, it shall verify whether the TMI of the said combination is less than, greater than or equal to the TMI corresponding to the best known combination of electricity sale bids.

- If the TMI is higher, the Market Operator shall record the combination of bids as tested and valid.
- If the TMI is lower, the Market Operator shall select the new bid combination as the best identified up to that moment.
- If the TMI is equal, the Market Operator shall select the combination that has a lower weighted power price. If the equality persists, the Market Operator shall select the combination that contributes a higher average margin to the production units.

The process of seeking a final solution shall be limited in time to thirty (30) minutes, and in number of iterations to three thousand (3,000), which the Market Operator shall store in its computer systems.

If the search process does not turn up any solution that satisfies the condition of being the final solution sought, the program shall give as a solution the one that obtains a lower TM. In this latter case, the Market Operator shall store the number of iterations effected in its computer system.

#### **40.4. MATCHING PROCESS WHEN THE NET REFERENCE EXCHANGE CAPACITY IN THE INTERNATIONAL INTERCONNECTIONS IS EXCEEDED**

Once a final provisional solution has been obtained, without taking into consideration maximum capacity at international interconnections reported by the System Operators before closing the reception of bids on the intraday market, the final provisional solution with interconnections will be calculated.



The matching process on the intraday market is based on the existing market splitting mechanism for energy offered in Spain and Portugal. Thus, the process is built in two phases, and the second phase is only applicable if case congestion occurs in the Spanish-Portuguese interconnection (a situation where market separation as such occurs).

Phase 1: All energy offered on the intraday market is matched as if there were no limitations in the Spanish-Portuguese interconnection (single market). The same sales and purchase curves are inserted in all energy blocks, and a single price is obtained for all energy matched.

Phase 2: If there is congestion at a given time in the Spanish-Portuguese interconnection, the market would be divided into two zones at that time (market splitting), matching the energy offered by units located in Spain, France, Andorra and Morocco and the energy offered by units in Portugal in the Portuguese zone, and both zones would take into account the energy flowing from one zone to another through the interconnection.

The rules below describe the complete simple and complex matching process for both phases, phase 1 in the single zone and phase 2 in both zones, in the event said phase 2 were to occur.

For all price references made in these rules, it will be understood that the price refers to the single market in the case of phase 1 (there is no congestion in the interconnection and, therefore, no market splitting occurs), and the price for the area where the unit is located, Portugal or Spain, in the case of phase 2 (the market splitting situation).

#### **40.4.1. APPLICATION SCENARIO**

The Market Operator shall perform the calculation of the final solution, which shall be considered provisional, when the following conditions coincide:

- The balance of power resulting from the bids included in the provisional final solution and the one committed to in previous processes surpasses, for any of the international interconnections, in any of the scheduling periods, the maximum or reference capacity established by the system operators in any of the flow directions.

#### **40.4.2. PREDETERMINATION OF THE DATA TO CONSIDER**

1. The Market Operator shall obtain a solution in the matching process, called the first provisional final solution, assuming an unlimited exchange capacity in the interconnections.
2. If in the scheduling horizon the conditions established in the “Application Scenario” paragraph above are met, the Market Operator shall calculate, for each of the international interconnections and scheduling periods, the balance of power flows of the purchase and sale bids included in the provisional final solution. This balance will be increased by the relevant losses, taking into consideration the reciprocal agreements reported to the Market Operator by the Ministry Industry Energy and Tourism.
3. The Market Operator shall calculate the maximum capacity to be taken up by the balance determined in the paragraph above, in all the international interconnections and in all the scheduling periods. This maximum shall be equal to the maximum capacity published by the system operators, considering the schedules committed to in previous processes that affect the international interconnection. If this balance were to have a negative value, it will be equal to zero.

In the case of interconnections with the French electricity system, only the previous PHF schedule will be considered definite, or the PDVD for the first session on the intraday market, in order to calculate the balance of the interconnection, of units with assignation of physical capacity rights.

#### **40.4.3. PROCEDURE FOR DETERMINING THE DEFINITIVE SOLUTION**

The Market Operator shall calculate a new final solution with interconnections.

In the case that the balance of the energy flow matched in the first provisional solution, exceeds the maximum described in the previous process for any of the interconnections , France, Andorra or Morocco in any of the flow directions and scheduling periods, the matching process will continue withdrawing energy from the bids presented for the interconnection in the flow direction the excess exists in, for the relevant scheduling period, until obtaining a matching result which is not over the maximum values assigned to the entire set of market bids or those which have been withdrawn in the matching process of all energy bids presented in the direction of the flow excess. The following steps will be taken to achieve this:

1. Energies from purchase or sale bids from units with assignation of physical capacity rights will be accepted on the intraday market matching process, as long as their bid

price is lower or higher, respectively, than the marginal price resulting from the intraday market and this will be done irrespective of the rest of the bids made on the market which are intended to be made through the same interconnection and flow direction, with its scheduling being subject solely to the existence of enough capacity for its individual realization.

2. Energies offered in the relevant scheduling blocks will be withdrawn, for the tie-ups and flow directions in which excess flow exists, which have not been matched in the first final provisional solution, except those corresponding to units with assignation of physical capacity rights which will still be considered in the matching process. Energies withdrawn will not be considered in the next iterations of the matching process carried out to obtain a solution which meets bid conditions and the maximum energy balance exchanges of market bids.

For the withdrawal of energy bids the price of the purchase bid at a lower price will be selected first, for each scheduling period, which is in the excess direction in any of the international interconnections with France, Andorra or Morocco, and the price of the bid at the highest price, for each scheduling period, which is in the excess direction of any of the international interconnections with France, Andorra or Morocco, without considering in both cases the purchase or sale bids of units with physical rights capacity. For each scheduling period, energy matched in purchasing bids at a lower price than the selected purchase price (C) and energy matched in bid prices at a higher price than the selected sales price (V). The process will start with purchases or sales depending on whether C or V is lower for each scheduling period. In the case the values of C or V are equal, the process will start with purchases.

The value of energy to be withdrawn for each interconnection with France, Andorra or Morocco will be the lower value between the interconnection and the direction, and the value of energy matched at the same price for the selected interconnection and the direction in which an excess exists, except in units with assignation of physical capacity rights.

- In the case several bids at the same price and a different interconnection are involved, all bids matched at the same price will be withdrawn simultaneously, irrespective of the international interconnection with France, Andorra or Morocco these belong to.
- In the case of energy corresponding to bids from units with assignation of physical capacity rights, these will be exempt from withdrawal in the matching process.

- In the case two or more bids for the same interconnection are involved from which energy can be withdrawn at the same price, and also when the value of the energy for bids to be withdrawn is lower than the sum of energy matched for these bids, a prorating process proportional to energy matched at that price will be carried out for each one of these.
- For purchase bids for which the calculation of energy to be withdrawn from bids on the market, the market losses coefficient will be considered.

Energies from bids withdrawn will not take part in successive iterations of the algorithm carried out to obtain a solution which complies with all the maximum balances for all international interconnections.

3. Once energy bids at the same price for each interconnection and direction in which excess flow exists are withdrawn, the matching process will be carried out again checking the maximum flow in each of the interconnections and scheduling periods, in both flow directions, repeating the process described.

It will not be possible in any event to withdraw power committed to markets or processes prior to the matching process on the intraday market.

4. In the case of excess in the balance of power matched on the market in any of the scheduling periods and interconnections with France, Andorra or Morocco with respect to the maximum calculated, and in the event that there are no energy bids in the direction of the excess for the interconnection and scheduling period for which the excess exists (except in the case of physical units with physical capacity assignment rights), energy for bids from units with physical assignment rights will be withdrawn if it is in the same flow direction, scheduling period and interconnection, in which excess exists, up to the amount necessary for no excess to exist, with the limit of energy offered on the intraday market session.

As a result of the matching process, considering the existence of complex bid conditions, exceptionally it may occur that there is free capacity or energy offered by units with physical rights assignment which is not matched, with the price resulting from the match being higher or lower than the price offered for the said contracts, depending on whether the units with assignment of capacity rights are import or export units.

#### **40.4.4. MARKET SPLITTING PROCEDURE IN THE CASE OF CONGESTION ON THE SPANISH-PORTUGUESE INTERCONNECTION**

In the case of the Spanish-Portuguese interconnection, within the market splitting mechanism on the intraday market, if congestion were to occur in the interconnection at a given time, the following steps would be taken:

The matching process will be repeated for the Spanish zone according to the rule “Procedure for determining the definitive solution” with the consideration of the import or export up to the maximum value (considering the occupation determined by prior schedules) with the Portuguese electricity system, depending on the direction of the congestion. The matching process will therefore be performed considering all the valid bids submitted except for those corresponding to units in the Portuguese electricity system, plus an additional bid at an instrumental price. The additional bid shall be the purchase at instrumental purchase price in the case of congestion from the Spanish system to the Portuguese system and at instrumental sale price in the case of congestion from the Portuguese system to the Spanish system. This additional bid shall have priority in the matching process over the bids at instrumental price.

The matching process will be repeated for the Portuguese zone according to the rule “Matching procedure execution” with the consideration of the maximum import or export up to the maximum value (considering the occupation determined by prior schedules) with the Spanish electricity system, depending on the direction of the congestion. The matching process will therefore be performed considering all the valid bids submitted corresponding to units in the Portuguese electricity system, plus an additional bid at an instrumental price. The additional bid shall be the sale at instrumental sale price in the case of congestion from the Spanish system to the Portuguese system, and shall be the purchase at instrumental purchase price in the case of congestion from the Portuguese system to the Spanish system. This additional bid shall have priority in the matching process over the bids at instrumental price.

#### **RULE 41. RESULT OF INTRADAY MARKET MATCHING**

#### **41.1. CALCULATION OF THE INCREMENTAL SCHEDULE RESULTING FROM THE INTRADAY MARKET**

Once the offers in the matching process sent by agents in compliance with Market Operating Rules are established, the Market Operator will carry out the matching process, and the result of said process will be the incremental result of the intraday market.

Once each session of the intraday market has finalized, considering the matching result, the Market Operator shall verify the scheduling period and the flow direction for each agent, if the sum of power accumulated from the units, with previously assigned capacity rights and without previously assigned capacity rights in the case of the France Border, has rights assigned, communicated by the Spanish System Operator, higher than the unit's accumulated power with previous capacity rights. In this case, an incremental redispatch of power to the unit with previous capacity rights shall be applied at a value equal to the excess of rights assigned to the schedule of the unit with previous rights assigned, up to a maximum equal to the power of the unit without previous capacity rights, and a redispatch of power in the same quantity but opposite to the corresponding unit without previous rights assigned. This information shall be incorporated into the incremental schedule so that it can be communicated to the System Operators with the relevant confidentiality and to the agents, fulfilling the confidentiality criteria established in this Regulation.

#### **41.2. COMMUNICATION OF SALES UNIT DISAGGREGATION AND CONVERSION TO SYSTEM OPERATORS SCHEDULING UNITS**

Market agents, in relation to the sales units with which they operate on the market in the name and on behalf of third parties, will send the Market Operator, for settlement purposes, disaggregations of the matching incremental result for each one of their sales units matched in the intraday markets matching process.

Disaggregations of power sales units that were matched, whether power sold or purchased by the sales unit, shall be communicated.

1. Each agent, viewing the matching result, will report the foreseeable disaggregations on the intraday market session for each sales unit to the Market Operator that is associated to more than one physical unit.

2. Files of foreseeable disaggregations will contain the disaggregation for each sales unit in physical units, expressed in MWh to a maximum of one decimal place.
3. Disaggregations will be received for the matching result before the time set in the current rules.
4. Those disaggregations, which are not received before the time limit or whose reporting is not valid, will be carried out proportionally to the maximum power in the Market Operator's database.
5. In the case valid disaggregations are not reported by the agent before the set time, these will be calculated by the Market Operator according to what is established in the previous section of this rule, without considering the installed capacity limits, power over zero, power available or limited power of each facility, with the agent being responsible for the financial consequences of the application of default break-downs applied due to a lack of data, or because of the miscommunication of the said data. The adjustment to the integral value will be carried out in compliance with rounding-off rules.

Notwithstanding the above, if the matching process is repeated, those disaggregations already sent by agents which were validated at the time of their receipt and which are still valid with the new matching result will be considered valid. Otherwise, agents should send new disaggregations within the period established, proceeding in accordance with the sections above.

### **41.3. ESTABLISHMENT OF THE ECONOMIC ORDER OF PRECEDENCE OF BIDS MATCHED IN THE MATCHING RESULTS**

The Market Operator will establish the order of precedence of bids matched, bids partially matched and those not matched - all of this, taking as a basis power blocks and their prices, without considering any complex bid conditions. This order will take into account the following:

In the event that two bid blocks are priced at the same price, these will be ordered in decreasing date, hour, minute and second order, and depending on their insertion in the Market Operator's Computer System.

In the event that the said date, hour, minute and second also coincide in both bids, these will be ordered inversely from a higher to a lower amount of power within the block.

If the quantity of power were also to coincide, the blocks shall be put in descending alphabetical order, and in decreasing numerical order if appropriate.

**RULE 42. INFORMATION ON THE ACCEPTATION AND VERIFICATION  
PROCESS OF BIDS AND THE RESULT OF THE INTRADAY MARKET  
MATCHING**

As a consequence of acceptance processes, bid verification and the result of the intraday market matching, the Market Operator will generate the following information, which will become available as is described below:

Information on the bid acceptance and verification process

- The result of the acceptance or not and verification both of the insertion of the bid as well as its validation prior to matching will be made available to market agents. The reasons for their exclusion will be delivered under the terms set out in the current rules when this is requested by the agents. This information shall be accessible at the time it is produced.
  
- Valid purchase or sales unit bids presented during the session.

The System Operators with the corresponding confidentiality and the market agents will be informed on the set of valid purchase and sale bids presented on each intraday market session, respecting confidentiality agreements in compliance with these rules, after the result of the intraday market matching session.

Information on the intraday market matching result

- Matching price result.

This will be generated as a consequence of the matching process on each one of the intraday market sessions, and it will also be made available to market agents. This information will be published after it is produced.

This will be made readily available to the System Operator as soon as the claims process following the matching result ends.

- Provisional Incremental Matching Schedule Result.



This will be generated as a consequence of the matching process on each one of the intraday market sessions, and it will also be made available to market agents in compliance with the confidentiality in the Rules, immediately after it is produced.

This will be made readily available for the system operator as soon as the claims process following the matching result ends, and all relevant confidentiality obligations will apply.

The Market Operator will provide the System Operators, applying all relevant confidentiality criteria, the content of the Provisional Incremental Schedule resulting from the relevant matching process, with the previous assignment of values corresponding with the Generic Sales Production unit and the values corresponding to the Generic Purchase Production unit, with their relevant symbol. The Generic Production unit will have negative and positive values, and it will serve exclusively to put the matching result at the disposal of the System Operators.

- Accumulated Matching Schedule Result

This will be generated as a consequence of the matching process on each one of the intraday market sessions, and it will also be made available to market agents in compliance with the confidentiality in these rules, immediately after it is produced.

- The order of financial precedence.

This will be generated as a consequence of the matching process and for each scheduling period on the scheduling horizon for each one of the intraday market sessions, and it will also be made available to the System Operators System, in line with confidentiality criteria, as soon as the claims period following the matching process ends.

- Aggregate supply and demand curves.

This will be generated as a consequence of the matching process for each of the session scheduling periods on the intraday market, and this information will be public. It will be made available to market agents in compliance with the confidentiality in the Rules, and published after it is produced.

- Business of each international interconnection per hour indicating the maximum import and export sales capacity for each interconnection, the busy capacity in each flow direction and interconnection, and the free capacity in each flow direction and interconnection. This information will be generated as a result of the daily market

matching for each scheduling period of the intraday market sessions and the information will be publicly available.

### **RULE 43.      EXCEPTIONAL SITUATIONS IN THE INTRADAY MARKETS**

Exceptional situations are defined as those which make it impossible to execute the process of submittal and acceptance of bids, or the matching process.

The situations referred to by the preceding paragraph can be the result of one or more of the following circumstances:

- a) Impossibility of executing the process of successive improvement of the first valid solution.

In case the successive improvement process for the first valid solution is not possible, the first valid solution shall be taken as the result of matching.

- b) Force majeure
  - b.1 If the force majeure situation were foreseeable, but unavoidable, the Market Operator would suspend the corresponding intraday market session. From that moment on, and until the convening of the next intraday market session, the System Operators would resolve the situation by applying the system operation procedures to the scheduling periods of the intraday market session that has been suspended, until the beginning of the horizon corresponding to the next intraday market session.
  - b.2 If, once the intraday market session had begun, serious malfunctions were to occur in the Market Operator's computer or communications equipment, which impeded their normal operation, the Market Operators would have the option of suspending the session and transmitting the available information to the System Operator so that the latter could solve the problem in accordance with the applicable system operation procedures.
- c) Impossibility of determining matching as a result of the technical conditions of complex bids.

When, as the result of the technical conditions of complex bids, there is no possibility of finding a solution, the Market Operator shall bring the session to an end without assigning any volume of power to any of the sale or purchase bids submitted.

#### **43.1. UNAVAILABILITY OF THE DAILY VIABLE SCHEDULE**

If the System Operators fails to publish the daily viable schedule, the Market Operator shall be allowed to make the decision to suspend the intraday market session, modify the session scheduling horizon or perform the matching of the complete scheduling horizon corresponding to the said session, but shall treat the result, for all intents and purposes, as invalid for one or more of the hours of the horizon due to force majeure.

#### **RULE 44. INTRA-DAILY MARKET SETTLEMENT**

The Market Operator will determine the settlement of power for each intraday market agent and in each scheduling period, for each acquisition unit, sales unit and, if applicable, physical unit.

In the event the settlement is made before the end of the period for receiving disaggregations, the consideration of disaggregations will apply by default to those sales units required to submit them and which have not done so, as provided for by the rule "Notification of the disaggregations of the sales units and conversion to scheduling units of the system operators", without prejudice to the fact that, once the deadline for the reception of disaggregations has passed, a new settlement is made with the definitive disaggregation.

#### **44.1. DETERMINATION OF THE RETRIBUTION CORRESPONDING TO SELLERS AS A RESULT OF THE INTRADAY MARKET SETTLEMENT**

Sellers who operate on the intraday market will receive for each sales unit, purchase unit or, if applicable, physical unit and for each scheduling period a retribution which will incorporate the marginal price on the intraday market in each scheduling period in the offer zone where the unit is located.

The Market Operator will carry out the daily settlement of electricity for each seller who participates on the intraday market and for each sales or purchase unit which has been incorporated in the resulting matching schedule.

In order to carry out these settlements, the Market Operator will carry out the relevant entries in the books on the registry created for this purpose for each sales unit or each physical unit.

#### **44.2. PRICES TO CONSIDER IN THE DETERMINATION OF ELECTRICITY PURCHASE PRICES ON THE INTRADAY MARKET**

Purchasers who operate on the intraday market will satisfy, for the electricity purchased, and for each scheduling period, a price including the marginal price of the intraday market for each scheduling period in the offer zone where the unit is located.

#### **44.3. DEBT COLLECTION RIGHTS ON THE INTRADAY MARKET**

The seller whose bids have been matched during the intraday market hiring session and incorporated in the schedule resulting from the matching process will have a debt collection right which is calculated as the result of the electricity whose sale is assigned in each scheduling period to its production or purchase unit, or a production unit it is not the owner of but which it represents in its own name and on behalf of another, for the marginal price set for this unit in the corresponding hiring session in the offer zone where the unit is located.

The seller's collection right shall be:

$$DCI(u,h,s,z) = EPIBC(u,h,s,z) * PMHI(h,s,z)$$

where:

$DCI(u,h,s, z)$  Seller's collection right in the intraday market for the bid corresponding to sales or purchase unit  $u$ , located in the offer zone  $z$ , for hour  $h$  in session ' $s$ '.

EPIBC(u,h,s,z) Sale power assigned to sales or purchasing unit u, located in the zone z, in offer hour h in intraday market session 's' (PIBC).

PMHI(h,s, z): Hourly marginal price corresponding to hour h in intraday market session 's' in the offer zone z.

#### **44.4. PAYMENT OBLIGATIONS ON THE INTRADAY MARKET**

The buyer whose purchase bids have been matched during the intraday market hiring session and incorporated in the result from the matching process will have an obligation to pay, which is calculated as the result of the electricity whose purchase is assigned in each scheduling period to the sales unit, purchase unit or, where appropriate, a physical unit that it owns or does not own but represents in its own name and on behalf of another, for the marginal price set for this unit in the corresponding hiring session for the offer zone where the unit is located.

The buyer's obligation for each purchase bid in hour h shall be:

$$OPI(u,h,s,z) = EPIBC(u,h,s,z) * PMHI(h,s,z)$$

where:

OPI(u,h,s,z): Buyer's obligation to pay in the intraday market emanating from the bid corresponding to purchasing or sales unit u, located in the offer zone z in hour h in session 's'.

EPIBC(u,h,s,z): Purchased power corresponding to bidding purchase unit, sales unit or, where appropriate, physical unit u, located in the offer zone z for hour h in session 's'.

#### **44.5. INCOME ON THE INTRADAY MARKET DUE TO THE MARKET SPLITTING PROCESS IN THE INTERCONNECTION BETWEEN SPAIN AND PORTUGAL**

Settlement on the intraday market following the application of the market splitting process will produce income which will be calculated as the product of the exchange capacity effectively used in the framework of the market splitting process in each scheduling period times the difference of marginal prices set for this period for each of the offers zones. These incomes, referred to as congestion charges, shall be shared in equal parts between the Spanish electricity system and the Portuguese electricity system.

A charging right will be accounted in each operator system in the credit of hour h as:

$$DCPIBCPTES\_CI(h,s) = 0.5 * \text{abs}(EPIBCPTES(h,s)) * \text{abs}(PMHI(h,s,z_1) - PMHI(h,s,z_2))$$

where:

DCPIBCPTES\_CI (h,s): Income in hour h, in the “s” contracting system in the intraday market, allocated to the Spanish and Portuguese systems, for the application of the market splitting process between the offer zones.

EPIBCPTES (h,s): Is the exchange capacity effectively used in the framework of the market splitting process in hour h, trading session “s” of the intraday market, in the offer zones.

$z_1, z_2$ : Are sub-indexes referring to the Spanish and Portuguese zones respectively.

#### **44.6. PUBLICATION OF INTRADAY MARKET SETTLEMENT RESULTS**

In accordance with general confidentiality regulations established in this rule, after each intraday market session the Market Operator will make the following information available to market agents using its information systems: the results on debt collection rights and payment obligations derived from the said market session, for the daily scheduling horizon corresponding to each hiring session.

The entries corresponding to each contracting session shall be provisional when:

- (a) The corresponding matching is provisional according to the rule “SEQUENCE OF OPERATIONS IN THE INTRADAY MARKET”.
- (b) The period is open for the notification of disaggregations to the results of the matching of the corresponding markets.
- (c) The subsequence appearance of erroneous values in the settlement.

These entries shall become final when none of the above circumstances concurs, except in the case in which for one or more of these reasons a new settlement has to be made, in which case the new entries shall be final when there is no concurrence of any cause for provisional consideration among those mentioned in the preceding paragraphs.

## **CHAPTER NINE**

### **SCHEDULES RECEIVED AFTER THE INTRADAY MARKET**

#### **RULE 45. FINAL HOURLY SCHEDULE AFTER EACH INTRADAY MARKET**

For the intents and purposes of these Market Operating Rules, the term final hourly schedule is understood to mean the scheduling established by the System Operators based on the matching of electricity sale and purchase bids formalized for each scheduling period as a result of the daily viable schedule, of the successive intraday markets result made by the Market Operator, and of the restriction analysis process result.

The final hourly schedule shall include, for each scheduling period, the following components:

1. The electricity that corresponds, by blocks, to each unit whose electricity sale and purchase bids were included as the result of matching processes, after those bids have been modified, if necessary, to avoid the existence of technical constraints.
2. The power associated with bilateral contracts.
3. The System Operators shall communicate the final hourly schedule to the Market Operator once the redispatches determined in the restrictions solution process have been incorporated. The Market Operator will make this information, as well as the conversion of said information in bidding units necessary for validations and carrying out the matching process, readily available to agents.

The Market Operator shall make the final hourly schedule available to the agents, respecting the confidentiality agreements established in this rule, which correspond with the purpose of being the base on which the agents make bids for the following intraday market session.



## **CHAPTER TEN**

### **SETTLEMENTS, INVOICING, COLLECTIONS, PAYMENTS AND GUARANTEES**

#### **RULE 46. GENERAL SETTLEMENT CHARACTERISTICS**

In the settlement process, the collection rights and payment obligations, resulting from operations in the daily market, in the intraday market and in any others as regulations so dictate; are determined

#### **46.1. ELEMENTS OF PRICE DETERMINATION**

Operations for determining the price of electrical power for each sales unit and each purchase unit and the establishing of power schedules assigned to each production and purchasing unit are listed and described below:

- Daily schedule resulting from the daily market matching (PDBC).
- Schedule resulting from the intraday market matching (PIBCI).

#### **46.2. SETTLEMENT**

The Market Operator shall make a daily settlement for each agent by aggregation of the hourly entries corresponding to each day in accordance with these rules.

The settlement of the flow at the interconnection between Spain and France and of the congestion charge generated at said interconnection shall be settled by the Spanish and French market operators or by the third party empowered by the latter to do so. Each market operator shall be responsible for the payment of half the congestion charge at the interconnection between Spain and France to its country's system operator, pursuant to the provisions laid down in each one of the electricity systems.

In order to make the aforementioned settlements, the Market Operator shall book the corresponding entries to the account in the register it holds for such purposes to the following units:

1. Units of sale or purchase bids for each holder.
2. Units of sale or purchase bids for each representative when the unit tenders energies of holders represented in their own name and behalf of another.
3. Physical units associated to the sale production unit of each representative through which it tenders the energy of holders represented in the name and on behalf of third parties. Consideration will be made for this purpose of the disaggregation of the energies of said sales units by physical units.
4. Unit of acquisition of the person represented in the name and on behalf of third parties associated to the purchase bid of their representative.

In the case of sales units corresponding to equity production units of various market agents, the entries of the energies that form part of the resulting daily market matching schedule shall be made to each owner on the base of the detailed allocation in the “result of the Daily Market matching process”.

In the case of sales units corresponding to equity production units of various market agents, the entries of the energies that form part of the resulting intraday market matching schedule shall be made to each owner in relation to its percentage of ownership.

## **RULE 47. SETTLEMENT PROCESS**

### **47.1. DAILY SETTLEMENT**

With the daily market and intraday market matching performed, the Market Operator will make the entries on collection rights and payment obligations corresponding to the resulting matching schedule available to the agents.

Within the working day after each bidding day, the Market Operator shall place the settlement corresponding to the said daily scheduling horizon at the market agents' disposal in the operator's information systems. The settlement shall distinguish each scheduling period and provide the pertinent information on collection rights and payment obligations derived from it. A draft of the settlement shall be published on non-working days.

This settlement shall be effected in accordance with the standards stated in these rules, provided that the information required for this purpose has been received.

The daily settlement will be considered provisional when any of the following causes intervenes:

- a) There are claims pending with regard to the development of some electricity production market bidding session.
- b) The claims receiving period is open to the agents.
- c) There are claims pending with respect to the settlement.
- d) Erroneous values have subsequently appeared in a settlement considered definitive, and which neither the market agents nor the Market Operator were able to detect when the settlement was issued.
- e) Any other factor giving rise to insufficiency or inaccuracy of the information required to make the settlement.

The cause or causes of the provisional nature of a settlement shall be explicitly stated.

The daily settlement shall be considered definitive except when one or more of the causes mentioned in the preceding paragraphs intervenes.

## **47.2. RESOLUTION OF INCIDENTS**

When the Market Operator has issued the daily settlement, the market agents shall have three working days to submit whatever claims regarding the settlement they deem appropriate, as established in Royal Decree 2019/1997 of 26 December.

The Market Operator shall then have three working days to resolve the claims submitted.

The daily settlements can be modified as a result of the claims presented by the agents, which are accepted by the Market Operator, or include new information or modifications at the initiative of the Market Operator or the market agents, once these are accepted by the Market Operator.

The Market Operator shall publish a new settlement for those days that were modified as previously established and providing a new claim period for the agents.

If, due to the time limit established in these rules for effecting the daily settlement, there are claims pending resolution, the daily settlement in question shall be provisional in nature.

If a market agent were not to agree with the resolution of a claim decided by the Market Operator; it has three working days to present a new claim on the same factors, providing additional information.

In such a case, and in compliance with the “Daily Settlement” Rule, the settlement made shall be provisionally maintained until the firm resolution of the claim.

In the event the agent should contest the Market Operator’s resolution before a competent outside body, it is to report this process to the Market Operator submitting a new claim associated with the same proceedings.

If the agent disagreeing with the Market Operator’s resolution of the claim does not submit a new claim within the same proceedings or submit it to a competent body, after 15 working days the claim shall be shelved with the status awarded by the Market Operator.

If a market agent were not to agree with the resolution of a claim decided by the Market Operator, the principles to apply for its resolution shall be those stated in transitional provision eight of Royal Decree 2019/1997, of 26 December.

In such a case, the settlement made shall be provisionally maintained until the firm resolution of the claim.

## **RULE 48.      PROCEDURE FOR INVOICING TRANSACTIONS IN THE ELECTRICITY MARKET**

### **48.1.      DAILY PRODUCTION MARKET AGENTS TO WHOM INVOICES ARE MADE**

Agents in the daily and intraday market will be invoiced for the set of production and purchasing units, which they own, considering their percentage of equity, and for the set of units they do not own but which they represent in their own name or on the behalf of others.

Those agents involved in the market by virtue of their recording in the administrative register of production facilities and by virtue of their operations as Retailer, Direct Market Consumer or

Electric Recharge Grid Operator, or in representation of these activities, will be invoiced separately for each one of these activities. The Market Operator, if it deems so appropriate, may also issue separate invoices for the activities that give rise to entries in different sections of the register.

The Portuguese Electricity System Operator will be invoiced for the congestion charge corresponding to the Portuguese electricity system that has been taken into account in the market splitting process.

**The Spanish Electricity System Operator will be invoiced for the congestion charge corresponding to the Spanish electricity system that has been taken into account in the market splitting process.**

In the case of objective and duly justified situations, at the discretion of the Market Operator, when a agent communicates that it desires charges accrued for its sales units be made in separate accounts, the Market Operator will issue separate invoices for each unit or group of units.

## **48.2. DETERMINATION OF PURCHASE-SALE TRANSACTIONS IN THE ELECTRICITY MARKET**

Determination of transactions produced between market agents in the electricity market is necessary in order to issue invoices appropriately and to inform the agents, when necessary, of the counterpart in their purchase or sale operations.

The transactions to be invoiced are each one of those that are produced in each billing period, in each market or settlement segment and in each zone between the seller agents and the purchaser agents, including those that each agent makes to itself in the case that the agent operates as a buyer and seller in the market.

The deliveries of energies shall be understood as effected applying criteria of proportionality to the acquisitions made by the agents involved in the same invoicing period and market. This proportion shall be applied to both energies and amounts.

The Market Operator is not a counterpart in any of these transactions.

### **48.3. THE INVOICE**

The deliveries of electricity associated with the electricity production market, both in the Spanish zone and the Portuguese zone of the Iberian Market, will be documented by the Market Operator through invoices issued by said operator by name and account of the power supply companies.

The data for identifying of the operation receiver will be substituted for the Market Operator's identification data. The Market Operator will keep the original of the invoice issued and will submit the copy to the supplier.

The Market Operator shall issue an invoice for the deliveries made to each purchaser, the shipper's identification data shall be substituted by the Market Operator's identification data.

The Market Operator will keep the copy of these invoices and will submit the original to the receiver.

Documents, referenced in the previous paragraphs that must be kept by the Market Operator, shall be considered the invoice for the purposes of the Invoicing Regulation, and they be made available to the Tax Administration for a limited period in order to carry out comparisons, which are necessary relating to the electricity deliveries reflected in the corresponding invoices.

### **48.4. ITEMS INCLUDED ON THE INVOICE**

Besides the power supplier and receiver data, as indicated in the rule for "Issuing the Invoice", said invoice shall include the following items:

- Power supplying entity invoice series for each supplier and the correlating numbering.
- Invoice series as the party purchasing the energy, which will be the Market Operator's series, with correlative numbering.
- Issuance date
- Due date

In the case of an power purchasing entity invoice, the following invoice header data about the purchasing agent, referring to the office of the financial activity or the permanent establishment

to which power is supplied, in case it involves a reseller that is a taxpayer according to Directive 2006/112/EC or the data on the establishment situated in the territory and where the power is consumed in the case of other passive operators.

The agents registered name, the contact Person to whose attention the invoice should be issued, the Company Tax Number (CIF), Address, Postal Code, City, Province, Country.

In the case of a power supplying entity invoice, as a general rule the same header data, as that which has been provided for the purchasing entity invoice, shall be included. Notwithstanding, for those agents which have provided, in said data, a permanent establishment to which the power shall be supplied and this establishment is outside of Spanish territory, if they possess a permanent establishment or fiscal address within the Spanish territory involved in the deliveries of electricity, they must communicate the aforementioned data to said establishment so it can be used on the supplying entity invoice for sales to operators, which are established in Spain. In this case, sales to operators established outside of Spain shall be documented in another invoice that has header data corresponding to that communicated for the power purchasing entity invoice.

The invoice shall include the amount to pay or charge for purchase and sales operations executed in the electricity production market, which include daily and intraday market settlement as well as the items dictated by regulations.

The amount for which this item appears on the supplying entity invoice coincides with the total amount of transactions in which the agent operated as a seller agent.

The amount for which this item appears on the power purchasing entity invoice coincides with the total amount of transactions in which the agent operated as a purchaser agent.

The invoice shall also include the regulation quotas and taxes, which are given in detail in the "Applicable Quotas and Taxes" rule.

## **48.5. APPLICABLE QUOTAS AND TAXES**

### **48.5.1. TAXES ON ELECTRICITY**

The Electricity Tax (IME) is to be paid by the direct market consumers for their purchases in the electricity generation market that correspond to consumption on Spanish territory, as well as by those agents specified by the regulations.

### **48.5.2. VALUE ADDED TAX**

The Value Added Tax (VAT; Spanish abbreviation: IVA) will be passed on to the operators according to the specific standards regulating the supply of electricity.

The supply of electricity will be understood to be made in the territory where the Tax is applied in the cases cited below:

1. Those made to a company or professional reseller, when said company or reseller has the office for its financial activity, possesses a permanent establishment or, otherwise, its address in the cited territory, as long as said supplies are destined to said office, permanent establishment or address.

For this purpose, a businessperson or professional reseller shall be understood to be anyone, whose main activity, in regards to purchasing electricity, consists of reselling as long as its own consumption of the product is insignificant.

2. All others, when the purchaser effectively uses or consumes the electricity in the territory where the Tax is applied. For this purpose, such use or consumption shall be considered to be produced in the cited territory when the meter for measuring consumption is found there.

When the purchaser does not effectively consume all or part of the power, the part not consumed shall be considered used or consumed in the territory where the Tax is applied when said purchaser has the office of the financial activity, possesses a permanent establishment or, otherwise, has an address in said territory, as long as this electric supply was provided to the offices, permanent establishment or address.

Regarding determination of the passive operator for the tax, these will be the agents that are receivers of the electricity supplies, which are understood to be executed in the territory where the Tax is applied as long as the supply is executed by a agent that is not established in the cited territory or whose permanent establishment in said territory is not involved in the delivery of electricity. In that case the Market Operator will not charge the VAT on said transaction if it is produced according to the stated criteria, the passive operator's investment.

Market agents will report the capacity in which they are acting on the market and the data concerning their establishment as well as any variation which takes place, and this will provide a basis in order to establish the applicable tax regime.



The Market Operator shall only pass on the VAT charge, in accordance with the regulations, on those purchases made by agents established on Spanish or Portuguese territory.

#### **48.6. AGENTS' DATA FOR INVOICING PURPOSES**

An essential requirement for registration as a market agent is to have submitted to the Market Operator, by means of the system provided for accordingly in the "Market Access Guide to Access", all the data required so that it may issue invoices in the agent's name. Whatsoever modification of these data is to be requested through the Market Operator's Computer System, which the latter shall accept if the application is correct. The acceptance and processing of the agent's request by the Market Operator shall be governed by the timeframes laid down in the rule "Timetables and Deadlines for Agents' Requests".

Those changes that are made to said data when they have a bearing on invoicing, which include any changes in the ownership of facilities, shall have no effect on dates whose daily market matching has already been performed.

#### **48.7. INVOICING PERIOD**

Invoicing shall be made on working days for the sum of scheduling periods in a day whose daily settlement has been published. Likewise, after each matching and during non-working days in Madrid or on Saturdays, publication shall be made of the accumulated daily invoicing data in the form of a draft copy.

In addition, issue shall be made on a daily basis of the payment or charge slip associated with said invoicing with the same consideration as the invoice.

#### **48.8. ELECTRONIC INVOICING**

Invoices, issued electronically on which the Market Operator has utilized a digital signature based on a known certificate and created by a secure signature creation device, are legally binding in the same sense as an invoice issued on paper in accordance with the current legislation.

Agents may inform the Market Operator that they do not wish to have access to electronic invoices through the IT system created for this purpose.

Invoices issued electronically may be downloaded via the Market Operator's Computer System. This means that invoice confidentiality is also ensured. In addition, the format of the contents of the invoice will allow them to be digitally processed.

Through the following signature verification system, the agents can confirm when they have received the invoice:

- Authenticity of the source of the invoices: that is, these files were issued by the Market Operator.
- Content integrity: that is, the files have not been modified.
- The Market Operator's signature creation certificate has not been revoked.

As indicated in Royal Decree 14966/2003, 28 November, by which the Regulation was approved through which invoicing obligations are regulated and the Value Added Tax Regulation was modified, the agent should maintain the file transfer containing the invoice and its signature, in the same condition in which it was received. In addition, the invoice may be filed in printed format under the conditions established in Article 8 of Order EHA/962/2007 of April 10 or regulations replacing it.

In order to facilitate compliance with the obligation, the Market Operator shall keep the electronic invoicing files in his database, permanently available to the agent.

All other documents that accompany the invoice shall be digitally signed. The agents can download the files through the Market Operator's Computer System.

#### **48.9. OTHER INFORMATION ON INVOICING**

The Market Operator shall make certificates that will document said electricity trades and their amounts available to the agents that have made transactions with agents established in the European Union or outside of the European Union. These certificates will be available in the Market Operator's Computer System and they will be digitally signed in order to identify the counterpart and facilitate the agents' compliance with their tax obligations.

**48.10. CORRECTED INVOICES**

In the case that it is necessary to execute a new settlement for a day or due to a mistake on the invoice for reasons taken from the current legislation, the Market Operator shall issue a corrected invoice on which he shall record the corrections made to the data. If the correction is made on amounts and power, these will be the differences with the previous values.

**48.11. MARKET OPERATOR'S TAX OBLIGATIONS RELATED TO INVOICING**

The Market Operator shall relate its annual declaration of operations with third parties, according to the terms laid out in Royal Decree 2027/1995, of 22 December, in regards to operations carried out by electricity suppliers and purchasers, which have been documented in accordance with that indicated in the rule for "Issuing the Invoice", indicating the total amount of operations carried out by each supplier and each purchaser during the period declared. Supplies of power attributed to each supplier shall be recorded as purchases, and purchases of power attributed to each purchaser shall be recorded as sales.

**48.12. INVOICING OBLIGATIONS OF THE OPERATORS**

For invoicing purposes, the agents expressly acknowledge and confirm full awareness of all their obligations in tax matters referring to the activities for which the Market Operator is to issue an invoice in their name, in the case of sales, or is to place the invoice at their disposal, in the case of purchases. In particular, and for illustrative purposes only, application is to be made of the regulations on Value Added Tax and the Special Tax on Electricity, without prejudice to other quotas and charges that may be applicable. The Market Operator cannot accept any responsibility under any circumstances and in any way for any breach by agents of the tax regulations applicable to them at any given moment.

The market agents shall provide the Market Operator with whatsoever pertinent information required of them for the proper operation of the invoicing system.

**48.13. REQUESTING INFORMATION ON INVOICING**

The agents may ask the Market Operator for information on their invoicing in the electricity market for the auditing of their accounts through the Market Operator's Computer System. No request made by any other means will be accepted. The acceptance and processing of the

agent's request by the Market Operator shall be governed by the timeframes laid down in the rule "TIMETABLES AND DEADLINES FOR AGENTS' REQUESTS".

The Market Operator shall uphold the criteria on confidentiality set out in these rules, in particular for invoicing data. Accordingly, this shall restrict the sending of said data to the agents through non-secure mediums, such as fax or email.

## **RULE 49. DEBIT AND CREDIT SYSTEM**

### **49.1. SETTLEMENT HORIZON**

The settlement horizon (L) and the set of daily settlements, whose collections and payments are made together.

The settlement horizon will initially be weekly in nature, i.e. Monday to Sunday. The Market Operator will be able to modify this parameter through Instruction from and prior consultation with the Market Agents' Committee. The minimum period for a settlement is one day for any case.

The collections and payments of the French market operator corresponding to the settlement of the flow at the interconnection between Spain and France and of the congestion charge generated there shall be made on a daily basis, according to the agreed procedure for collections and payments, on each working day according to the Bank of Spain. Both the Spanish and the French market operators, or the third party empowered by the latter, shall pay 50% of the financing cost incurred for meeting the payments between the two systems. The cost allocated to the Spanish market operator shall be financed by debiting the congestion charge corresponding to the Spanish electricity system.

### **49.2. COLLECTIONS AND PAYMENTS**

The following parameters are defined:

N Day of publication of the collections and payments to be made: This is defined as the working day after the last settlement horizon day.

- P The payment date shall be two working days after day N. In those weeks in which there are three bank holidays in Madrid from Monday to Friday, the payment day will be the working day after day N.
- C Collections day: These shall be made the day after day P as long as this is a working day. If the day after is a holiday, collections will be made on the same day, P, as the payments.

Saturdays, Sundays, Madrid Stock Exchange holidays, and the 24 and 31 of December are considered non-working days. Under no circumstances shall collections or payments be made on a non-working day as declared by the Bank of Spain.

On day N, the Market Operator shall publish the collections and payments on the settlement horizon, L, for the agents.

The daily settlements modified as a result of the resolution of incidents or for other reasons explained in these rules and that formed part of a prior settlement horizon will have the same collections and payments date as the settlement horizon from the working day prior to their publication.

The collections and payments which are due to or incumbent upon the market agents according to the provisional daily settlement shall be considered on account of the definitive settlement.

Through Instruction from and after coming to an agreement with the Market Agents' Committee, the Market Operator will be able to modify the N, P and C parameters.

### **49.3. CHARACTERISTICS OF CREDIT AND DEBIT NOTES**

#### **49.3.1. PUBLICATION OF AN AGGREGATE CREDIT AND DEBIT NOTE**

The Market Operator, on day N, shall inform the market agents that have proceeded as purchasers or retailers, through the Market Operator's Computer System and electronically signed, of the aggregate credit and debit notes, which shall indicate the net amount to be paid or collected resulting from the sum of the invoices corresponding to the same settlement horizon, as well as the detail of the invoices included.

The Market Operator shall publish the corresponding aggregate credit and debit notes, for the market agents, and these shall indicate the following, as appropriate:

Agent name  
Due date  
Date and time of payment deadline  
Market Operator's account in which payment should be received  
Agent's account to which payment should be made

Likewise, the details on each credit and debit note from the daily settlements pertaining to the same settlement horizon will be specifically included.

Daily settlement date  
Reference to the credit or bill issued  
Result of said bill

Likewise, the total amount to be paid or collected, which is the result of the sum of said credit and debit notes, will be indicated.

The aggregate credit and debit note will be included as well as all corrections that could be made in the customary development of the collections and payments. These may include interests for delayed payments or over payments, corrections for movements in the cash balances that the agents would have provided or any other cash movement that is necessary to include in this note.

In particular, the Market Operator may include in each aggregate credit and debit note for each agent the payment corresponding to the Market Operator as specified by the regulations. When the agents are represented on the market in their own name and on behalf of third parties their payment obligation under the item of the remuneration of the Market Operator shall be included in the aggregate credit and debit note of their representative reducing the collection or increasing the payment of the same.

#### **49.3.2. NEW PUBLICATION OF THE AGGREGATE CREDIT AND DEBIT NOTE**

The Market Operator, with prior notification to the agents, shall publish a second version of the aggregate credit and debit note after day N under the following circumstances:

- If on the day of payment, after verification of the non-payment of an agent, execution is made of the conveyance of collection rights awarded by a third party,

the latter should have a modification made to the result specified on the aggregate note published on day N. In this case, the Market Operator shall issue a new aggregate note to the conveying agent that will include the outcome of the execution of the conveyance of collection rights. If the result of the aggregate note is a charge, the agent shall proceed to pay it into the Market Operator's account immediately. If the payment has not been made on the payment day, action will be taken according to the provisions of the rule "Arrangement for non-payments and default interest".

- If no payment is made on the payment date, the pro rata calculation shall be made in proportion to the credit notes of each creditor agent without taking into consideration, as appropriate, the consolidation of the credit or debit notes.

When the non-payment involves a business group that consolidates its credit or debit notes, the Market Operator shall arrange for calling in the guarantees provided as required for covering the debt.

If as a result of the pro rata payment, the consolidated note of a business group involves a charge, the Market Operator shall issue a new debit note that the agent is to pay immediately. Should it fail to do so, action will be taken according to the provisions of the rule "ARRANGEMENT FOR NON-PAYMENTS AND DEFAULT INTEREST".

- If on the collection day an agent has to be withheld the collection rights acknowledged in the prior settlement horizon for guaranteeing the payment obligations in the current horizon, the Market Operator shall proceed to issue to the agent on the collection day a new aggregate note that shall discount the amount of collection rights to be withheld under the item of cash guarantees. If the result of the aggregate note is a charge, the agents shall proceed to pay it immediately into the Market Operator's account. If the payment has not been made on the collection day, action will be taken according to the provisions of the rule "Arrangement for non-payments and default interest".

#### **49.4. CONSOLIDATION OF COLLECTIONS AND PAYMENTS**

In the cases provided for in these rules in which two or more invoices are issued to the same market agent by reason of different activities, considering these invoices correspond to the same tax number (CIF), the aggregate credit or debit notes may be consolidated in a single

one, which will be the one specified by the actual agent. The Market Operator shall include in the aggregate credit and debit note for said agent the sum of daily credit and debit notes issued to the agent within the settlement horizon.

Those market agents belonging to the same business group may consolidate in a single aggregate credit or debit note the notes corresponding to all the group's companies.

The sum of companies that make up the business group are to submit to the Market Operator a document requesting the compensation of the collections and payments for all of them, signed by persons with sufficient powers. Said document shall indicate the company in which they wish to consolidate the credit or debit notes. In those cases in which the note is receivable, the payment shall be made into the corresponding account of the company in which the payments are consolidated.

For the purpose of defining the agents that belong to the same business group, application shall be made of the provisions of article 42 of the Commercial Code.

#### **49.5. OBLIGATIONS OF MARKET AGENTS WHO ACT AS BUYERS**

The daily market agent must deposit the amount it is obligated to pay, including the Value Added Tax established, at all times. Further, it must pay any other type of tax or surcharge that it is legally required to pay and, especially, when applicable, the Electricity Tax mentioned in "Applicable Quotas and Taxes" Rule. The expenses derived as part of the payments, shall be charged to the agent.

Payment must be made no later than 10:00 a.m. on the payment date, P, defined in the "Collections and Charges" Rule. Payment must be made in the designated account by the Market Operator. The Market Operator can enable other payment processes such as direct debit or payment by debit card, as long as these solutions guarantee a secure payment.

Agents accept that every payment issued to cover obligations undertaken on each settlement horizon is irrevocable.

The buyer shall not be released from its obligation to pay until its payment is deposited in the Market Operator's account. The amount owed, when applicable, shall reduce, on a pro rata basis, the sellers' collection rights. The Market Operator shall make the appropriate regularization when the debt has been paid.



Debtor agents may make a partial or full advance payment, with a valuation date prior to the due date. Nevertheless, in order for it to be taken into account by the Market Operator prior to the due date, the agent shall notify that it has been made through the Market Operator's Computer System. Once it has been verified that the payment has been made into the Market Operator's account, the agent's notification shall be accepted and, therefore, the agent shall be released from its payment obligations for that amount. In the event no notification is provided, the payment obligations shall be lifted on the actual due date once it has been verified that the payment has indeed been made. The acceptance and processing of the agent's request by the Market Operator shall be governed by the timeframes laid down in the rule "Timetables and Deadlines for Agents' Requests".

The ordering agents are to ensure the bank transfers can be swiftly identified by the bank by including the company-activity code that appears in the Market Operator's database.

#### **49.6. RIGHTS OF MARKET AGENTS WHO ACT AS SELLERS**

The Market Operator shall issue instructions to the bank or savings institution where it maintains the treasury account regarding execution of payments to the sellers who have participated in the electricity production market during the settlement horizon in question. The Market Operator shall issue the payments to agents that are creditors, in the account they provide.

The details of the bank account for collections may only be notified and modified through a request made via the Market Operator's Computer System by a person with sufficient powers, being accepted by the Market Operator when the bank account details are complete and error-free. If the agent so wishes, the holder of the account need not be the actual agent. The acceptance and processing of the agent's request by the Market Operator shall be governed by the timeframes laid down in the rule "TIMETABLES AND DEADLINES FOR AGENTS' REQUESTS".

The payment must be made on the date defined, in the "Collections and Payments" Rule, as the charge date, P, for market agents who are debtors, only if one of the following events occurs:

- All payments have been received on the charge date, P, and there is useful time in which the bank can order payments from the agents that are creditors.

- If the Market Operator disposes of an instrument that permits, in the case of failure to pay, making collections of the counter-guarantee or guaranteed line of credit type, on the same day that payments are made, for guarantees provided by the agent for the benefit of the Market Operator.

Payment against the above-mentioned treasury account shall be made by the bank on the same day and effective date on which the payments are received in the said account from the market agents who act as buyers in the electricity production market, as the result of the settlement horizon in question.

In case none of the circumstances explained occurs, the day on which the payment should be made will be the payments day, C, defined in the "Collections and Payments" rule for the market agents who are debtors or on the same day, if the next day is a holiday.

The payment against the above-mentioned treasury account shall be made by the bank on the same day and the same effective date indicated in the previous paragraph.

Said payment shall include the Value Added Tax that the market agent must pass on, and any other tax of any nature that the legislation then in force requires him to administer.

#### **49.7. ACCOUNT DESIGNATED BY THE MARKET OPERATOR FOR PAYMENTS AND COLLECTIONS**

The Market Operator shall designate a treasury account in a domestic bank or savings institution for the purposes established in these rules.

The account opened by the Market Operator shall be a deposit account, which the Market Operator shall administer in the interests of the market agents. The regime established for the management of external businesses shall be applied to this account; consequently, the balances this account may show as an exception shall not be considered, for any intent or purpose, part of the Market Operator's assets. With respect to those balances, the Market Operator could only order the charges and payments in the account in response to the settlements resulting from the market in the electricity production market, according to the terms of the preceding sections.

The Market Operator may seek a return on the balance recorded in this account. The interest accrued in it, minus the possible costs of the same and reduced by a maximum of 25 basis points on the interest rate, which the Market Operator may retain under the item of management fee, shall be returned to the agents who have provided the cash deposits in proportion to these, but there cannot be a negative balance. The corresponding payments made to the agents may involve, at the most, the interest accrued by the account over three months, proceeding to their payment within 30 calendar days as of the receipt by the Market Operator of the banking information corresponding to the period settled.

#### **49.8. PROCEDURE IN THE CASE OF NON-PAYMENT**

In the event of non-payment, the purchaser in the electricity production market that defaults shall be required to pay a penalty. The amounts pending and unpaid shall accrue default interest, to be counted as of the date upon which the payment was due with no verification being made until the date upon which the amount pending has actually been paid, as specified forthwith.

If the Market Operator's bank has not received firm notice of execution of payment by 11.00 a.m. on the payment date, it shall issue a certificate indicating the agent and the amount that has not been paid. After receiving this notification, the Market Operator shall follow the procedure outlined below:

- The Market Operator shall execute, after notifying the affected market agent, the guarantee constituted by the latter, in accordance with the "Criteria for Action in Case of Non-Payment". If the execution of the guarantee allows immediate collection, the Market Operator shall effect all the planned payments.
- If the execution of the guarantee does not permit the immediate collection of the amount owed, it shall reduce by prorrata the collection rights of the market agents that are creditors, which shall constitute a loan to the default agent of said agents. Under no circumstances shall this reduction affect the settlement corresponding to the French market operator or the agent it has empowered.
- The amount owed shall earn interest for delayed payment at the EONIA rate plus three hundred basis points, with a minimum of 200 euros, to be paid by the agent in default, as well as incur a fixed penalty of 300 euros.

The amounts owed shall be calculated according to the following formula:

$$D = \text{Min}[E * (1 + i*P/360); 200] + 300$$

Where:

D: Amount owed including default interest.

E: Amount owed and unpaid, excluding default interest.

i: Default interest rate.

P: Interest settlement period.

The default interest rate applicable shall be the result of applying the interbank interest rate according to the average rate published daily by the Bank of Spain for one-day deposits according to the Euro OverNight Index Average (EONIA) raised by three percentage points.

Once the debt has been paid, the Market Operator shall regularize it by paying the unpaid amount plus the corresponding default payment interest to the sellers, according to the stipulations set out in the preceding sections.

The amounts corresponding to the default interest and to the penalty specified in this rule shall apply whenever the non-payment leads to the pro rata application of the amount pending among the creditor agents. The pro rata payments shall be made when the banks open on the due date following the process for the withholding of collection rights described in the rule "Characteristics of credit and debit notes" except when the collections and payments are made on the same day, in which case the pro rata payments shall be made at 12.30 p.m.

Notwithstanding the above, a default purchaser on the electricity production market shall be liable for all losses and damages incurred by the delay.

#### **49.9. SMALL COLLECTIONS AND PAYMENTS**

To avoid transfers in small quantities for payments required from the agent, the market agent can make a prior cash deposit, as a guarantee, and requests that payments falling beneath a certain threshold be executed by charging this deposit without it being considered as an execution of guarantees.

In order to avoid transfers in small quantities for payments to the agent, given that the expenses could be greater than the amount to be paid, and these would be charged to the agent; the market agent can request that these small quantities not be paid. Instead they can be considered as cash guarantees, or they can be returned in the next settlement.

#### **49.10. COLLECTIONS AND PAYMENTS CALENDAR**

Each year, after the national holidays and those for the Autonomous Community of Madrid are published, the Market Operator shall provide the market agents a calendar of payments for the following fiscal year, from the 1st of January to the 31st of December of the next year. This calendar shall detail the deadline dates for notifying the charges and payments and the payment deadline dates corresponding to each settlement horizon. The Market Operator reserves the right to modify these dates as long as prior notice of at least one month is provided, and if through Instruction from and after coming to an agreement with the Market Agents' Committee, the decision is made to modify the period for weekly collections and payments.

#### **49.11. PLEDGE ON COLLECTION RIGHTS**

The market agents that provide security by pledging the collection rights over their sales in the daily and intraday market to creditor parties through the market account, may notify this circumstance to the Market Operator, which shall take it into account provided the following conditions are met:

- The request for pledging the account shall be made by an agent's authorised attorney or its representative through the Market Operator's Computer System, affecting the account the agent has registered in the market.
- The request is to be accompanied by the submission of the appropriate document as per the model issued by the Market Operator, and is to be signed by the agent's representative and by proxy by the bank.

The pledging of the agent's bank account shall have two consequences for the Market Operator:

1. The subsequent modification of the bank account's details shall require a request by a person authorised by the agent or its representative through the Market Operator's Computer System, being accepted when the Market Operator receives the appropriate document as per the model issued by this Operator, and signed by the agent's representative and by proxy by the bank.
2. The withdrawal of the pledge on the bank account shall require a request by a person authorised by the agent or its representative through the Market Operator's Computer

System, being accepted when the Market Operator receives the appropriate document as per the model issued by this Operator, and signed by the agent's representative and by proxy by the bank.

The acceptance of the pledging of the account does not involve any obligation for the Market Operator to pay into said account whatsoever balance due to the agent, as appropriate, for sales on the market, as preference shall be given to the rules on representation, whereby the payments for the agent's sales on the market through a representative acting in its own name but on behalf of the agent shall be paid into the representative's account.

## **RULE 50. PROCEDURE RELATIVE TO THE PROVISION OF GUARANTEES IN FAVOUR OF THE MARKET OPERATOR**

### **50.1. ESTABLISHMENT OF GUARANTEES**

The market agents, who could become debtors as a result of their purchases in the electricity production market, shall provide the Market Operator sufficient guarantee to cover the financial obligations derived from their transactions. This must warrant the creditors' collection of the entire amount due for the electricity they supply, at its price, as well as the other items included in the "Applicable Quotas and Taxes" Rule, on the same date when the settlement for the corresponding period is made.

Failure to provide this guarantee, its non-acceptance by the Market Operator due to insufficiency or inappropriateness, or the agent's failure to maintain and update the guarantee, shall cause the market agent to be barred from transacting business in the production market.

### **50.2. MARKET OPERATORS THAT MUST PROVIDE GUARANTEES**

The owner of the guarantees must be the same agent, if he participates in his own name and on his own behalf in the market.

If the agent is represented by a party acting in the name and on behalf of the agent, the holder of the guarantee shall necessarily be the actual agent for all intents and purposes.

If the agent is represented by a party acting in its own name and on behalf of the agent, the holder of the guarantee shall necessarily be the representative for all intents and purposes.

### **50.3. MAINTENANCE OF GUARANTEES**

The Market Operator shall release the guarantee provided by the agent in the production market, provided that it has fulfilled all the obligations derived from its participation in it.

### **50.4. COVERAGE OF THE GUARANTEES**

The guarantee that each agent must provide shall affirm responsibility, without any limitation, in accordance with the terms of these rules, for the obligations it assumes by virtue of its purchases of electricity in the production market.

The guarantee provided shall also affirm responsibility for whatever taxes and quotas that may be applicable to the agents at the time of payment of their purchases in the electricity production market.

This guarantee shall not cover obligations contracted with customers, persons or institutions other than the agents who act as sellers in the production market. In particular, it shall not take responsibility for the payments that must be made for the settlement of tolls nor for the payments corresponding to physical bilateral contracts that are formalized outside the production market.

### **50.5. KINDS OF GUARANTEES**

If they desire to participate in the markets, the market agents must present:

- An operating guarantee to cover the value of the purchase bids of the units the agents owns, provided the bid is made directly by the holder or its representative in the name and on behalf of another, and the value of the purchase bids of the units it represents in its own name.

In the event the agent is represented in the name and on behalf of another and its bids are placed jointly with other units of other agents, also represented in the name and on the behalf of another, without there being a constant proportion in the energies tendered for each unit, each one of the agents holding the units is to have sufficient operating guarantees for covering the full purchase bid.

If this guarantee is insufficient, the agent shall not be allowed to participate in the corresponding matching process.

Likewise, the market agents will be required to present the following guarantees:

- A credit guarantee to affirm responsibility for the obligations of payments that are accrued or not paid. This credit guarantee will not be set "a priori" by the Market Operator without it is calculated once the settlement result is known. The agents that have provided an operational guarantee, permitting the matching of their bid, will have the required credit guarantee covered as the result of the settlement for said transaction by automatically converting the necessary part of the operational guarantee into a credit guarantee.
- A complementary guarantee is one which can be required of agents in those situations in which, after consulting with the Market Agents' Committee, the Market Operator considers it necessary, due either to a risk that exceeds the coverage of the operational guarantee or for other special circumstances, which objectively justify the requirement of complementary guarantees.

In this regard, the Market Operator shall be able to ask a rating company to rate the risk level of an agent who acts as a buyer in order to justify objectively the requirement of a complementary guarantee, and the cost can be charged to the affected agent.

At any time the Market Agents' Committee shall be able to request to be informed on the guarantees required of an agent and the guarantees provided.

## **50.6. FORMALIZING GUARANTEES**

### **50.6.1. INSTRUMENTS FOR FORMALIZING GUARANTEES**



Guarantees must be formalized in favour of the Market Operator using the following instruments:

- a) Cash deposits to the account designated by the Market Operator in order to make collections and payments, as established in the “Account Designated by the Market Operator for Effecting Charges and Payments” Rule: Agents shall also be able to formalize a cash guarantee, through this medium, which is supplementary to the guarantee required for their participation in the market and which will permit payments to be made by these agents for a value that falls below a certain threshold. Such payments shall be made against these guarantees, provided that the balance is sufficient and subject to communication with the Market Operator.
- b) Guarantee of a joint and several nature provided by a bank, savings bank or credit cooperative domiciled in Spain or the branch in Spain of a non-resident institution, which does not belong to the group of the guaranteed or secured party, in favour of the Market Operator, and deposited at the banking institution, in which the guaranteeing or securing party acknowledges its payment obligation by virtue of the same upon first demand, with full credit security, without the guaranteeing or securing party being entitled to claim any exception whatsoever to avoid the payment to the Market Operator and, especially, any contingency arising from the underlying relations between the guaranteeing or securing party and the guaranteed or secured party.

The payment covered by the executed guarantee shall be made so that the Market Operator can convert the guarantee to cash on first demand, within no more than one working day, in the Madrid Stock Exchange, after payment is demanded of the guarantor.

A valid guarantee model is available in the “Market Access Guide”.

- c) Irrevocable authorisation of use, up to the maximum amount of the payment obligations incurred during the period to be settled, of one or more credit lines subscribed by the purchaser of energy with an institution resident in Spain or the branch in Spain of a non-resident institution. The credit lines considered in this section shall have a specific purpose being used exclusively as lines of payment or for the guarantee coverage of obligations contracted by virtue of their payment obligations on the production market, being required to have a minimum amount available at any given moment equal to the credit guarantee and, as appropriate, to the additional amount corresponding to the supplementary guarantee.

- d) Conveyance of future collection rights pending payment in the production market for which the agent is the creditor as a result of its sales of electricity made to the debtor agents. The amount acknowledged and, therefore, valid for arranging the required guarantees shall be the value laid down in the rule “Calculation of recognized collection rights that can be transferred to third parties”.

All agents, by default, shall convey to themselves their collection rights. In the event they wish to convey them to third parties, they are to submit to the Market Operator the appropriate document whose model is available in the “Market Access Guide”.

Whatsoever conveyance of collection rights shall implicitly entail the authorisation of the conveying agent for the withholding of acknowledged collection rights within a settlement horizon, if necessary, as a guarantee of the payment obligations in the next horizon until the collection date in said prior horizon. These amounts withheld shall be considered a cash guarantee for the recipient agent. Likewise, an agent’s collection rights in the daily market on the first day of the horizon shall be considered valid as a guarantee on the purchases on the last day of the preceding horizon as of the 6<sup>th</sup> intraday.

When an agent conveys collection rights to third parties, it shall indicate the percentage of the same it assigns to each recipient through the Market Operator’s Computer System. In such a case, the actual agent shall indicate what percentage of its collection rights it assigns to itself. Any changes made to said percentages shall not have any bearing on dates whose daily market matching has already been effected.

- e) Certificate of Joint and Several Surety Insurance provided by an insurance company domiciled in Spain or the branch in Spain of a non-resident company, authorised by the *Dirección General de Seguros* (Directorate General for Insurance) and which does not belong the policy holder’s group, in favour of the Market Operator, as the insured party, in which the insurer acknowledges that its payment obligation by virtue of the same is upon first demand, with full credit security, without the insurer being entitled to claim any exception whatsoever to avoid the payment to the Market Operator and, especially, any contingency arising from the underlying relations between the insurer and the policy holder. In particular, non-payment of the premium shall not entitle the insurer to discharge the contract nor shall it be revoked, nor shall the insurer’s coverage be suspended, nor shall the insurer be released from its obligation in the event of default in the payment on the part of the policy holder.

The payment charged against the enforcement of the guarantee is to be made in such a way that the Market Operator can execute it upon first demand and within a maximum period of one working day in Madrid following the moment at which it demands payment from the insurer.

Even in the case of executing guarantees, the Market Operator shall always make the documents available for formalizing guarantees for payment obligations accrued and which have not yet been settled.

For these purposes, when executing guarantees the Market Operator shall always keep the original guarantees presented, the amount of which shall be able to be reduced by the guarantor in the part of the guarantees that it has executed.

If the agent has formalized guarantees through cash deposit and formally communicated its desire, to the Market Operator, that this be considered payment to the account for payments that fall below a certain threshold, the provisions executed by the Market Operator for this purpose shall not be considered as the execution of guarantees.

The Market Operator may reject or restrict guarantees, sureties, lines of credit or surety insurances when the guarantor bank or, as appropriate, the insurance company does not have a minimum credit rating – awarded by at least one of the following rating agencies, Standard & Poor's, Moody's or Fitch – equal to the corresponding one awarded by the same rating agency to the sovereign debt of the Kingdom of Spain, applied at each moment, minus one level.

The credit rating may be below that of the sovereign debt of the Kingdom of Spain minus one level provided it has at least an investment grade rating awarded by the same rating agency.

Regarding the guarantees, lines of credit and surety insurances provided on behalf of the Market Operator that do not meet the preceding condition, or those that cease to meet it following a downgrade in their rating, the Market Operator shall call upon, as appropriate, each one of the agents that have arranged said guarantee to proceed by verifiable means to replace it with another valid guarantee on the basis of the following criterion:

- Guarantees below the credit rating of the sovereign debt of the Kingdom of Spain minus two levels or without a credit rating: to be replaced within 10 working days.
- Guarantees with the credit rating of the sovereign debt of the Kingdom of Spain minus two levels: to be replaced within two months.

The modification of a guarantee already provided on behalf of the Market Operator shall be considered a new one for the purpose of the application of this rule.

If the guarantor or insurer were to call in the receivers or be declared bankrupt, or the administrative authorisation for the pursuit of its business were to be rescinded, the party required to provide the guarantee shall replace said guarantee with another one, of the same or another kind, as provided for in this rule within the ten working days following the date upon which the change in the situation of the guarantor or insurer takes effect.

#### **50.6.2. PERIOD OF VALIDITY OF GUARANTEES**

The Market Operator shall release the guarantee provided by the agent in the production market, at the time such request is made, provided that it has fulfilled all the obligations derived from its participation in the market.

Operating guarantees shall only be considered valid for the matching corresponding to day “d” when its validity extends, at least, until the tenth calendar day after the end of the settlement horizon to which day “d” belongs.

#### **50.6.3. COMMUNICATING THE ARRANGEMENT, WITHDRAWAL OR MODIFICATION OF GUARANTEES**

The agents shall request from the Market Operator, through the Market Operator’s Computer System, any alteration of their guarantees, both when they are in cash and when they are through any document issued by a bank or insurance company.

In the event of an arrangement or upward modification, the Market Operator shall proceed to the acceptance thereof once it has verified that the request's details coincide with the guarantees effectively provided by the agent.

In the event of a withdrawal or downward modification, the Market Operator shall proceed to process the same once it has been verified that the guarantee provides umbrella cover.

An essential condition for the acceptance of whatsoever arrangement, modification or withdrawal of the guarantees provided for the Market Operator is that the corresponding request should be formulated through the Market Operator's Computer System.

The acceptance and processing of the agent's request by the Market Operator shall be governed by the timeframes laid down in the rule "TIMETABLES AND DEADLINES FOR AGENTS' REQUESTS".

## **50.7. REGIME FOR DETERMINING THE AMOUNT OF THE GUARANTEES AND THE WAY THEY ARE CONSTITUTED**

### **50.7.1. CRITERIA FOR DETERMINING THE AMOUNT OF THE GUARANTEES TO BE ALLOCATED**

On the basis of the provisions of the rule "Coverage of the guarantees", the amount of the guarantees to be provided by each agent at each given moment is to be stipulated by the Market Operator in response to the purchase invoices it has issued and the draft invoices pending payment, and to the sale invoices issued and the draft invoices whose collection is pending and the beneficiary is the agent.

Furthermore, the agent may provide additional operating guarantees in response to the risk period to be covered by the guarantees. This will correspond to the remaining days within the settlement horizon plus the increase to consider the additional days until effective payment and the following days whose matching has informed the date of payment of the debtor agents.

**50.7.2. INFORMATION ON GUARANTEES MADE AVAILABLE TO THE AGENTS**

With a view to enabling agents to be aware at all times of the amount of the credit guarantees that correspond at any given moment, and thereby estimate whether they have sufficient operating guarantees for their market acquisitions, the Market Operator shall make available, through the Market Operator's Computer System, the following information that is to be kept permanently updated:

- a) Balance of guarantees, or operating guarantee, for the following market sessions with the best information available up until that moment.
- b) Parameters for estimating the coverage of their bids: this value is a guideline and does not involve any liability whatsoever for the Market Operator regarding the sufficiency or not of the agent's operating guarantees.

**50.7.3. BALANCE OF GUARANTEES**

The Market Operator shall have each agent's balance of guarantees for the ensuing days that is to be kept permanently updated, as an operating guarantee to be considered in the following matching sessions in each market, both at the time of the placement of bids and in the prior verifications of bids.

An agent's balance of guarantees at a given moment for the matching on day d is to consist of the summation of the following entries:

- a) Guarantees presented and accepted by the Market Operator, whose date of validity is valid for the purchases on said day, according to the rule "Period of validity of guarantees".
- b) The agent's accumulated daily purchase invoices or, otherwise, draft invoices (with a negative value), within the current horizon and within the preceding horizon when day d is equal to or prior to the day after the payments of said horizon.
- c) Advance payments made on the payment obligations specified in the preceding point.
- d) The agent's own collection rights or those received in conveyance from a third party, as a result of the sales invoices or, otherwise, draft invoices, accumulated within the current horizon and within the preceding horizon when day d is equal to or prior to the day after the payments of said horizon.

- e) Collections received by the agent (with a negative value) corresponding to the preceding horizon when day d is equal to or prior to the day after the payments of said horizon. Account is to be taken of all the collections to which the holder is entitled regardless of whether pro rata payments have been applied.
- f) Collections withheld from the agent and which are part of the cash guarantees.
- g) Entries, with a negative sign, for the value of the purchase bids included in the daily market matching process or of an intraday market session until said market has been settled, as per the provisions of the rules “Key features of the daily market matching procedure” and “Verification of compliance of guarantees”.

Furthermore, while the period of disaggregations is open for a session that has been settled and invoiced, as per the rules “Settlement of the daily market” and “Settlement of the intraday market”, the balance of guarantees will incorporate the following entries to the agents and for the units referred to by the second paragraph of the first point in the rule “Types of Guarantees”:

- h) Entries, with a positive sign, for the value of the payment obligations arising from the settlement of each unit plus any applicable taxes and quotas.
- i) Entries, with a negative sign, for a value equal to the energy acquired in the matching for the bid unit valued at the matching price plus any applicable taxes and quotas.
- j) Entries, with a negative sign, for the value of the collection rights arising from the settlement of each unit plus any applicable taxes and quotas.

The entries that originate from an agent’s requests through the Market Operator’s Computer System, shall be accepted and processed according to the timeframes laid down in the rule “TIMETABLES AND DEADLINES FOR AGENTS’ REQUESTS”.

The entries in points b) and d) shall be booked as soon as the settlement has been made after each matching of a market session.

The entries for payments made on the payment day are to be booked as soon as it is noted they have been made. The entries corresponding to collections on the collection day are to be booked at the time that signals the start of the process for issuing the order to the bank to make the payments. Booking is to be made at that same time of the entries for withholding the collection whenever called upon to do so by the Market Operator. This time is specified in the rule “Timetables and deadlines for agents’ requests”.

## **50.7.4. Determining guarantees**

### **50.7.4.1. OPERATIONAL AND CREDIT GUARANTEES**

The Market Operator shall make an operational and credit guarantees simulator, which the operator could need for planning its activity in the market and for recent prices, available to the agents in its information system. Said value shall be considered an estimate and, as such, it will be the agent's responsibility to dispose of the appropriate guarantees.

This simulation shall permit, for those operators that desire, the formalization of said amount as a guarantee prior to their participation in the market, and only if this amount is found to be insufficient to cover the operational guarantees necessary for their bids, should they provide additional guarantees.

The criteria for making this estimation are follows:

It is:

CA<sub>dn</sub> = Planning purchases in the daily market in N days with purchasing units.

VP<sub>dn</sub> = Planning sales in the daily market in N days with production units.

CA<sub>in</sub> = Planning purchases in the intraday market in N days with purchasing units. This planning must take into account imbalances with respect to the PBF.

VA<sub>in</sub> = Planning purchases in the intraday market in N days with purchasing units This planning must take into account imbalances with respect to the PBF and, in the case of international programmes, the absence of rights on the energy to be exported.

CP<sub>in</sub> = Planning purchases in the intraday market in N days with production units. This planning must take into account the possible lack of installations, the imbalances with respect to the PBF and, in the case of international programs, the lack of authorization for the power to import.

VP<sub>in</sub> = Planning sales in the intraday market in N days with production units. This planning must take into account imbalances with respect to the PBF.

N = Number of days included in the settlement horizon plus the additional days until payment plus 1 day.

P<sub>d</sub> = Arithmetic mean price for the daily market in the 30 days prior to the day on which the calculation is made.

P<sub>i</sub> = Arithmetic mean price for the intraday market in the 30 days prior to the day on which the calculation is made.



IE1 = Taxes on electricity, in units value. This will apply to the company invoiced according to the standards established, which are given in detail in the “Taxes on Electricity” Rule.

IE2 = Coefficient that raises the base in order to apply the tax on electricity

IVA = Value Added Tax, in unit value. This will apply to the company invoiced according to the standards established, which are given in detail in the “Value Added Tax” Rule.

GC = Credit guarantee

Calculate the value:

$$PA = (CA_{dn} * P_d + (CA_{in} + CP_{in}) * P_i) * (IE_2 * IE_1 + 1) * (1 + IVA)$$

$$PV = (VP_{dn} * P_d + (VA_{in} + VP_{in}) * P_i) * (IE_2 * IE_1 + 1) * (1 + IVA)$$

The estimation of the agent’s maximum credit guarantees will be:

$$GC = PA,$$

and if it conveys its collection rights to itself, it will be:

$$GC = \text{Max}(PA - PV, 0)$$

Pins = Minimum price between the reference price and the maximum price at which the agent expects to bid for its purchases

Eofn = Maximum purchase power that the agent plans to bid in the daily or intraday market sessions for a day.

GO = Operational guarantee

Operational guarantees for the agent will be:

$$GO = Eofn * P_{ins} * (IE_2 * IE_1 + 1) * (1 + IVA)$$

Total guarantees shall be GC+GO

### 50.7.5. TRANSFER OF COLLECTION RIGHTS

Market agents shall be allowed to transfer their collection rights accrued in the production market to guarantee the payment obligations of any market agent, as established in the Rule for "Formalizing Guarantees".

The Market Operator shall make a collection rights transfer simulator, which the operator could use for planning its activity in the market and for the recent prices, available to the agents in its information system. Said value shall be considered an estimation, which implies no commitment from the Market Operator with respect to its correctness.

This simulation will enable the agents themselves, and those in favour of which a document has been drawn up for the conveyance of collection rights, to estimate the guarantees to be provided discounting said amount.

The collection right estimated for the agent shall be the value PV calculated in the rule "Operational and credit guarantees".

#### **50.7.5.1. Calculation of recognized collection rights that can be transferred to third parties**

The collection rights that a market agent may convey to another agent and which shall be considered valid for the arrangement of guarantees shall be those that are specified on the sales invoices or draft invoices whose collection has yet to be made.

The balance of guarantees shall take into account the collection rights forthcoming from an agent's settlements on the production market as a valid and effective guarantee instrument regarding third parties.

#### **50.8. ADMINISTRATION OF GUARANTEES**

The Market Operator shall be responsible for administering the guarantees provided, in the interests of the market agents, for the purposes of supervising the obligations to establish and maintain updated guarantees, and of the ordinary asset management this may give rise to, or, when applicable, of the disposal of the amounts required to meet the guaranteed obligations. The Market Operator shall keep a record in which it shall include, under separate headings, the rights and obligations associated with the guarantees.

**50.9. CRITERIA FOR ACTION IN CASES OF NON-FULFILMENT**

If an agent in the electricity production market should fail to meet, in whole or in part, any of its payment obligations derived from the transactions effected in the electricity production market, the Market Operator shall execute the constituted guarantees with the greatest diligence and speed, in order to ensure the fulfilment of the non-compliant market agent's obligations.

Moreover, for the intents and purposes of the provisions of article 52 of Act 24/2013, of 26 December (the Electricity Sector Act), if the non-compliant agent is a direct consumer, the Market Operator shall immediately report the said non-fulfilment to the Ministry of the Industry, Energy and Tourism and to the National Commission of Markets and Competence.

**50.10. PROLONGED PAYMENT DELAY**

In the case of a prolonged non-fulfilment of payment obligations by a market agent, which is not covered by the guarantees provided by the said agent, the Market Operator shall proceed against it either through the courts or by any other means accepted by the legal system, on behalf of the sellers in the market. The non-compliant agent shall be obligated to pay the overdrafts, with the interest applied thereto, and all the damages caused, which shall be shared by the sellers on a pro rata basis applied to the collection rights held by each seller in the market.

The monetary results of the cited claim shall be delivered by the Market Operator to the sellers, in proportion to the damage suffered by each of them.

For the intents and purposes of this rule, a prolonged non-fulfilment of payment obligations by a market agent is defined as a delay of more than three days from the date on which the payment falls due and is still not made.

**50.11. PROLONGED INSUFFICIENCY OF GUARANTEES**

When the purchase bids of a production unit are rejected due to a lack of guarantees in at least three market sessions, whether on the daily or intraday markets, within a period of 30

consecutive days, it shall be understood that application is to be made of the procedure for the “Prolonged insufficiency of guarantees”.

When the Market Operator calls upon the agent or agents to which settlement is made of that production unit to increase their guarantees by an email sent to the contact persons and to those of the agent holding the production unit. Consideration shall be given for such purposes to the contacts for matters of Settlements and Invoicing or, otherwise, the agent’s general contacts.

If, after ten working days have elapsed since the remittance of said notification, a bid from said unit were again to be rejected due to a lack of guarantees, the Market Operator, with prior notification by email to the agent owning the production unit, may suspend the production unit ’s involvement in subsequent market sessions until the agent or agents to which settlement is made of said bid offer increase their guarantees by at least 10% of the amount previously arranged at the time when the production unit was rejected, with said computation including the collection rights conveyed.

The suspension of the production unit and its subsequent reinstatement, as appropriate, shall be notified to the System Operator corresponding to the zone in which the unit is located.

#### **50.12. FAILURE TO DEPOSIT OR FAILURE TO UPDATE GUARANTEES**

The failure to deposit, replace or update guarantees set out in these Market Operating Rules on behalf of any agent in the electrical power production market will be taken as a settlement order affecting all the transactions which said agent has been involved in, to all effects, so that the Market Operator will proceed to close transactions carried out on the market which the offender has intervened in.

## **CHAPTER ELEVEN**

### **FINAL RULES**

#### **RULE 51. DESCRIPTION OF THE SEQUENCE, SCHEDULES AND EXCHANGES OF INFORMATION FROM THE CONTRACTING SESSIONS**

##### **51.1. SEQUENCE OF OPERATIONS IN THE DAILY MARKET**

There follows a detail of the sequence of operations in the daily market, where the times specified correspond to Official European Time (CET).

- a) Before 10.30 a.m., the Spanish System Operator shall have provided the Market Operator with the notified nominations of use of capacity rights on the frontier with the French electricity system prior to the daily auction of the physical capacity rights to be taken into consideration by the market operator in the bid validation process.
- b) Before 10.30 a.m., the Spanish System Operator shall have provided the Market Operator with the allocations of the daily auction at the interconnection with the French electricity system of the physical capacity rights to be taken into consideration by the market operator in the bid validation process, in the event said explicit daily auctions are held.
- c) Before 10.30 a.m., the System Operators shall have made information on the following available to the Market Operator:
  - The best demand forecast, referring to months completed and published in the first fifteen days of the previous month for those referenced by the forecast.
  - The situation of the transmission network and the partial or total unavailability of the electricity production or purchasing units.
  - The maximum import and export capacity at each one of the international interconnections, with a weekly horizon, with hourly values.

- The available import and export capacity at each one of the international interconnections, for the following day, for consideration in the daily market matching process.
- The arrangements of any bilateral national contracts entered into with physical delivery or with generic scheduling units, with a view to properly validating the maximum bid units available.

This information shall be made available to the market agents containing the data that affect their sales and purchasing units.

Information on unavailability will be updated subsequently, at any time and up until the instant of closing the acceptance of daily market bids, in the case that there are modifications affecting data.

The information on capacity at the international interconnections may subsequently be updated, at any time up to 11.40 a.m., for its consideration in the daily market, in the event of any modifications to the data.

- d) Before 10.30 a.m., the Spanish System Operator shall have provided the Market Operator with information on:
  - The execution of bilateral contracts through the Iberian system international borders with external systems at its disposal following the agreement reached previously between the system operators involved.
- e) The market agents shall be able to make claims regarding the results of the sale and purchase bid validation process, until five minutes after the close of the bid acceptance period for the corresponding session
- f) The Market Operator shall analyze the claims submitted in response to the validation process upon the reception of bids and solution of the claims if they can be attended to and resolved quickly enough for the solution to be immediately useful.
- g) At 12.00 a.m., the Market Operator shall close the period for the reception and validation of the sale and purchase bids placed by the market agents for the daily market.

- h) From 12.00 a.m. and once the analysis of the claims submitted in response to the bids validation process is complete, it shall proceed to begin the matching process, unless it is determined in the stated analysis process that it is necessary to extend the bid acceptance period for a justifiable reason.
- i) During the process of preparing the bids for matching, validations defined in the present rules shall be made, including the approval of the existence of guarantees that financially back each bid submitted. In case the aforementioned validations are not passed, the corresponding bid shall be cancelled, and it will not be considered in the matching process from this point forward.
- j) Once the previous validations are executed, the bids submitted will be matched with the Euphemia algorithm.
- k) Before 12.45 p.m., the Market Operator shall place the provisional matching result at the System Operator's disposal and shall simultaneously provide the market agents with information corresponding, with the corresponding confidentiality, to their sales and purchasing units.
- l) The market agents shall have ten (10) minutes, from the time the provisional matching process results are made available to them by the Market Operator, to make claims regarding the said results. Their claims shall be processed according to the established procedure. During this time period, the Market Operator shall be able to present the incidents that, in its judgment, have occurred in the process. Furthermore, the system operators may report, before 10 minutes have elapsed since the system operators have been provided with the provisional result of the matching process, the existence of any one of the contingencies provided for by the market operators that affect the outcome of the matching.
- m) Before 1 p.m., when the results of the daily market matching have been confirmed by all the market operators, these shall be final.
- n) The Daily Market Operator shall make available to the Forward Market Operator before 2 p.m. each day the prices and volumes traded in each hour on the Daily Market for the following day, as well as the outcome of the process of physical delivery.

- o) Before 2 p.m., the Market Operator shall inform the market agents, if appropriate, of the existence of any claim that is pending resolution, or any incident presented by the Market Operator, which may be cause for repeating the matching process. In this case, the schedule of the sequence may be altered according to the specifications of Rule concerning schedule modification.
- p) Before 2 p.m., once the process of inserting the power declared by the market agents as physical bilateral contracts to the System Operators is complete, they shall inform the Market Operator of the base daily operating schedule.
- q) Before 45 minutes after the publication of the results of matching the agents market shall have informed the Market Operator of the disaggregations of sales units for those units so designated.
- r) Market agents will have fifteen (15) minutes from the closure of the period of communication of disaggregations to formulate complaints on such disaggregations, which will be processed in accordance with the established procedure.
- s) If the repetition of the matching process is necessary, for the reasons indicated in previous points, and consequently the base matching schedule does not turn out to be coherent with the base operating schedule, the System Operators shall repeat the procedure of inserting power to physical bilateral contracts in order to generate a new base operating schedule, using the new base matching schedule as a point of departure.
- t) Before 4.00 p.m., the System Operators shall place the provisional viable daily schedule at the Market Operator's disposal. At this point the Market Operator shall have resolved the technical constraints foreseen in the system, and shall inform to the market operator and the agents of the data corresponding to their production or purchasing units, if applicable.

## **51.2. SEQUENCE OF OPERATIONS IN THE INTRADAY MARKET**

The sessions of the intraday market shall be held independently of the daily market matching process. At the end of each one of the intraday market sessions, the Market Operator shall place the matching result at the System Operator's disposal, with the corresponding confidentiality, and shall inform the market agents of the data corresponding to their sales or purchasing units. Upon finalizing the technical restrictions solution process, the System



Operators shall communicate the final hourly schedule to the Market Operator and the market agents once the redispatches determined in the restrictions solution process are incorporated into the matching result.

The sequences of processes in each intraday market session shall be as follows:

As long as there are six intraday markets, the opening times for them shall be 5:00 p.m., 9:00 p.m., 1:00 a.m., 4:00 a.m., 8:00 a.m., and 12 noon for sessions of the first to sixth respectively. For the third intraday market, on the day when the clock goes forward in the spring, the opening time shall be 12 midnight rather than 1:00 a.m.

The bid reception period shall open according to the stated schedule, and only under the condition that the final hourly schedule corresponding to the previous intraday market session was published beforehand, for sessions of the second to sixth. In the case of the first session, it coincides with the publication of the provisional viable schedule corresponding to the following day.

Before the close of each intraday market session, the Spanish System Operator shall have communicated the allocations of physical capacity rights available to the Market Operator in the process prior to carrying out the matching process. In case this is not received, it shall be understood that there was no change in the allocation of capacity rights of the international units in the previous market.

The first scheduling period of the session horizon shall begin three hours after the time planned for opening of the session, except in the first session of the intraday market, which shall begin four hours after the planned session opening time. The scheduling horizon shall extend to all the scheduling periods for which there is a published provisional viable schedule.

The length of the bid reception period shall be forty-five (45) minutes, except for the period corresponding to the first intraday market session; that initial bid reception interval shall be one hundred and five (105) minutes long.

The market agents shall be able to make claims regarding the results of the sale and purchase bid validation process, which occur from the time of reception until five minutes after the close of the bid acceptance period for the corresponding session

The Market Operator shall have forty-five (45) minutes to publish the provisional result of the matching process, pending claims or incidents, as indicated in the following point.

The Market Operator will make the result of the matching process on intraday markets available to the system operators once the claims period is over.

In accordance with the provisions of Royal Decree 2019/1997 of 26 December, the market agents shall have up to fifteen (15) minutes, from the time the matching process results are made available to them by the Market Operator, to make claims regarding the said results. Their claims shall be processed according to the established procedure. If no claims are received by the time this period expires, and without discounting the claims which may be submitted afterward by the market agents, the matching result shall become firm. During this time period, the Market Operator shall be able to present the incidents that, in its judgment, have occurred in the process.

If there is any claim pending resolution, or any incident presented by the Market Operators, which may give rise to the repetition of the matching process, the Market Operators shall be able to report it until fifteen (15) minutes before the beginning of the corresponding session's scheduling horizon. In this case, the schedule of the sequence may be altered according to the specifications of these rules.

The System Operator shall have fifteen (15) minutes before the start of the horizon of the corresponding session to solve the technical constraints identified. Immediately after the System Operator publishes the final hourly schedule, which shall include the result of the resolution of constraints, the Market Operator shall be informed.

Within 20 minutes of the publishing of the matching results, the market agents shall have informed the Market Operator of the disaggregations of sales units for those units so designated.

Market agents will have fifteen (15) minutes from the closure of the period of communication of disaggregations to formulate complaints on such disaggregations, which will be processed in accordance with the established procedure.

### **51.3. ALTERATIONS TO THE SCHEDULE**

If incidents arise which alter the normal course of any of the mechanisms which make up the daily market and intraday market matching procedures, or market agents submit claims which entail repeating any part of the processes, the Market Operator shall be able to modify the schedule of the sequence of operations corresponding to these markets, and shall dedicate its best efforts to placing the modified schedule at the disposal of the market agents and the System Operators as soon as possible, notifying the market agents and the System Operators of the new schedules.

If incidents occur in any of the processes entrusted to the System Operators, they shall be able to modify the schedule of the sequence of operations subsequent to the establishment of the base matching schedule, for which purpose it shall dedicate its best efforts to placing the information on the viable schedule that must be given to the market agents with regard to their purchasing and production units, at the agents' disposal, and at the Market Operator's disposal, before the time limit set in Rule 51.1.. If this is not possible, the System Operator shall devote its best efforts to placing the said viable schedule at the disposal of the Market Operator, and transmitting the pertinent information to the agents, as soon as possible, notifying the market agents and the Market Operator of the new schedules. When this situation arises, or there are incidents in the Market Operator's processes, and a delay can be foreseen in the established time for the publication of the final hourly schedule, the Market Operator shall be able to make the decision to suspend the intraday market session or to perform the matching of the complete scheduling horizon corresponding to said session, but considering the result invalid, for all intents and purposes, for one or more of the hours in the horizon due to force majeure. Whatever decision is made shall be conveyed to the market agents and the System Operators through the Market Operator's Computer System.

When there are problems in the System Operator's processes that make a delay foreseeable in the established time for the publication of the final hourly schedule, the system operators shall be able to make the decision not to consider the intraday market matching result for the first hour or hours of the scheduling period. Whatever decision is made shall be communicated as soon as possible to the market agents and the Market Operator by whatever means the System Operator may establish that leaves a record of the communication.

#### **51.4. COORDINATION BETWEEN THE MARKET OPERATOR AND THE SYSTEM OPERATORS**

For the purposes of complying with the provisions of current legislation, both shall provide each other with the information indicated below through their computer systems. This information

shall be contained in files whose format and transmittal shall be defined by both operators, and the information shall be placed at the disposal of the market agents.

The Market Operator, together with the Spanish and Portuguese System Operators, will design an emergency mechanism for the sharing of information between System Operators and the Market Operator.

All information to be exchanged will be made available to the other party as soon as the claims process finishes on the relevant market, and as soon as the process finishes it will be reported to agents, as far as information concerning their purchase and sales units is concerned.

The Market Operator shall validate the format and the information contained in the files received before inserting them into its information system so that, if errors are detected in them, they can be returned to their sender for correction.

All information sharing must include the corresponding detailed explanation of the error detected. The period within which the corrected file must be sent shall depend on the file in question, although both the Market Operator and the System Operators shall make their best efforts to ensure the information is immediately available for the matching processes or the real time process for which it is needed.

Regarding the relevant information shared between the Market Operator and the System Operators, regardless of its origin, there is a mechanism for confirming the validity of the information for each type of market. The mechanisms established shall be those agreed between the Market Operator and each one of the system operators, and shall be published by the Market Operator in the document "PROCESS FOR CONFIRMING THE VALIDITY OF INFORMATION SHARED BETWEEN THE MARKET OPERATOR AND SYSTEM OPERATORS UNDER NORMAL CIRCUMSTANCES AND IN AN EMERGENCY WHEN ERRORS ARE DETECTED". This document shall contain at least the following mechanisms:

- Mechanism for confirming the validity of the information under normal circumstances.
- Emergency mechanism when errors are detected in the daily market information already sent and confirmed.

#### **51.4.1. INFORMATION THE SYSTEM OPERATORS MUST SUPPLY TO THE MARKET OPERATOR**

The Spanish System Operator shall place the information required to perform market processes at the Market Operator's disposal by means of the methods and formats established in the current version of the document entitled "File model for the exchange of information between SO and MO", as agreed between the two operators relative to the files exchanged between them, and published by the System Operator.

In addition, the Portuguese System Operator will make sure that the Market Operator has access to all of the information required to carry out market processes using the methods and formats established in the current version of the agreement on information sharing between both operators.

Among the validations that shall be performed, in addition to the ones indicated previously, a check shall be made to ensure that the schedules sent maintain the generation-demand balance in each programming period. It shall be confirmed that the schedule files correspond to the accumulation of the previous schedule plus its redispatches. Any information regarding a unit's power, if it is a sale or purchasing unit, shall be verified to see that it falls between the maximum and minimum declared in the Market Operator's Computer System.

The information that the System Operators shall send is the following:

##### **51.4.1.1. DAILY MARKET**

- Information resulting from the assignation of capacity rights from the auctions prior to the daily auction of international units at each hour of the schedule horizon and in each of the sales or purchasing units with assignation of capacity rights.
- Information resulting from the notifications of the use of the capacity rights from the preview market daily auctions of international units at each hour of the schedule horizon and in each of the sales or purchasing units with assignation of capacity rights.
- If held, information on the result of the assignment of capacity rights in the daily auction in the French electricity system interconnection for international units at each hour of the

programming horizon and for each of the sales or acquisition units with capacity rights assignment. This information will be sent by the Spanish System Operator.

- Information relative to the instances of unavailability of production units. This information shall be sent by the System Operators each time this it is updated.
- Demand forecast file. This file shall be sent by the System Operators each time its information is updated.
- Information relative to the execution of international physical bilateral contracts and notification of use of the capacity rights. The information shall be sent by the System Operators on the following occasions:
  - After the nomination process prior to the daily market, the Spanish System Operator shall send the executions accepted for physical bilateral contracts that cross the border of France with Spain.
  - After the nomination process prior to the daily market, as soon as it is available and before the close of the daily market bid acceptance period, the System Operators, following an agreement between them, shall send the executions accepted for international and national physical bilateral contracts, and the notifications of use of the corresponding capacity rights for the purpose of validating the power bid on by the production units that simultaneously participate in the execution of said bilateral contracts.
- Information relative to the execution of national physical bilateral contracts. This information shall be sent to the corresponding Market Operators.
- Information regarding the nominations of the arrangements of bilateral contracts arising from the nominated energies of real units and of generic scheduling units. This information will be sent by the Spanish System Operator.
- Information concerning of real unit nominated energy and generic scheduling units. This information will be sent by the Spanish System Operator.
- Base daily operating schedule (PBF). This file will be the result of adding the base matching schedule (PBC) and the bilateral contracts reported before the bidding period

for the daily market closes, and the national bilateral contracts reported to the System Operators after the close of the Daily market.

#### **51.4.1.2. PROCESSES FOR RESOLVING TECHNICAL ISSUES AFFECTING THE BASE OPERATING SCHEDULE**

- Provisional daily viable schedule (PVP): This file shall be the result of the sum of the base operating schedule (PBF), the alterations to the schedule due to technical issues and their readjustments to correct imbalances.

#### **51.4.1.3. DAILY VIABLE SCHEDULE**

- Daily viable schedule (PVD): Final schedule resulting from the daily market. This schedule shall coincide with the provisional daily viable schedule (PVP).

#### **51.4.1.4. INTRADAY MARKET**

Information sent at the time it is modified.

- Demand forecast file. This file shall be sent by the System Operators when its information is modified.
- Information relative to the instances of unavailability of sales units. This file shall be sent by the System Operators each time this information is updated.

Information sent before the bid acceptance process the first session in the intraday market is opened and of subsequent sessions as long as the information pertaining to the previous session is modified.

- Limitations on the possibility of bidding in each intraday market:

This file contains the limitations affecting the possibility of bidding in the intraday market, in order to comply with safety criteria, before each intraday market session. The information contained in this file shall be coherent with the data contained in the file on unavailability instances.

- Zonal limitations resulting from the matching.

The System Operators shall communicate zonal limitations for a group of sales and purchasing units to the Market Operator in order to be considered in the matching process.

The procedure used for the communication of at least the files corresponding to unavailability instances and limitations on the possibility of bidding in the intraday market must be such that it allows the System Operators to ensure that the file has been validated and received by the Market Operator, according to the time indicated by the Market Operator's Computer System. In addition, the Market Operator must be able to have a record of the content and reception time of the files.

Information sent before the bid acceptance process of the first session in the intraday market closes and of subsequent sessions as long as the information pertaining to the previous session is modified.

- Information on the result of the assignation of capacity rights to international units with physical rights capacity assignation, in case of the Spanish System Operator. This file will contain information on assignation of physical capacity rights at each hour of the schedule horizon and in each of the purchasing or sales units with assignation of capacity rights.

Information sent after the session matching is completed:

- Final hourly schedule resulting from each intraday market session (PHF) This file coincides with the sum of the accumulated schedule resulting from matching, plus the redispatches representing the solution of technical constraints.
- Cancellation of hours in intraday market sessions. This file contains the information on the hours in intraday market sessions whose transactions have been cancelled by the System Operators because it has not been able to schedule them for some reason.

#### **51.4.1.5. COORDINATION OF THE INFORMATION FROM THE PRODUCTION AND PURCHASING UNITS**



Any change in the information associated with the system operators and the scheduling units managed by the System Operators that can affect the market processes must be made available to the Market Operator to take consequential action. The procedure for communicating said information must be agreed upon between the Market and System Operators, jointly setting the date when the changes considered will enter into effect.

#### **51.4.1.6. INFORMATION ON INCOME SETTLEMENT FOR MARKET SPLITTING**

The Market Operator will receive information from System Operators, broken down by scheduling periods, on the capacities assigned in auctions in the Portugal-Spain interconnection that have not been nominated, including information on their owners. This information will be received within the information communication process for the daily market.

#### **51.4.2. INFORMATION TO BE PROVIDED BY THE MARKET OPERATOR TO THE SYSTEM OPERATORS**

The Market Operator shall place the information required to perform management processes at the Market Operator's disposal, with the corresponding confidentiality, by means of the methods and formats established in the current version of the document entitled "File model for the exchange of information between SO and MO", as agreed between the two operators relative to the files exchanged between them, and published by the System Operators.

The Market Operator shall make the following information available to the System Operators, with the corresponding confidentiality:

##### **51.4.2.1. DAILY MARKET**

- Base matching schedule (PBC) This file contains the schedule resulting from daily market matching. This information shall be made available to the system operators when the provisional results of the matching are disclosed.
- Daily market marginal prices. This information shall be made available to the system operators when the provisional results of the matching are disclosed.
- Flows at the international interconnections. This information shall be made available to the system operators when the provisional results of the matching are disclosed.

- Daily market bids. This file contains all the valid bids—both matched and unmatched—that have entered in the matching process. This information shall be made available to the system operators once the base matching schedule has been confirmed by OMIE and by the market operators coupled to the Iberian market in the performance of the matching.
- Daily market order of financial precedence. This file contains the relevant information relating to power, prices and instances of the reception of totally matched, partially matched and unmatched bids. This information shall be made available to the system operators once the base matching schedule has been confirmed by OMIE and by the market operators coupled to the Iberian market in the performance of the matching.

#### **51.4.2.2. INTRADAY MARKET**

- Incremental result of the matching of each intraday market. This file contains the information on the incremental result of the intraday market matching, with respect to the PVD, in the case of the first session, or with respect to the final hourly schedule of the previous market in the rest of the sessions.
- Marginal prices resulting from each intraday market session.
- Bids from the intraday market. This file contains all the valid bids that have entered in the matching process.
- Financial order of precedence of each intraday market session. This file contains the completely matched, partially matched and unmatched bids arranged in order according to the criteria established in the pertinent rule.

#### **51.4.2.3. OUTCOME OF THE SETTLEMENT**

In compliance with point 1 in the Annex to Royal Decree 1623/2011, of 14 November, regulating the effects of the commissioning of the interconnection between the electricity systems on the Peninsula and the Balearic isles, as well as modifying other provisions on the electricity sector, the Market Operator shall provide the System Operator with the outcome of the settlement of the daily and intraday market that the latter requires for its consideration in the settlement of the energy in the electricity system on the Balearic Isles.

**RULE 52. TRANSACTION SYSTEM IN THE MARKET**

OMI-Polo Español, S.A. as the Market Operator, is responsible for performing all of the functions required for the effective development of the electricity production market and, in particular, of the daily and intraday markets and the corresponding settlements, and, in general, the functions assigned to it by the legal provisions and regulations governing electricity.

The Market Operator shall carry out its functions in compliance with the provisions of the laws and rules which regulate the electricity production market. Moreover, in the operation of the market, it shall act in accordance with the stipulations of these Market Operating Rules and with the information and communication systems included in the Market Operator's Computer System.

The market agents shall act in the market in compliance with the provisions of the laws and rules governing the electricity market, and in accordance with the stipulations set out in these Market Operating Rules and in the information and communication systems integrated in the Market Operator's Computer System.

In fulfilment of the provisions stated in these Market Operating Rules and, in particular, in this Rule, the Market Operator shall provide the market agents with the documentation associated with the Market Operator's Computer System, for the agents' use, as well as any modifications and new releases published.

The Market Operator shall not be responsible for the consequences of the acts in which market agents or third parties are involved, nor for the consequences derived from the application of these Market Operating Rules and of the information and communication systems integrated in the Market Operator's Computer System; nor shall the Market Operator be responsible for the consequences derived from circumstances beyond its direct control, for cases of force majeure or of an accidental nature, for the indirect consequences of the acts and operations carried out in the electricity production market, nor for the risks derived from its operation.

**52.1. CLAIMS ON MARKET PROCESSES, SETTLEMENTS AND INVOICING****52.1.1. NOTIFICATIONS**

Any notifications, beyond the normal operation of the market based on the information system that must be made by virtue of these Market Operating Rules shall be directed to the address of the parties that is shown in the heading of the corresponding Contract of Adherence. However, the parties may vary the place of reception of notifications by means of the notification they make to the other party seven (7) working days before the change occurs.

Notifications shall be transmitted by any means that leaves a record of the content and reception of the message.

#### **52.1.2. SUBMITTAL OF CLAIMS TO THE MARKET OPERATOR**

Market agents shall be able to express their objections to validation results, to the results of the various markets, and to settlements, in accordance with the stipulations of these rules for each case.

The claims submitted by agents, when integrated into the sequence of the Market Operator's processes, shall have the effects established in the pertinent rules. The rest of the claims shall also be answered by the Market Operator, but shall not have the effects indicated above.

The claim process shall be as follows:

The claims shall be made by way of the computer application provided on the Market Operator's system for this purpose.

The claims shall be known to all the market agents, except for those which, because they contain sensitive information, are made confidential by the submitting agent. The agent submitting the claim may change its degree of confidentiality at any time. The Market Operator shall respect the confidential nature stated in the claim, although the Operator may request justification of confidential treatment.

When the Market Operator has made the appropriate decision regarding the claims and information received from the market agents, the claim process shall continue until its completion, without affecting the reiteration of the claim by the interested agent at a later time, with the corresponding effects.

The market agents shall have access at all times to the claims they themselves have made, and to other agents' non-confidential claims.

The Market Operator's Computer System shall indicate the date and time of each writing on the text of the claim, as well as the identification of the individual who did the writing.

The Market Operator's Computer System shall ensure that neither the market agent nor the Market Operator can alter information previously entered in the text of the claim.

The Market Operator shall be vigilant to ensure the agents' proper participation in the market. The use of these control or surveillance mechanisms does not exonerate the agents if they perform any improper or undue operations.

## **52.2. TIMETABLES AND DEADLINES FOR AGENTS' REQUESTS**

The Market Operator shall use the Market Operator's Computer System to publish the following timetables:

1. Receiving and recording the submission of guarantee documents and requests.
2. Processing the agents' requests submitted through the Market Operator's Computer System.
3. Starting the process of notifying the bank of the payments to be made on the payment date.

Likewise, it shall announce the deadlines for processing the agents' different requests submitted through the Market Operator's Computer System.

## **RULE 53. THE COMING INTO EFFECT, DURATION AND MODIFICATIONS OF THE MARKET OPERATING RULES**

1. The Market Operating Rules shall come into effect on the date established in the Ministry of the Industry, Energy and Tourism resolution that approves them, according to the terms of article 27.3 of Royal Decree 2019/1997 of 26 December, which organizes and regulates the electricity production market, and shall remain in force indefinitely, without detriment to the modifications mentioned in this Rule, unless the law or its regulations establish a period of duration for the rules or decide to terminate them.
2. Notwithstanding the capacity of the proposal by the National Commission of Markets and Competence, by virtue of the provisions of article 27.3 of Royal Decree 2019/1997 of 26 December, which organizes and regulates the electricity production market, it is the Market Operator's responsibility to submit to the Ministry of Industry, Energy and Tourism, for its approval, the proposals for modifications of the Market Operating Rules that the said

operator considers suitable for the best execution of the Electricity Sector Act and its regulations.

The Market Operator shall be obligated to submit proposals for the modification of these Market Operating Rules to the Ministry of Industry, Energy and Tourism in those cases in which it is necessary in order to comply with the law and its regulations in effect at any time. The Ministry shall make its decisions based on the report of the National Commission of Markets and Competence.

Likewise, the Market Operator, on its own initiative and based on the report of the Market Agents' Committee, shall review these rules whenever it is advisable to do so. The report of the Market Agents' Committee shall be issued within fifteen days, and shall be considered issued if that time limit has passed. The Market Operator shall also submit to the Ministry of the Economy the proposals for modification of the Market Operating Rules that it submits to the Market Agents' Committee.

In any case, each market agent's adherence to the Market Operating Rules also entails adherence to all the modifications that may be made to the rules by virtue of the provisions of this Rule.

3. In any case, the Market Operator shall be allowed to dictate whatever instructions it may consider necessary for the best application of the Market Operating Rules, and the sellers and buyers who participate in the electricity production market must comply with those instructions. In particular, the Market Operator shall prepare user's guides for the effective utilization by market agents of the computer systems that the normal operation of the electricity production market may require. Also, practical or technical criteria to be applied by the current regulation shall be able to be made public for the sake of general knowledge.

#### **RULE 54.      APPLICABLE LEGISLATION AND RESOLUTION OF CONFLICTS**

Spanish laws shall be applicable to these Market Operating Rules.

Any conflicts that may arise in the application of these Market Operating Rules shall be resolved in accordance with the stipulations of additional provision eleven, point three, section 2, second function of Act 34/1998 of 7 October (the Hydrocarbon Industry Act). The controversies, disagreements, claims and differences which may arise in this matter, that should not be reason for conflict in the financial and technical management due to the fact that they are unavailable and of public order, respecting the authority of the National Commission of Markets and

Competence, shall be remitted, with renunciation of any other judge or court that may have jurisdiction, either to the arbitration of the said Commission, in accordance with additional provision eleven, section three, subsection 1, ninth function of Act 34/1996 of October 7 on the Hydrocarbon Sector, or to the arbitration of law which shall be **held** in Madrid by three arbitrators, in compliance with the rules of UNCITRAL and with Act 60/2003, of 23 December, for Arbitration and, therefore, with express acquiescence to the arbitration finding that is pronounced. The parties come to an agreement on the arbitration system to be followed, i.e. whether they will participate in the National Commission of Markets and Competence or the three arbitrators in accordance with the UNCITRAL rules for said arbitration process. If six months have passed, and it has not been possible to reach said agreement, the jurisdictional process shall be clear for the interested party. The parties agree to submit whatever differences between them which, by legal imperative, cannot be remitted to arbitration, to the courts of the city of Madrid, and therefore renounce any other judge or court that may have jurisdiction.