



DIRECTIVE 1/2020

**EFFECTS OF THE COST OF CREDIT BALANCES IN THE MARKET
OPERATOR'S ACCOUNT ON AGENTS WITH CASH BALANCES FOR
GUARANTEE PAYMENT**

January 22, 2020

DIRECTIVE 1/2020

EFFECTS OF THE COST OF CREDIT BALANCES IN THE MARKET OPERATOR'S ACCOUNT ON AGENTS WITH CASH BALANCES FOR GUARANTEE PAYMENT

1. PREAMBLE

The Rules of Operation for the Day-ahead and Intraday Market for Electrical Energy Production were approved by a Resolution from the *Comisión Nacional de los Mercados y la Competencia* (CNMC) dated October 10, 2019.

Regulation 55.7 “ACCOUNT DESIGNATED BY THE MARKET OPERATOR FOR CREDITS AND PAYMENTS” establishes that the market operator will designate a treasury account at a national financial entity both to arrange market settlement charges and credits and to manage the cash guarantees.

Likewise, Regulation 56.6.6.1 “MECHANISMS FOR FORMALIZING GUARANTEES” establishes “*Cash deposits in the account designated by the market operator for collections and payments as a possible mechanism for formalizing guarantees at the market operator, as is established in the Regulation on the “Account designated by the Market Operator for credits and payments.”*”

In an environment such as that where the European Central Bank charges the financial entities interest rates for facilitating deposits (a negative interest rate that is applied to the money the bank in the Eurozone deposits in the entity), these financial entities are proceeding to modify the financial conditions of company bank accounts in order to transfer this cost either partially or entirely.

In this sense, the depository bank of the market operator's banking account for making charges and payments and depositing guarantees (summarized in Regulation 55.7) has communicated the change in the financial conditions of that account, such that, as of February 14, 2020, a maintenance fee on the creditor's average balance will be applied.

Given this, the market operator will transfer the amount of commission that the banking entity applies to credit balances to market agents, in proportion to the balance of their cash deposits as a market guarantee. As a result, the market operator has deemed it appropriate to approve a directive that can set forth the



methodology applied by the market operator to transfer that cost to agents who provide cash guarantees.

2. DEVELOPMENT OF REGULATION 55.7

The Market Operator will apply the negative interests to market agents or any other charges applied by the banking entity on cash deposit balances in said account as market guarantees, as of February 14, 2020, in proportion to these. Initially, the type of interest applied by the market operator will not surpass 0.3% annually, and the settlement period considered will initially be six months.

The charges corresponding to agents will include interest showing on the account during the settlement period, which will be charged before 30 calendar days from when the Market Operator receives the corresponding banking information on the settled period.

The charges may be included on the credit or charge note and will be able to be deducted from the agent's cash guarantees. Likewise, under regulation 56.7.2 "BALANCE OF GUARANTEES," the market operator will be able to make a negative settlement to consider the estimate of the pending payment for negative interests generated by cash guarantees made by the agent.

The Market Operator will publish the maximum interest rates applicable to cash deposits as a guarantee, as well as the settlement period, the conditions for applying them, and any changes that may occur regarding these on the market website with at least one month's notice.