



## > Letter from the Chairman

The year 2015 has been characterised by an improvement in the economies of both Spain and Portugal, with growth figures of 3.2% and 1.5%, respectively. This economic recovery on the Iberian Peninsula is set to continue in 2016, albeit somewhat tempered according to recent estimates made by international institutions.

The more salient aspect within this economic scenario in 2015 has been the growth in the demand for electricity on the Iberian Peninsula as a whole (1.6%). Demand rose in Spain by 1.8% in 2015, contrasting with a fall of 0.1% recorded in 2014. In Portugal's case, this rise was 0.3%, compared to a figure of -0.7% in 2014.

These figures are consistent with the trend in most of the advanced economies, where the decoupling of the evolution in the demand for electricity from growth in GDP is becoming the norm.

Our market recorded prices in 2015 that were slightly higher than in all the other European markets, due to lower levels of availability of both hydro and wind resources during the first part of the year, along with an increase in demand. This situation was also influenced by the different rates of tax levied on generation in European countries. Specifically, the average price in Spain was 50.32 €/MWh, and 50.43 €/MWh in Portugal, with the same price being recorded in both countries over 97.6% of hours.

As regards the border with France, for nearly 15% of the hours in 2015 the difference in price with Spain was less than 1 €/MWh, compared to 9% in 2014. A highlight in this sense has been the effect of the commissioning, on 5 October 2015, of the new power interconnection between Spain and France. Although more time is required for a more accurate analysis, it should simply be noted that after seven months this figure now stands at around 34%.

In terms of energy, the spot market maintained its levels of liquidity, with a trading volume of close to 260 TWh, equal to almost 80% of the electricity consumed on the Iberian Peninsula.

Regarding the electricity markets in Europe as a whole, 2015 has been especially significant, as August saw the entry into force of the Network Code on Capacity Allocation and Congestion Management, with major implications for the price-setting process, as well as for our company.

Among other aspects, this new EU regulation of mandatory observance by Member States provides a formal framework for those projects under way for the coupling of daily markets and the integration of intraday markets, as the model to be applied throughout the EU.



As regards our own company, in December last the authorities in Spain and Portugal appointed OMIE as "Nominated Electricity Market Operator" (NEMO), which means it meets all the requirements laid down in European legislation for proceeding as a market operator involved in the process for building the EU's internal energy market.

In other matters, in July 2015 OMIE was accredited by the Agency for the Cooperation of Energy Regulators (ACER) as a "Registered Reporting Mechanism" (RRM). This meant that OMIE became one of the EU's first five RRM's, meeting all the requirements made by the ACER for the provision of reporting services to agents.

This year, 2016, is also a very important one for our company, as we will be continuing to work actively toward the extension and consolidation of the daily market and the European-wide implementation of a continuous trading platform for the interconnections on the intraday horizon that is compatible with our intraday auctions. This new project will help to bring a liquid market closer to real time, and will therefore facilitate the greater integration of renewable energies and the more active involvement of demand in the electricity market.

OMIE operates in an increasingly more complex and international market. We should be pleased, as last year our company posted profits that fell within the expected range. This report covers OMIE's performance in 2015, and its excellent results can be attributed to the dedication and professionalism of the team that makes up this Iberian Market Operator, as well as to the support provided by our Board of Directors and all our shareholders.

### Pedro Mejía Gómez

Chairman



### José Carvalho Netto

Vice Chairman

