

## Direct participation to the Belpex Day-Ahead Market

### Introduction

Belpex is the Belgian Power Exchange for anonymous, cleared, day-ahead trading in electricity, providing the market with a transparent reference price.

### Belpex Day-Ahead Market

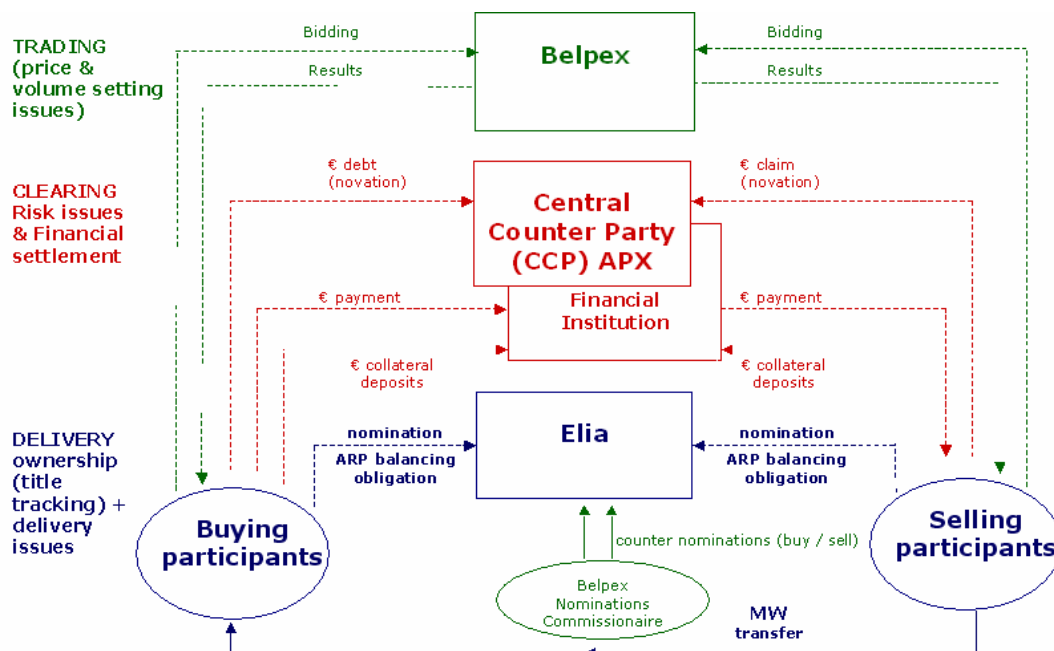
The Belpex Day-Ahead Market (DAM) provides standardized products (hourly instruments) for producers, industrial consumers, suppliers, financial groups and traders to sell and purchase electricity. The financial clearing and settlement of the Belpex DAM is secured by a central counterparty, which offers guarantee of payment. Belpex has chosen APX to be the central counterparty.

The prices for electricity on the Belgian DAM are determined via a double-sided blind auction. These prices are also known as market clearing prices and are quoted in €/MWh. These clearing prices will be published daily on the Belpex website ([www.belpex.be](http://www.belpex.be)).

### Characteristics of the Belpex Day-Ahead Market

- Anonymous trading
- Delivery on the Belgian hub via the Elia nomination system (Elia being the Belgian transmission system operator)
- One hourly trading periods and contracts
- Short term, physical trading (e.g. via limit orders, block orders)
- Fixing of contracts via a double-sided blind auction
- Level playing field
- Voluntary market
- Price transparency
- A proven user friendly electronic trading platform compatible with Excel
- Clearing and settlement facilities provided by central counterparty

### Market Model



## **Admission to the Belpex Day-Ahead Market**

In order to be admitted to trade on the Belpex DAM, applicants must satisfy a number of conditions:

- submit an application to the central counterparty, APX, containing the documents needed to enable assessment of the applicant's legal and financial status and sign a Clearing and Settlement Agreement with the central counterparty for the purpose of financial clearing and settlement of contracts concluded on the Belpex DAM;
- submit an application to Belpex containing the documents needed to enable assessment of the applicant's legal and financial status, including the verification whether an applicant has signed a Clearing and Settlement Agreement with the central counter party and sign the Belpex Participation Agreement enabling the applicant to conclude contracts on the Belpex DAM.
- submit the verification whether an applicant has signed, for nomination purposes, an Access Responsible contract<sup>1</sup> (ARP contract) with Elia or has designated a third party as an Access Responsible Party (ARP)

## **Belpex Trading Platform**

The trading platform used for the Belpex DAM is based on the electronic EuroLight™ system. The Belpex EuroLight™ system supports the following:

- fully electronic transmission and processing of all data, where all traffic is encrypted;
- real-time updates;
- highest availability even during peak times;
- high processing capacity, in particular for times of concentrated activity;
- security standards compliant with the latest state-of-the-art technology;
- regular software updates, whereas Belpex' policy is to support at least the previous two software versions;
- direct access independent of the location for all participants via the internet (the recommended minimum connection speed is 128Kbit/s or better).

The Belpex EuroLight™ system provides participants with a graphical user interface for the purpose of trading, as well as for real-time reporting.

## **Back-office website**

In addition to the graphical user interface of the Belpex EuroLight™ system, Belpex participants are provided with secure access to the Belpex back-office website. This website allows participants to access their full history of orders, contracts and invoice information, for the past 2 years. Information is available in its most detailed form, but can be rolled-up to more aggregate levels for the convenience of users. All reports can be copied and exported.

## **Clearing and settlement structure**

In order to guarantee anonymity and financial security, the contracts concluded on the Belpex DAM are cleared and settled by a central counterparty, being APX. The central counterparty handles cash management arising from the contracts concluded by the participants in the Belpex DAM and guarantees the execution of the financial obligations arising from such contracts.

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<sup>1</sup> An Access Responsible Party (ARP) is an entity that has concluded an Access Responsible Party contract with Elia. ARPs are responsible for balancing the energy injections and off-takes under their management and are the only parties that can exchange energy on the Belgian high-voltage grid or the Belgian hub and import or export energy. To do so, they must use the Elia nomination system.

In order to secure financial transactions, Belpex participants must deposit the necessary collateral (cash or bank guarantee) before they can start trading on the Belpex DAM. The deposited collateral protects the central counterparty and thus the other participants on the Belpex DAM against the default of payment by a participant.

Settlement is based on the volumes stipulated in the concluded contracts and the market clearing prices. At the end of each day, Belpex transmits the data concerning the concluded contracts to the designated central counterparty. The latter calculates the net amount payable or receivable by each participant for the day's trading. These amounts, which constitute the unrealised settlements, are accrued until the actual invoicing/self-billing by Belpex on a weekly basis.

The Belpex clearing structure provides for a strong protection of the interests of participants.

## **Electricity supply**

The electricity purchased and sold on the Belpex DAM is exchanged on the Belgian hub via the Elia nomination system. This means that a participant in the Belpex DAM needs to be an ARP or needs to have designated an ARP in order to nominate the traded electricity. In order to ensure anonymity amongst participants, Belpex performs the necessary counter nominations for each participant with regard to the electricity traded by that participant on the Belpex DAM. Ultimately, supply of the electricity is guaranteed through acceptance of the nominations by Elia. However, this is without prejudice to the measures that Elia can take in order to safeguard the security of the Belgian transmission grid.

## **Product specification**

Instruments	One hour of electricity of constant output in TSO zone Elia during a delivery day D. Every calendar day 24 instruments are defined*.
Quotation	€/MWh
Price tick value	0.01 €/MWh (1 euro cent per MWh)
Contract volume	The minimum contract volume is 0.1 MWh
Trading hours	Entry of limit orders and block orders for respectively one or several consecutive instruments with delivery day D is allowed as of 14 days prior to delivery day D until 11:00 a.m. on the day immediately preceding delivery day D.
Instruments eligible for trading on a trading day	All instruments with delivery day D following the trading day
Fixing	Every trading day at 11.00 a.m., all Purchase and Sales Orders relating to instruments with delivery day D following the trading day are aggregated on an instrument by instrument basis. The auction algorithm determines a Market Clearing Price (MCP) and Market Clearing Volume (MCV) for each instrument.
Contract fulfilment	<p>Delivery of the electricity is organized through the nominations by the ARPs (i.e. the participant or its designated ARP and Belpex) via the Elia nomination system of the volume of electricity contracted by the participant on the Belpex DAM</p> <p>Financial settlement of the contracts is carried out by the central counterparty in accordance with the Clearing and Settlement Agreement the participant has entered into.</p>

*\* On the day of the switch from winter time to summer time, only 23 hourly instruments are eligible for trading. On the day of the switch from summer time to winter time, 25 hourly instruments are eligible for trading.*

## **Fee structure**

<b>Fee type</b>	<b>Amount</b>	<b>Frequency</b>
Entrance fee	€ 12,500	Once, upon signing the Participation Agreement
Membership fee	€ 25,000	Annual
Variable operational fee	€ 0.14/MWh (includes trading and clearing & settlement fee)	For every purchase or sale of MW
Fee for additional services	<ul style="list-style-type: none"> <li>- € 500 per extra position account</li> <li>- € 500 per extra Authorized User</li> <li>- To be agreed for other services</li> </ul>	Once, upon setup of position account and Authorized User
	<ul style="list-style-type: none"> <li>- € 100 per extra position account</li> </ul>	Yearly