

## Indirect participant on the Belpex day-ahead market

### Short description

The indirect membership allows a flexible, tailor-made access to the short term electricity market of Belpex for organizations without a trading floor or experience via the services of a broker who trades for their account.

### Involved parties

#### Belpex

Belpex is the Belgian Power Exchange for anonymous, cleared trading in day-ahead electricity, providing the market with a transparent reference price. The hourly price calculation provides an optimization opportunity in electricity load/production in a 'just in time' philosophy. Meanwhile, the market coupling with France and the Netherlands guarantees price stability and an efficient international matching of offer and demand. Trading and arbitrage opportunities are created through Belpex for organizations with a smart energy management in a liberalized European market.

#### The broker

The broker can only be a direct participant to the Belpex market. Through years of experience and by his direct participation to the trading platform, he has an ever increasing knowledge of the (Belgian) electricity market. He aims at offering tailor-made energy solutions in Belgium to consumers and suppliers of electricity in an efficient way.

#### The indirect participant

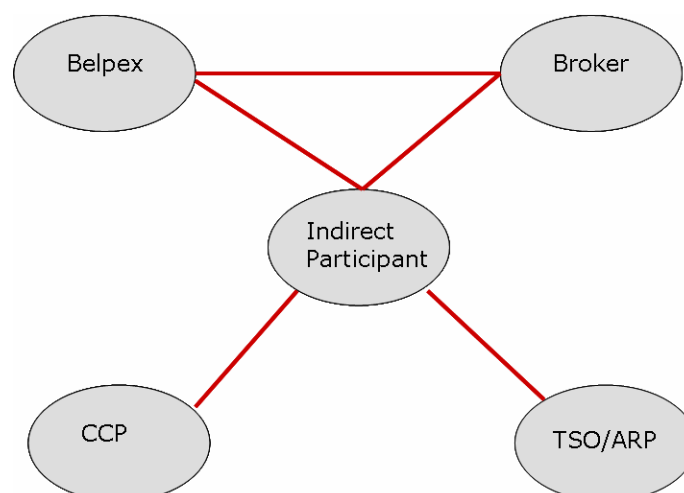
The indirect participant is an electricity consumer, producer or supplier in Belgium, with a flexible or variable load profile. He has an active electricity management policy, with a primary focus on his core business.

#### The central counter party (CCP)

APX is the central counter party (CCP) for all contracts concluded on the Belpex day-ahead market. The CCP performs the clearing and settlement of the contracts and manages the collateral accounts.

#### The transmission system operator (TSO)

Elia is the transmission system operator of the Belgian high voltage electricity grid. All electricity traded on the Belpex day-ahead market is physically delivered by Elia. Every participant on the day-ahead market needs to appoint a balance responsible party at Elia (access responsible party, ARP, in Belgium).



## The indirect participation

The indirect participation introduces a separation between short term trading activities, clearing and settlement, and balance responsibilities. It hereby answers on the one hand market concerns, and optimizes on the other hand the current market functioning.

The short term trading activities include amongst others the submission of orders, the use of the trading platform and the market monitoring. These effort intensive, daily services, specific to the electricity market, are handled by the broker as a service to the indirect participant.

The clearing and settlement include amongst others the deposit of collateral and the handling of energy invoices. The practicalities of these weekly processes are not market-specific and less effort intensive. The indirect participant takes care of these responsibilities in a direct relation with the CCP.

The balance responsibilities of an access responsible party, ARP, begin with the nomination of the concluded contracts towards the Belgian transmission system operator, TSO, i.e. Elia. The ARP is responsible for the balance between injection and off-take in his portfolio. The indirect participant is free to outsource this service to a third party, or not.

## The fee structure

<b>From indirect participant</b>	<b>Towards</b>	<b>Amount (€)</b>	<b>Frequency</b>
<b>Entrance fee</b>	Belpex	500	one time
<b>Annual fee</b>	Belpex	5000	annual
<b>Variable fee</b>	Belpex	0.14	/MWh
<b>Service fee</b>	Broker	negotiated	negotiated
<b>Service fee</b>	ARP	negotiated	negotiated

The annual and variable fees towards Belpex cover all services rendered by Belpex towards the indirect participant. These services include amongst others the clearing and settlement of the contracts, a read-only access to the trading platform, support and market operations, access to historical market data, access to the back office website...

The service remuneration of the broker and the ARP are negotiated between the indirect participant and the respective service provider, according to the workload and the practicalities of the services.

## The key-opportunities

### For the broker

- Expand the product range towards clients
- Avoidance of administrative overload
- The broker keeps the commercial information on his clients
- Eliminate unnecessary collateral deposits
- Increased visibility: publication as 'broker' on the Belpex website

### For the indirect participant

- Optimize short time load/production scheduling
- Energy at transparent Belpex index
- Clear separation between energy-transactions and service-remuneration
- Increased comprehension of the short term electricity market through active participation
- Image building through proactive participation at the liberalization