

Belpex - Yearly Overview 2014

This document provides a summary of the Belpex Spot Market in 2014.

Highlights

- A successful year for the Belpex Power Market
- Volumes: The volumes for both the Day-Ahead Market (DAM) and Continuous Intraday Market (CIM) have increased compared to last year. Total volumes for 2014 were 19.8 TWh (+15%) for the DAM and 0.8 TWh (+19%) for the CIM
- Participants: The number of Participants increased from 42 to 48
- Price: The average hourly DAM price in 2014 was €40.79/MWh (€47.45/MWh in 2013)
- Major achievements in terms of market integration and product development

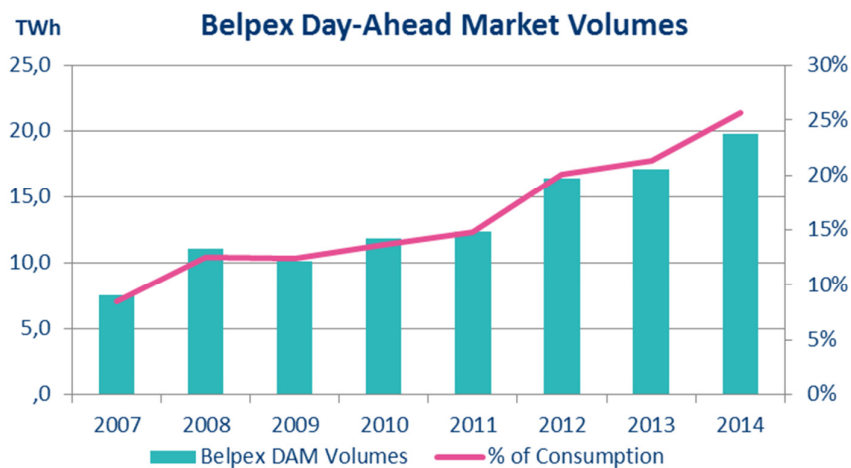
Volumes

Volumes on the Belpex DAM have increased by 15% with 19.8TWh in 2014 compared to 2013. Belpex DAM volumes represented 26% of the Belgian grid load as reported by Elia.

Volumes on the Belpex CIM have increased by 19% in 2014 compared to 2013, with a total of 0.8 TWh.

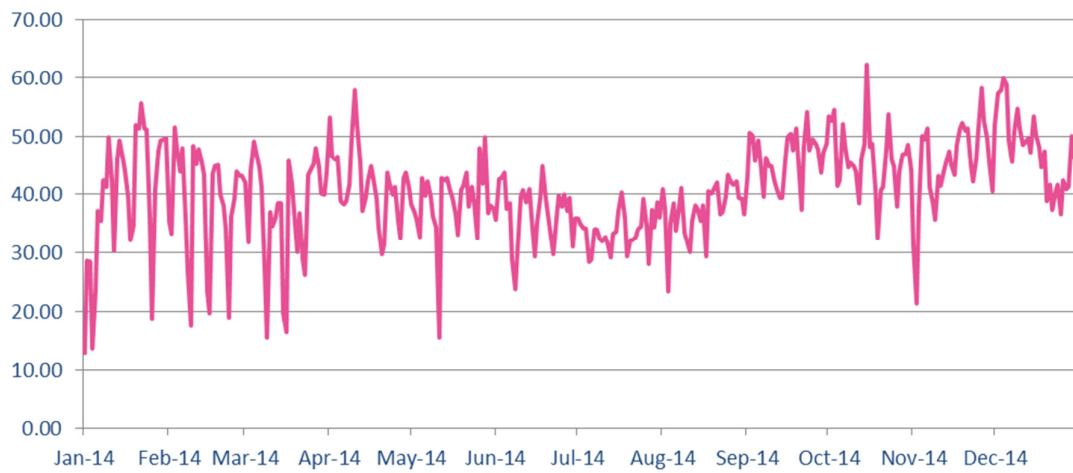
- This year's record monthly DAM volume was reached in December with 2.0 TWh traded.
- In July the yearly CIM volume record was broken, with 83.1 GWh traded.
- 2014's record daily DAM volume was traded for delivery 27 March, totalling 103.9 GWh.
- In December the year-record monthly CIM trades occurred, with 2,796 trades recorded.

The below graphs show the monthly average Belpex DAM and Belpex CIM volumes, and the evolution throughout the year of the daily Belix Base index.



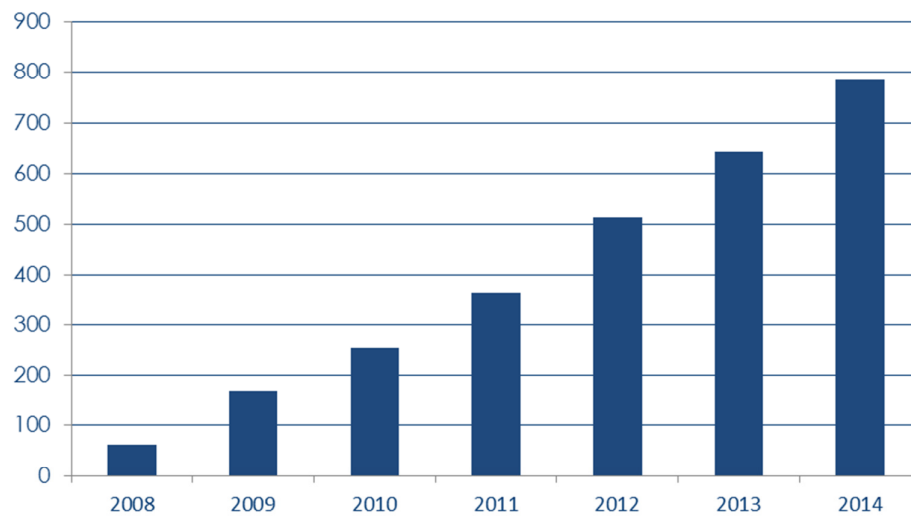
€/MWh

Belpex Day-Ahead Baseload Price



GWh

Belpex Continuous Intraday Volumes

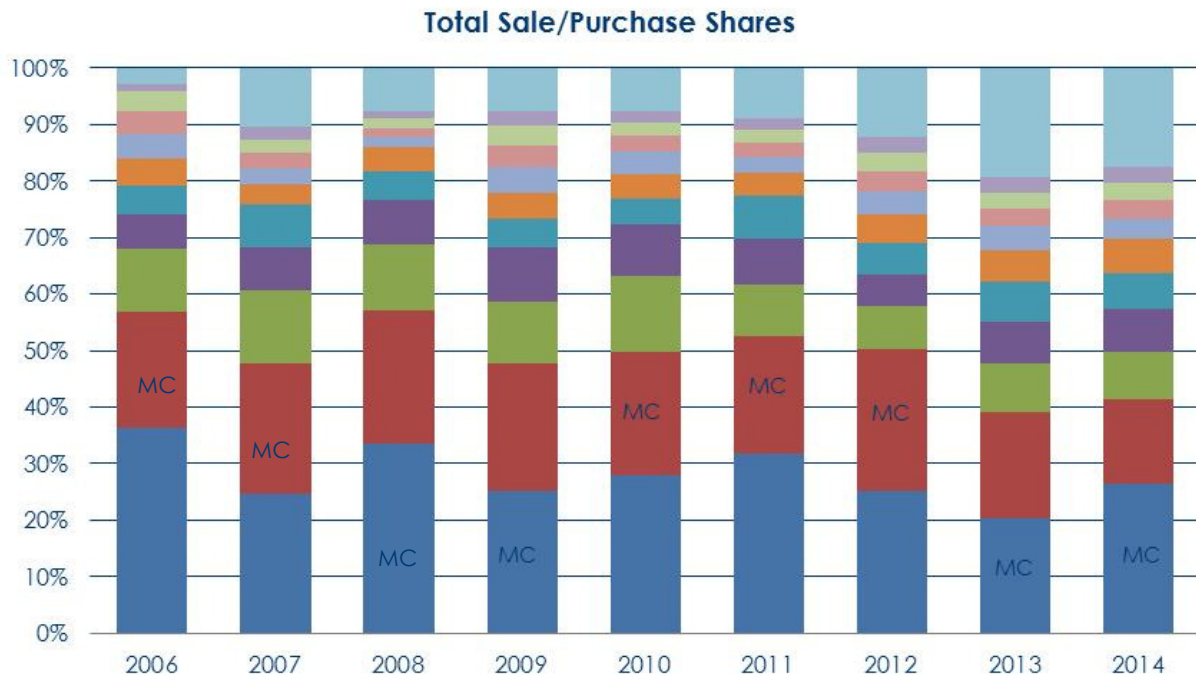


Participants & Market Share

In 2014 the number of new Participants grew at a higher than average rate since the start of Belpex in 2006. The Belpex Power market ended 2014 with 48 Participants, compared to 42 at the end of 2013. During 2014 we welcomed 9 new Participants: Direct Energie, Getec Energie, Trailstone, Petroineos Trading, Neas, Elia System Operator, Ezpada, Alpiq and Progress Energy Services. 3 Participants terminated their membership due to reorganisations and consolidations.

For a complete overview of Belpex participants please visit:
<http://belpex.be/members/list-of-participants/>

The below figure shows the evolution of the market shares of all participants on the DAM from 2006 to 2014. From bottom to top it illustrates the percentage of volumes transacted by the top 10 participants, followed by the share of the other parties (light blue). The volumes imported and exported via Market Coupling (MC) are also indicated in the graph.



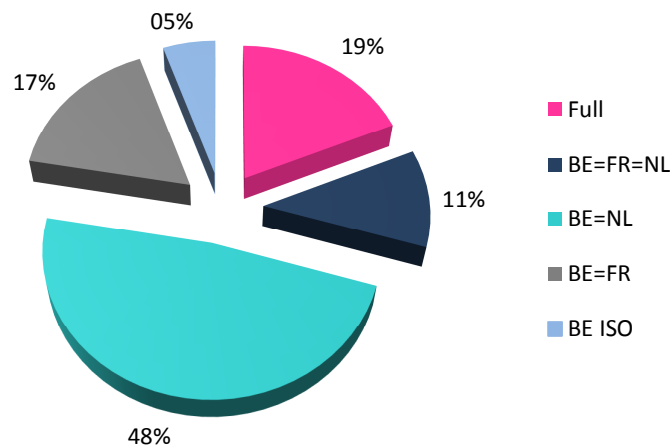
MC= Market Coupling

Imports, Exports & Price Convergence

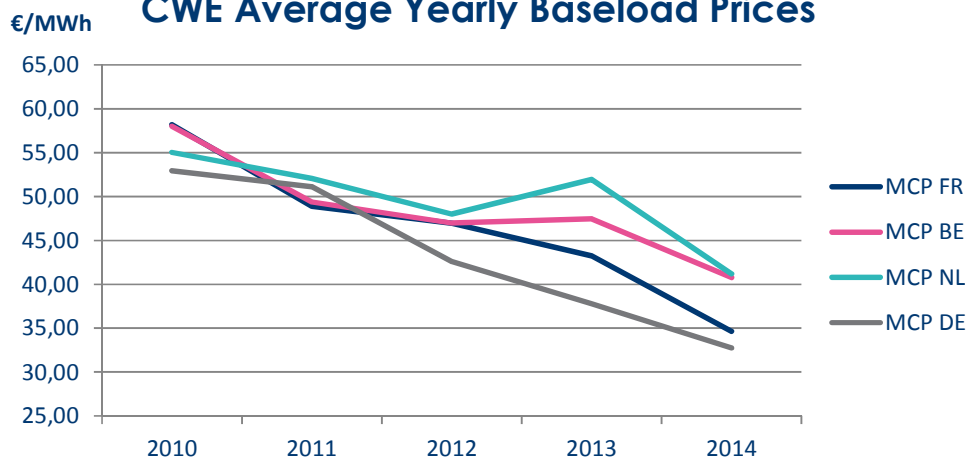
Market coupling between the Belpex DAM and Day-Ahead markets in neighbouring countries mainly lead to electricity imports in Belgium throughout 2014. The net volume imported via the Day-Ahead Market Coupling (DAMC) increased from 5.9 TWh in 2013 to 10.3 TWh in 2014 while the volume exported via the DAMC decreased from 1.0 TWh in 2013 to 0.2 TWh in 2014.

The figure below shows the price convergence between the coupled Day-Ahead markets in the Central Western Europe region. In 2014, an increase of price convergence was seen compared to 2013 (from all markets having the same price 14.7% of all hours in 2013 to 18.6% in 2014), although France and Germany remain at remarkably lower prices compared to Belgium and the Netherlands. Belgian prices were more or less in line with Dutch prices during 2014. Due to the increased imports, Belgian prices remained equal to at least one of its neighbouring countries (France or the Netherlands) in 94.6 % of all hours in 2014.

CWE Hourly Price Convergence 2014



CWE Average Yearly Baseload Prices



Source: APX and EPEX Spot

Initiatives 2014

NWE Go Live

On 4 February, the North-Western Europe Price Coupling was launched. This mechanism replaced the Day-Ahead Central Western European (CWE) Market Coupling, the CWE-Nordic Interim Tight Volume Coupling and APX's embedded solution to couple GB to the continent via the BritNed cable. The NWE Price coupling was further extended towards South-West Europe in May. The combined region, now called Multi-Regional Coupling (MRC), covers 17 countries and it is based on a common Day-Ahead price calculation using the price Coupling of Regions (PCR) systems developed and operated by a number of power exchanges, including Belpex.

Smart Order functionality

The new systems used for the NWE Price Coupling allowed Belpex to introduce new, smarter order types: Linked and Exclusive Block Orders. These new order types enable members to optimise their assets more efficiently and offer clear opportunities for active demand side management. These developments illustrate Belpex's objectives to continuously increase trading opportunities for its participants, to develop appropriate solutions for a changing energy landscape and to publish robust price signals for its clients and the community.

Launch of the Strategic Reserve Market

To ensure generation adequacy in preparation for winter 2014-2015, Belpex has, upon request of Elia, developed a mechanism that is operated through a new dedicated market segment, the Belpex Strategic Reserves Market, which was successfully launched in October 2014. Belpex has a driving role in the allocation of the Belgian strategic reserves as one of the triggers for Elia to use strategic reserves in a situation in which total demand for electricity on the Belpex DAM exceeds the total available offer including imports. These circumstances did not occur during 2014 and therefore the Strategic Reserves Market was not activated during the year.

Go-Live of EuroLight® 7 & Elbas 4.0

In October 2014, Belpex launched a new version of its EuroLight trading platform. This version includes user interface enhancements and opens the door for curtailable block orders, once these are supported by PCR. The Elbas intraday trade platform also had an update in 2014, leading to an improved user interface and speed of operation.

Fee Reduction

Belpex has changed the structure of the transaction fees applied to transactions on its markets. The transaction fees were reduced by €0.02/MWh to €0.08/MWh in total for the Belpex DAM, split into a trading fee of €0.07/MWh and a clearing fee of €0.01/MWh.

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