

## **MARKET SEGMENT PROCEDURE**

### Purpose of the Market Segment Procedure

The Market Segment Procedure is a Market Procedure, Appendix to the Participation Agreement that contains a detailed description of the Market Segment Specifications and the trading rules for the different Market Segments. In particular the Market Segment Procedure sets forth per Market Segment organized by Belpex the Instrument Series, the Instrument Specifications, the Order types and execution conditions, the trading phases and associated schedules, the Fixing process, if Market Coupling is taken into account, and a description of the manner in which delivery takes place.

For any questions related to the Market Segment Procedure, please contact the Customer Service Desk mentioned in Annex 1 to the User Procedure.

## 1. Definitions

Capitalized terms and expressions used in this Market Segment Procedure, including its annexes, and not defined therein, shall have the respective meanings given to them in the Market Rules as amended from time to time and published in the Official Belgian Gazette and in the Market Procedures as amended from time to time and published on the Belpex website.

**Annex:** any document attached to the Market Procedures or to the Participation Agreement;

**Backup Matching Algorithm DAM:** the algorithm described in Annex 2 attached hereto;

**Coupled Situation DAM:** a situation in which the Belpex DAM is coupled with the day-ahead markets included in the European Price Coupling;

**Decoupled Situation DAM:** the situation in which the Belpex DAM is not coupled with other day-ahead markets;

**European Price Coupling:** Market Coupling of European power day-ahead markets, as defined by the ACER roadmap;

**Exceptional Situation DAM:** any abnormal and/or irregular situation in the Fixing Process of the Belpex DAM, due to for example technical disturbances or technical interruptions or exceptional market situations or any situation which forces Belpex to delay or to deviate from the procedure described under Articles 4.4 and 4.6 of this Market Segment Procedure;

**Market Coupling Algorithm DAM:** the algorithm described in Annex 1 attached hereto;

**Market Results DAM:** in respect of a market of an exchange similar to the Belpex DAM, for each settlement period of a given Day, the market price and schedules of each Participant, and as the case may be the PX Net Position DAM, after confirmation of the Party operating the market that the Preliminary Results DAM become firm, i.e. with regard to the Belpex DAM for each Instrument of a given day, the MCP, MCV and the Contracts, and as the case may be the PX Net Position DAM for Belpex;

**Market Results SRM:** with regard to the Belpex SRM for each Instrument of a given day, the MCV and the Contracts;

**MCT DAM:** The Market Closing Time for the Belpex DAM;

**Partial Coupled Situation DAM:** a situation in which the Belpex DAM is coupled with some, but not all, of the the day-ahead markets included in the European Price Coupling;

Preliminary Market Results DAM: in respect of a market of an exchange similar to the Belpex DAM, for each settlement period of a given Day, the market price and schedules of each Participant, including as the case may be the PX Net Position DAM, which are possibly subject to change or cancellation, until confirmation of the Party operating the market that they are firm, i.e. with regard to the Belpex DAM for each Instrument of a given day, the preliminary MCP, preliminary MCV and the preliminary Contracts, and as the case may be the preliminary PX Net Position DAM for Belpex;

PX Net Position DAM: the total import or export per hour per area involved in MC for the relevant PXs as a result of the MC process associated with the Belpex DAM.

## 2. Market Segments

The Belpex Spot Market is composed of the following Market Segments:

- Belpex Continuous Intraday Market Segment (hereafter "Belpex CIM")
- Belpex Day Ahead Market Segment (hereafter "Belpex DAM")
- Belpex Strategic Reserve Market Segment (hereafter "Belpex SRM")

### **3. Market Segment Specifications for the Belpex CIM**

#### 3.1 Instrument Series

The following Instrument Series are available on the Belpex CIM:

- BE ID 1H: 24\*1H electricity block (every individual hour of the day)  
  
=> exception: only 23\*1H electricity block on the day of change to summertime and 25\*1H electricity block on the day of change to wintertime

#### 3.2 Instrument Specifications

- Instruments will exist in respect of every calendar day;
- Instruments relating to a delivery on day D will be available for trading as from the day preceding day D at 14:00 and until 5 minutes before the start of the delivery on day D;
- The Order volume shall be equal to 0.1 MWh, or a multiple thereof;
- The Order prices will be expressed in euro, to an accuracy of 2 decimals;
- Instruments shall be identified in the EuroLight Trading Platform on the basis of an Instrument code indicating the supply period and the Instrument Series and which will consist of the following:

##### **BE ID yymmdd-1H-hh**

Where:

- "yymmdd" identifies the relevant delivery day;
- "hh" identifies the relevant hour of the delivery day.

For instance, the Instrument "BE ID 16FEB15-1H 06" refers to delivery on the 15th of February 2016, of a 1H electricity block from 5:00h to 6:00h (hour 6).

#### 3.3 Order types and execution conditions

Following Order types are available on the Belpex CIM:

- Limit Orders: YES;

- Block Orders: YES;
  - A Block Order must relate to one or more consecutive Instruments;
  - A Block Order must have the same volume for all Instruments it relates to (and will only be matched if the volume can be executed for every Instrument the Block Order relates to);
  - Block Orders can consist of all open Instruments relating to the same delivery day;
  
- Market Orders: No.

Following execution conditions are available on the Belpex CIM:

- Fill-and-kill ("FAK");
- Fill-or-kill ("FOK").

All-or-None Orders ("AON Orders") are not applicable.

### 3.4 Trading phases, Fixing Process and associated schedules

Instruments on the Belpex CIM are traded continuously on every calendar day in accordance with following trading schedule:

00:00h until 24:00h: Main trading session.

The EuroLight Trading Platform is available to Direct Participants and Indirect Participants during the main trading session.

### 3.5 Market Coupling

On the Belpex CIM MC is taken into account in the Fixing Process. The Fixing Process occurs in accordance with the Belpex CIM matching rules, as described in Annex 3 of the Market Segment Procedure.

### 3.6 Notification of the results

Upon execution of one or more Orders, Direct Participant or Indirect Participant is informed thereof as soon as possible through the Trading Platform or by any other means. The information comprises the price and the volume of the Contracts.

### 3.7 Manifest Error

In the event of a Manifest Error, an Authorized User may request the cancellation of Contracts created on the Belpex CIM, and this in accordance with article 38.2 of the Market Rules and Annex 6 to the User Procedure.

### 3.8 Delivery

The execution of the Contracts regarding the Belpex CIM shall, in the framework of the ARP Contract, be considered as "Internal Intra-day Transfer of Energy" ("*transferts d'énergie internes intra-day*" or "*interne energieoverdrachten intra-day*") and shall be executed in accordance to the rules governing those transfers as described in the ARP Contract.

Every day, before the gate closure time for submission of "internal intra-day transfers" with delivery day D, Participant having the quality of ARP or the ARP designated by it for the Belpex CIM (hereafter the "Nomination Party") shall nominate towards Belpex on a quarter hourly basis, the net volume of all the Contracts with delivery day D concluded on the Belpex CIM by all Participants having that Nomination Party.

Without prejudice to any stipulation regarding this matter in the Participation Agreement CSS, Belpex shall, every day, before the gate closure time for submission of "Internal Intra-day Transfer of Energy" with delivery day D, nominate towards every Nomination Party, on a quarter hourly basis, the net volume of all the Contracts with delivery day D concluded on the Belpex CIM by all Participants having that Nomination Party.

Please refer to the User Procedure, the Participation Agreement and the ARP Contract for more information on how the delivery of the of the Contracts takes place (information regarding net positions on the Trading Platform, information regarding gate closure times of nominations...).

## 4. Market Segment Specifications for the Belpex DAM

### 4.1 Instrument Series

The following Instrument Series are available on the Belpex DAM:

- BE 1H: 24\*1H electricity block (every individual hour of the day)  
  
=> exception: only 23\*1H electricity block on the day of change to summertime and 25\*1H electricity block on the day of change to wintertime.

### 4.2 Instrument Specifications

- Instruments will exist in respect of every calendar day;
- Instruments will be available for Order submission in the Trading Platform as from 14 days prior to delivery day;
- The Order volume shall be equal to 0,1 MWh, or a multiple thereof;
- The Order prices will be expressed in euro, to an accuracy of 2 decimals;
- Instruments shall be identified in the EuroLight® Trading Platform on the basis of an Instrument code indicating the supply period and the Instrument Series and which shall consist of the following:

#### **BE 1H yymmdd -H"N"**

Where

- "yymmdd" identifies the relevant delivery day;
- "N" identifies the relevant hour of the delivery day.

For instance, the Instrument "BE 1H 070215-H06" refers to delivery on the 15<sup>th</sup> of February 2007, of an electricity block from 5:00h to 6:00h (hour 6)

### 4.3 Order types and execution conditions

Following Order types are available on the Belpex DAM:

- Limit Orders: YES
- Block Orders: YES (subject to restriction as communicated by means of a Communication)
  - A Block Order must relate to Instruments with regard to the same delivery day;



- The volume may vary for all Instruments a Block Order relates to.
- Market Orders: No

Following execution conditions are available on the Belpex DAM:

- “Linked” and “Exclusive” execution conditions are applicable to Block Orders.

#### 4.4 Trading phases, Fixing Process and associated schedules under normal circumstances

On the Belpex DAM, Instruments with delivery day D are traded through a single Auction on day D-1. An Auction is organized every calendar day and occurs in accordance with following indicative trading schedule:

- 00:00h until 00:30h: Idle period during which the Trading Platform is not accessible;
- 00:30h until 12:00h: Order accumulation phase;
- 12:00h: MCT DAM;
- 12:00h until publication of Market Results DAM (14:45h at the latest): Auction phase;
- 14:45h (at the latest) until 24:00h: Order accumulation phase.

The Trading Platform is available to Direct Participants and Indirect Participants during the different trading phases, but not during the idle period.

#### 4.5 Market Coupling

On the Belpex DAM MC is taking into account in the Fixing Process. The Auction occurs in accordance with the Coupled Situation DAM, where the Market Results DAM are determined by using the Market Coupling Algorithm DAM.

The MCT DAM may be delayed provided that such delay does not affect the time limit for publication of the Market Results DAM as set out under Article 4.6 of this Market Segment Procedure.

Exceptional Situations DAM are dealt with as described under Article 4.8 of this Market Segment Procedure.

#### 4.6 Notification of the results

Belpex shall use its best efforts to notify the Market Results DAM for the Belpex DAM through the Trading Platform, or by any other means, as soon as possible

after the MCT DAM and at the latest at 14:45h on the day of that Auction, without prejudice to Article 4.8 of this Market Segment Procedure.

Preliminary Market Results DAM can be published before publication of the Market Results DAM. Upon notification thereof, the Preliminary Market Results DAM become Market Results DAM and will be fixed and irrevocable.

#### 4.7 Delivery

The execution of the Contracts regarding the Belpex DAM shall, in the framework of the ARP Contract, be considered as "internal day-ahead transfers" ("*transferts d'énergie internes day-ahead*" or "*interne energieoverdrachten day-ahead*") and shall be executed in accordance to the rules governing those transfers as described in the ARP Contract.

Every day, before the gate closure time for submission of "Internal Day-Ahead Transfer of Energy" with delivery day D, Participant having the quality of ARP or the ARP designated by it for the Belpex DAM (hereafter the "Nomination Party") shall nominate towards Belpex on a quarter hourly basis, the **net volume of all the Contracts with delivery day D concluded on the Belpex DAM and on the Belpex SRM** by all Participants having that Nomination Party.

Without prejudice to any stipulation regarding this matter in the Participation Agreement CSS, Belpex shall, every day, before the gate closure time for submission of "Internal Day-Ahead Transfer of Energy" with delivery day D, nominate towards every Nomination Party, on a quarter hourly basis, the net volume of all the Contracts with delivery day D concluded on the Belpex DAM and on the Belpex SRM by all Participants having that Nomination Party.

Please refer to the User Procedure, the Participation Agreement and the ARP Contract for more information on how the delivery of the of the Contracts takes place (information regarding net positions on the Trading Platform, information regarding gate closure times of nominations...)

#### 4.8 Exceptional Situation DAM

In the event of an Exceptional Situation DAM, Belpex may deviate from the provisions set out under Articles 4.4 and 4.6 of this Market Segment Procedure by taking for one or more days one or more of the following measures:

- a) modify the MCT DAM and/or the time limit for the notification of the (Preliminary) Market Results DAM;
- b) allow the Direct Participants or Indirect Participants through their Broker to submit new Orders and/or to modify or cancel already submitted Orders on the Trading Platform; in such event Belpex shall publish a new MCT DAM;
- c) apply the "second auction" procedure as described in Article 4.8.1 of this Market Segment Procedure; in such event Belpex shall publish a new MCT DAM;
- d) revert to a Partial Coupled Situation DAM; in such event Belpex shall publish a new MCT DAM;

e) revert to a Decoupled Situation DAM; in such event Belpex shall publish a new MCT DAM.

The occurrence of any Exceptional Situation DAM shall be communicated to the Participants as soon as possible. Belpex shall use its best effort to provide this information at the latest at 14.45h CET on the concerned trading day.

The measures taken by Belpex in case of an Exceptional Situation DAM shall be communicated to the Participants as soon as possible.

#### *4.8.1 Second Auction procedure*

Belpex may, in order to assure the proper functioning of the Belpex DAM, in accordance with articles 34.2 and 36 of the Market Rules and 4.8 of the Market Segment Procedure, apply the "second auction" procedure according to the following process.

Belpex calculates (or receives from an external entity if MC is applied) an indicative MCP for each Instrument eligible for the Auction, based on the situation of the Order Book at the time of calculation, taking MC into account if applicable.

If for at least one Instrument the indicative MCP is lower than -150 €/MWh or higher than 500 €/MWh, or if a day-ahead market included in the European Price Coupling has a similar situation, a Request for Quotes (hereafter "RfQ") is sent out to all Authorized Users by e-mail and via the Trading Platform and a MCT DAM is communicated.

The RfQ indicates:

- The Instruments/hours for which the indicative MCP is lower than -150 €/MWh or higher than €500/MWh;
- The new MCT DAM.

#### *4.8.2 Decoupled Situation DAM*

In a Decoupled Situation DAM the Market Coupling Algorithm DAM shall not be used to determine the Market Results DAM. As fall back Belpex shall in such case use the Backup Matching Algorithm DAM to create Market Results DAM. Belpex may furthermore apply the "second auction" procedure as described in Article 4.8.1 of this Market Segment Procedure.

#### *4.8.3 Partial Coupled Situation DAM*

In a Partial Coupled Situation DAM the Market Coupling Algorithm DAM shall be used to determine the Market Results DAM. Belpex may furthermore apply the "second auction" procedure as described in Article 4.8.1 of this Market Segment Procedure.

## 5. Market Segment Specifications for the Belpex SRM

### 5.1 Instrument Series

The following Instrument Series are available on the Belpex SRM:

- BE SRM 1H: 24\*1H electricity block (every individual hour of the day)  
  
=> Exception: only 23\*1H electricity block on the day of change to summertime and 25\*1H electricity block on the day of change to wintertime, if applicable.

### 5.2 Instrument Specifications

- Instruments will exist in respect of every calendar day during the winter period as defined in the law of 29 April 1999 regarding the organisation of the Belgian electricity market (delivery day D from 1 November until and including 31 March);
- Instruments will be available for Strategic Delivery Order submission in the Trading Platform the day prior to the delivery day;
- In accordance to Article 35 of the Belpex Market Rules, All Off-take Orders of the Participant, submitted as Limit Orders at maximum Order price on the Belpex DAM, or parts thereof, that have not been matched upon completion of the Auction phase of the Belpex DAM shall be automatically replicated by Belpex in the Belpex SRM on behalf of the Participant. The Direct Participants will have neither the possibility to submit Orders on the Belpex SRM via a different mechanism than this automatic replication, nor the possibility to cancel or modify such replicated Orders.
- The Order volume shall be equal to 0,1 MWh, or a multiple thereof;
- The Order prices will be expressed in euro, to an accuracy of 2 decimals;
- Instruments shall be identified in the EuroLight® Trading Platform on the basis of an Instrument code indicating the supply period and the Instrument Series and which shall consist of the following:

#### **BE SRM 1H yymmdd -H"N"**

Where

- "yymmdd" identifies the relevant delivery day;
- "N" identifies the relevant hour of the delivery day.

For instance, the Instrument "BE SRM 1H 150215-H06" refers to delivery on the 15<sup>th</sup> of February 2015, of an electricity block from 5:00h to 6:00h (hour 6)

### 5.3 Order types and execution conditions

Following Order types are available on the Belpex SRM:

- Limit Orders: YES
- Block Orders: NO
- Market Orders: NO

### 5.4 Trading phases, Fixing Process and associated schedules under normal circumstances

On the Belpex SRM, Strategic Reserve Delivery Orders and Off-take Orders with respect to delivery day D are matched through a single Strategic Reserve Allocation on day D-1. An allocation is organized every calendar day during the winter period (delivery day D from 1 November until and including 31 March), if Limit Orders at the maximum Order price on the Belpex DAM, or parts thereof, have not been matched upon completion of the DAM Auction.

The allocation occurs in accordance with following indicative trading schedule:

- |  |   |
|--|---|
| - 00:00h until 00:30h:   | Idle period during which the Trading Platform is not accessible;  |
| - 00:30h until Publication of Market Results DAM (14:45h at the latest):   | Order accumulation phase;   |
| - Publication of Market Results DAM (14:45h at the latest) until publication of Market Results SRM (14:50h at the latest): | Strategic Reserve Allocation phase;   |
| - 14:50h (at the latest) until 24:00h:   | Post-allocation period during which the Trading Platform is accessible but no Orders can be submitted for the Belpex SRM. |

The Trading Platform is available to Participants during the different trading phases, but not during the idle period.

### 5.6 Notification of the results

Belpex shall use its best efforts to notify the Market Results SRM for the Belpex SRM through the Trading Platform, or by any other means, as soon as possible after the Strategic Reserve Allocation phase and at the latest at 14:50h on the day of that Strategic Reserve Allocation.

## 5.7 Delivery

The execution of the Contracts regarding the Belpex SRM shall, in the framework of the ARP Contract, be considered as "internal day-ahead transfers" ("*transferts d'énergie internes day-ahead*" or "*interne energieoverdrachten day-ahead*") and shall be executed in accordance to the rules governing those transfers as described in the ARP Contract.

Every day, before the gate closure time for submission of "Internal Day-Ahead Transfer of Energy" with delivery day D, Participant having the quality of ARP, the ARP designated by it for the Belpex SRM or the TSO not having at its disposal a valid ARP Contract pursuant Article 5.1 last paragraph of the Market Rules (hereafter the "Nomination Party") shall nominate towards Belpex on a quarter hourly basis, the **net volume of all the Contracts with delivery day D concluded on the Belpex SRM and on the Belpex DAM** by all Participants having that Nomination Party.

Without prejudice to any stipulation regarding this matter in the Participation Agreement CSS, Belpex shall, every day, before the gate closure time for submission of "Internal Day-Ahead Transfer of Energy" with delivery day D, nominate towards every Nomination Party, on a quarter hourly basis, the net volume of all the Contracts with delivery day D concluded on the Belpex SRM and on the Belpex DAM by all Participants having that Nomination Party.

Please refer to the User Procedure, the Participation Agreement and the ARP Contract for more information on how the delivery of the of the Contracts takes place (information regarding net positions on the Trading Platform, information regarding gate closure times of nominations...)

## **ANNEX 1 to the Market Segment Procedure**

The Market Coupling Algorithm DAM is Euphemia.  
The Euphemia algorithm description is available on [www.belpex.be](http://www.belpex.be).

## **ANNEX 2 to the Market Segment Procedure**

In case of Decoupled Situation DAM, the matching algorithm is Cosmos.  
The Cosmos algorithm description is available on [www.belpex.be](http://www.belpex.be).



## **ANNEX 3 to the Market Segment Procedure**

### Belpex CIM Matching Rules

This annex describes the rules that are used by the EuroLight Trading Platform during the Fixing Process of the Belpex CIM to match Delivery and Off-take Orders.

#### 1. Limit Orders

Limit Orders are matched based on following prioritization criteria:

1. Price of the Order;
2. Time when the Order was left on the market.

The EuroLight Trading System allows for matching of Orders with countering Order(s), provided that limit price and execution conditions are fulfilled, in accordance with the following high level specifications:

- In case there are two Orders with identical prices, the Order that was submitted first on the trading platform will be prioritized. The volumes of the Orders have no impact on the prioritization. In case the limit prices are overlapping each other, the matching price will be the limit price of the Order that was left on the market first;
- Considering a situation where a Direct Participant has left a Delivery Order on the market with a lower asking price than that of the best Off-take Order, the Instrument Price is settled according to the Order that was submitted on the market first;

As an example: a Direct Participant submits an Off-take Order with a price of 50 €/MWh. Another Direct Participant submits its Delivery Order after the Off-take Order has been submitted on the Trading Platform with an asking price of 30 €/MWh. The resulting Instrument Price of the Contract will be 50 €/MWh since the Off-take Order was submitted on the Trading Platform first.

The same logic applies vice versa: if a Direct Participant has submitted a Delivery Order with a 30 €/MWh limit price on the Trading Platform and another Direct Participant enters an Off-take Order with a 50 €/MWh limit price, the Instrument Price will be the 30 €/MWh limit price since the Delivery Order was submitted on the Trading Platform first.

- Limit Orders may be matched partially and for example, one Delivery Order can have several countering Off-take Orders;
- Cross border trades (as the result of MC) are subject to the availability of transmission capacity. If there exists any route via available interconnections (i.e. transmission capacity is available in the required direction) from any market to another on which capacity is implicitly allocated through EuroLight, cross border trades may happen.

#### 2. Block Orders

Block Orders are matched based on following prioritization criteria:

1. Price of the Order;
2. Time when the Order was left on the market.

Block Orders can only have one countering Block Order in the matching process and the following criteria must be fulfilled for matching:

- The prices of the two Block Orders must match with each other;
- The volumes of the two Block Orders must be exactly equal ("AON"); and
- The start and end hours of the two Block Orders must be exactly the same.