

## **ELSPOT REGULATIONS**

### **1. INTRODUCTION**

- 1.1** These Elspot Regulations is a part of the Rulebook, containing detailed provisions on Bidding and price calculation in Elspot.
- 1.2** The Elspot Market provides daily physical electricity trading for the next day's 24-hour period.
- 1.3** The Instruments subject to Trading and price calculation on the Trading Day is the next day's 24 delivery hours.
- 1.4** NPS will tape all telephone calls with the NPS trading desk. The tapes are stored for at least one (1) week. A Participant shall have the right to listen to the tapes of his own calls.

### **2. BIDDING FOR PURCHASE AND SALE**

- 2.1** The Biddings are binding.
- 2.2** NPS shall treat all Biddings and other information communicated to NPS in this respect as confidential.
  - 2.2.1** By no later than 12:00 am each day the Participant shall submit its Bidding relating to the next day.
- 2.3** Every week NPS shall inform the Participants of the price range within which Bidding may be made during the week to come, of the Elspot Areas for which separate Bidding is to be given and definition of the borders of the Elspot Areas. The price range is the upper and lower price for which Bidding can be made. The price range can be changed for the following day's Bidding.
- 2.4** Bidding may only take place in areas where the relevant participant or Clearing Customer undertakes production, consumption or is party to contracts relating to physical delivery or purchase.
- 2.5** The Bidding may quote the number of MWh/h with up to one decimal.
- 2.6** Hourly Bidding is the Participant's specification of purchase and sale per hour. In the hourly Bidding the Participant shall submit a set of price/quantity specifications starting with the prevailing technical lower price limit and ending with the upper price limit for each purchase and/or sale he wishes to make, divided into hours and Elspot Areas. The volume given in hourly purchase bids must be constant or decreasing with increasing prices. The volume given in hourly sales bids must be constant or increasing with increasing prices.
- 2.7** Block Bidding is the Participant's specification of purchase or sale for a block period determined by the Participant. In the Block Bidding, the Participant shall

submit price limit, volume per block as well as the start and stop time of the block. The block must span a minimum of 3 consecutive hours.

- 2.8** Blocks can be grouped together with a function called Linked Block Bid, which makes activation of each block dependent on whether other of the linked blocks are activated or not. When blocks are linked together the Participant must submit the priority order among the linked blocks. Only either sales or purchase blocks can be linked together. The allowed maximum number of priority levels and number of blocks on each priority level is published and controlled by NPS and can be changed from one day to the next.
- 2.9** Flexible Hourly Bidding is the Participant's specification of possible additional sales in one hour. The Participant specifies price limit and volume for flexible hour in the defined Elspot Area. Activation is based on in which hour the bid provides the highest overall social welfare for the market.
- 2.10** Bidding from Trading and Clearing Representatives shall be specified for each Clearing Customer and for the Trading and Clearing Representative's own Bidding.
- 2.11** The Participant shall use the Bidding in Elspot to achieve balance between energy inflow and energy demand in each Elspot Area. In order to control that this is done, NPS may require documentation for the Participant's basis for Bidding.
- 2.12** The Participant may submit Biddings for one or several calendar days within the period for which Elspot Areas have been defined. In respect of new hourly Biddings the Bidding last received will be valid. In respect of new Block Biddings all Biddings received will be valid unless a new Bidding is a change to an identified prior Bidding, in accordance with the change procedure set by NPS.
- 2.13** Participants who have notified NPS in advance are entitled to register block biddings which if needed shall be converted to hourly biddings. The Participant shall for each block Bidding indicate whether the Bidding is to be converted, and state the hourly rate in the event of conversion. Conversion shall take place if the block Bidding is not realised, and the price calculation pursuant to Chapter 3 gives a maximum price for any operating hour in the next 24 hours.
- 2.14** Conversion will only involve all block Biddings accepted for conversion and comprising one hour in which such a maximum price is reached. Conversion implies that the block Bidding is changed into independent hourly Biddings with the same volume (MW) as the block Bidding, with the stated hourly rate, with a spread of NOK 1 or Euro 0.1 or a similar amount in a different currency, applicable for all hours. NPS then carries out a new price calculation in accordance with Chapter 4 including the new hourly biddings and excluding the block Biddings. After the price calculation NPS will inform the market about the block conversion and which hours converted volumes are included in the price.
- 2.15** Prices for Biddings are to be quoted in a currency approved by NPS. The maximum number of decimals that can be quoted in each currency is determined by NPS. The Bidding may quote the number of MWh/h with up to one decimal. The participants shall make their Biddings for purchase and sale within the

relevant price range. If NPS changes the price range in accordance with Section 3.1, the Participants shall submit new Bidding.

- 2.16** Bidding shall be made on NPS' standard bidding form and transmitted to NPS per electronic communication as specified by NPS. Fax or e-mail may be used when approved by NPS in situations where specified communication is not working. When using fax or mail NPS can restrict the number of price steps in the hourly bids and the number of block bids. The Bidding form must provide complete information in order to be valid. In case of rejection, the price report received by the Participant from NPS will declare that no contract is concluded.
- 2.17** NPS may in exceptional and isolated situations demand that the Participants make Biddings for several 24 hours to come. NPS shall in such situations give notice of the situation to the Participants at the latest one week in advance and simultaneously state the number of 24 hours needed in the Bidding.

### **3. PRICE CALCULATION**

- 3.1** The price/quantity specifications of the Biddings will be regarded as points on a bidding curve created by drawing straight lines between the points.
- 3.2** The Block Bidding may be granted the tender if the criteria below are met.
  - 3.2.1** A Block Bidding for sale is granted a tender if the average price for the hours included in the block period is equal to or higher than bid price. A Block Bidding for purchase will be granted acceptance if the average price for the hours included in the block period is equal to or below the bid price. In addition, the submitted volume must be fulfilled.
- 3.3** If situations occur in the price calculation where a choice must be made between competing Block Bids the selection is based on the following criteria:
  - 3.3.1** The difference between submitted price and average area price. This means that the Block Bid which has the largest difference between submitted price and average area price will be excluded.
  - 3.3.2** Energy, which means volume multiplied with the number of hours in the block. If the difference between submitted price and area price is equal, then the Block Bid or the combination of the Block Bids that gives the largest turnover will be given priority.
- 3.4** For Linked Block Bids the normal rules for block activation given in Section 3.3 following apply in full, but in addition those blocks with less than the highest priority among the Linked Blocks will only be considered for activation in case all the Linked Blocks with higher priority have been activated.
- 3.5** A Flexible Hourly Bidding may be granted the tender if the price and volume criteria are met.

- 3.6** NPS' prioritisation of Flexible Hourly Biddings shall be based on the following criteria:
- 3.6.1 Price, being the difference between the price of the Flexible Hourly Bidding and the Area Price.
- 3.7** Based upon Biddings received NPS calculates first a System Price. The System Price is the price in those Elspot Areas that at the relevant time are included in the system price calculation. Biddings in other Bidding Areas can only influence the System Price up to the capacity limit towards Areas included in the System Price. The system price calculation is carried out by aggregating all Biddings in one purchase- and one sales curve without considering potential capacity constraints between the relevant areas. The point of intersection between the two curves establishes the System Price.
- 3.8** If the power flow between two or more Elspot Areas exceeds the transmission capacity, two or more area prices will be calculated.
- 3.9** If situations occur where a point of intersection between the purchase- and sales curve is not achieved, NPS will handle the situation in the following order and according to the at all times prevailing procedure published by Nord Pool Spot AS :
- 3.9.1 Convert Block Bids according to Section 2.13 following.
- 3.9.2 Activate the Power Reserves in applicable Elspot area.
- 3.9.3 Ask the relevant TSOs about the possibility to increase the trading capacity.
- 3.9.4 Block Bids that increase the need for curtailment in the market and that include the hour or hours where curtailment occur are excluded from the price calculation, thus rejected in their entirety.
- 3.9.5 Activate separate purchase or sales offer from Energinet.dk due to lack of successful market coupling on the border between Denmark and Germany.
- 3.9.6 Deduct Biddings on a pro rata basis until such point of intersection is achieved.
- 3.10** Any imbalance between total purchase and total sale caused by the rounding off of quantity for each Participant when accurately calculating the price will be dispersed within each Elspot Area.
- 3.11** All prices in the Trading are stipulated in EUR. Biddings in other currencies are converted to EUR in the price calculation. When the price is stipulated, the Trade of each Participant and Clearing Customer shall be converted to the respective Trade Currencies.
- 3.12** Recalculating under Article 3.11 shall be based upon market offers from minimum two major competing commercial banks, for the purchase and sale of the relevant currency for delivery on the day prior to payment from NPS.

#### **4. REPORTS OF PURCHASE AND SALE**

- 4.1** When the price has been calculated, NPS shall inform the Participant of its calculated purchase/sale in a price report which shall be submitted to the Participant on the day preceding the day for which the price is given. The price report specifies the price and quantity for each Elspot Area in which the Bidding is made. Price reports to the Trading and Clearing Representatives are specified for each Clearing Customer and for the Trading and Clearing Representative's own Trading. If transmission of the price report is delayed, notice shall be given.
- 4.2** If the Participant wishes to invoke errors in NPS' handling of a Bidding NPS shall be notified accordingly before 2:00 pm CET on the same day. The Trading and Clearing Representatives invoke errors on behalf of Clearing Customers. The Participant shall, if relevant, receive a new price report before 2:30 pm CET. If transmission of the price report is delayed, the Participant is granted 30 minutes to submit notice of error, calculated from when the price report was transmitted from NPS. Correspondingly, NPS has one hour to resend a corrected price report, if relevant. Upon expiry of the notice period the price report transmitted will be regarded as a contractual obligation for the quantities specified in the price report.
- 4.3** In situations described in Article 2.16, NPS will, if needed, determine separate rules for price reports and deadlines for submitting notice of errors.

#### **5. COMPUTER TECHNOLOGICAL FAILURE**

- 5.1** If NPS due to computer technological failure is not able to determine prices before the delivery commences, the individual Participant's Biddings from the previous day shall be continued hour by hour, as long as the situation lasts. The previous day means the previous Banking Day if the computer technological failure has effect on a Banking Day, and the previous holiday if the computer technological failure has effect on Saturdays, Sundays and specified holidays, cf. Appendix 8.
- 5.2** NPS is not liable for additional costs or losses that may occur, unless it can be documented that NPS has acted deliberately or with gross negligence.