

**Regulation of 2020 on the organised framework for trading on the centralised market for the award of electricity contracts for long supply periods**

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**It shall enter into force:**

1 September 2020 Year

**Regulation of 2020 on the framework organised for trading on the centralised market for the assignment of electricity**

**contracts for long supply periods**

Date of act: 24-June-2020

**Issuer: National Energy Regulatory Authority**

**Chapter I: General provisions**

**SECTION 1:**

**Art. 1**

This Regulation establishes a framework organised for competitively centralised trading of electricity by awarding contracts for long supply periods, namely:

- a) how to determine the originators' bids for the sale or purchase of electricity by the participants;
- b) how the auctions are organised;
- c) how to contract traded energy;
- d) how to record, manage and publish information on transactions carried out.

**Art. 2**

The creation of the centralised market for the award of contracts for long supply periods of electricity is aimed at ensuring transparency of transactions through contracts for the sale-purchase of electricity for long supply periods and equal opportunities for market participants.

**Section 2: Scope**

**Art. 3**

This Regulation shall apply to:

- a) economic operators to build and connect a power generation capacity or to generate electricity and heat from cogeneration, which will produce electricity traded under the contract concluded on the centralised market for the award of electricity contracts for long supply periods;
- b) licence holders in the field of electricity and final consumers as purchasers of electricity;
- c) to the centralised market manager for the award of electricity contracts for long supply periods.

### Section 3: Definitions and abbreviations

#### Art. 4

(1) For the purposes of this Regulation, the terms and expressions used have the meanings defined by the Law of Electricity and Gas No123/2012, as amended and supplemented.

(2) **For the purposes of this Regulation, the following terms and expressions shall have the following meanings:**

- a) *Transaction confirmation* – document issued by the centralised market operator for the award of electricity contracts for long supply periods confirming a transaction in the electricity contract market for long supply periods;
- b) *Convention for participation in the centralised market for the award of contracts for long delivery periods*— standardised convention established by the operator of the centralised market for the award of electricity contracts for long supply periods, providing for the rights and obligations of each market participant and the centralised market operator for the award of electricity contracts for long supply periods;
- c) *Competitive dialogue*— the second stage of the trading session for the award of an electricity contract in which the originator of the trading session establishes the final form of the offer and the contract, excluding the price, based on individual dialogues on contractual conditions subject to competitive dialogue, organised with each of the participants qualified following the pre-selection phase;
- d) *Priceadjustment formula* — calculation formula allowing the price of electricity to be updated at the time of delivery at the time of the conclusion of the contract by using public indicators;
- e) *Continuous negotiation* — way of negotiation through the trading platform in which both the originator and the respondent party can update their offers;
- f) *Offers of electricity* — tenders with well-defined characteristics concerning the quantity of electricity offered for purchase/sale, the hourly delivery intervals, the duration of the contract, the price requested/offered, and the conditions for delivery, payment and guarantee, firmly established at the time of their placing on the market;
- g) *Centralised market operator for the award of electricity contracts for long supply periods*— the legal entity licensed for the management of centralised electricity markets granted by the National Energy Regulatory Authority, which ensures the organisation and administration of the centralised market for the award of electricity contracts for long supply periods in accordance with the regulations approved by the National Energy Regulatory Authority;
- h) *A participant in the centralised market for the award of electricity contracts for long supply periods*— economic operator enrolling and complying with the Convention on Participation in the Centralised Market for the award of contracts for long supply periods and applicable regulations approved by the National Energy Regulatory Authority;
- i) *Centralised market for the award of electricity contracts for long supply periods*— the organised framework for trading sessions for the award of contracts with physical supply of electricity for long supply periods, organised and managed by the operator of the centralised market for the award of electricity contracts for long supply periods, on the basis of specific rules; the award of electricity contracts is carried out through a combined process of competitive dialogue, tendering and continuous negotiation and aims to contract electricity in the long term, determined at a transparent price, resulting from the balance of supply and demand;
- j) *Trading platform* – IT system established and maintained by the centralised market operator for the award of electricity contracts for long supply periods for the purpose of trading on the electricity contract market for long supply periods;

- k) Pre-selection of candidates— the first stage of the trading session where, on the basis of the list of documents and eligibility criteria specified by the originator of the auction session, the list of participants qualified to participate in individual dialogues with the originator of the trading session during the second stage of competitive dialogue is established;*
- l) Long delivery period – time period of more than 1 calendar year, starting and ending at defined time points.*

## **Art. 5**

The abbreviations used in this Regulation shall have the following meanings:

- a) ANRE – National Energy Regulatory Authority;*
- b) OPCOM – Operator of the electricity and natural gas market ‘OPCOM’ – S.A., hereinafter OPCTL – operator of the centralised market for the award of electricity contracts for long supply periods;*
- c) PCTL – centralised market for the award of electricity contracts for long supply periods;*
- d) Regulation — Regulation on the organised framework for trading on the centralised market for the award of electricity contracts for long supply periods.*

## **Chapter II: The stages of the process**

### **Section 1: organisation and operation framework of the PCTL**

## **Art. 6**

The principles applied to trading sessions for the award of electricity contracts for long delivery periods under PCTL are as follows:

**1. Each initiating bidder defines its own offer of sale or purchase of electricity, characterised by:**

- a) the duration of the delivery, as defined by the starting date and the date of completion of the delivery; the duration of delivery will be at least 1 year;*
- b) the delivery profile;*
- c) the average hourly power applicable to the indicated profile(s), within the technical characteristics of the energy capacity;*
- d) the option of full/partial trading of the originator offer; if the originator participant opts for partial trading, it shall indicate the number of fractions of the total quantity to be offered;*
- e) the proposed opening price and, where applicable, the price adjustment formula; the tenderer must specify and include in the price the component of the transmission tariff for the introduction of electricity into the grid (TG);*
- f) list of documents required for the pre-selection stage of participants with response offers, on the basis of which the assessment of creditworthiness indicators considered relevant and insurers by the initiator of the session for the performance of the contract and the deadline for submission of documents is carried out;*
- g) the pre-selection criteria, i.e. the list of creditworthiness indicators on the basis of which the participants are qualified during the pre-selection stage for the competitive dialogue stage, the minimum or maximum level of these indicators and the weight of each indicator in determining the score against which the result of the qualification stage is declared; the pre-selection criteria will be set in such a way as to allow for increased participation of candidates with responses;*
- h) the elements in the originator offer, other than the price, on which the originator of the trading session wishes to discuss at the competitive dialogue stage in order to identify the firm conditions*

of the final offer that will not be the subject of trading at the final bid evaluation stage;

i) contract format proposed by the originator for the sale-purchase of electricity for long supply periods.

2. For trading offers, the OPCTL announces the initiation of trading sessions for the award of electricity contracts for long supply periods.

3. **The trading sessions shall be conducted in three successive steps:**

a) pre-selection stage of candidates: on the basis of the list of documents and the eligibility criteria specified by the session promoter, the list of participants qualified for participation in the competitive dialogue phase is established;

b) competitive dialogue phase with qualified candidates following the pre-selection phase: on the basis of the analysis of proposals received from qualified participants participating in the competitive dialogue phase, the originator shall establish the final terms of the initiating tender (the final form of the contract, including the final adjustment formula, which may be initially announced or modified following the dialogue) to which the selection of final bids based solely on price will be made at the tender stage; the contract in its final form will contain the obligation for the seller to obtain a licence for the commercial exploitation of the new power generation capacity, including electricity produced from cogeneration, or to modify a licence it holds in order to include in it the new generation capacity at least 60 days before the start of the supply period and to maintain it throughout the delivery period, as well as the obligation for the parts of the contract to hold, throughout the entire delivery period, the capacity of the wholesale electricity market participant;

c) bidding phase, evaluating final bids and announcing the winner(s) of the trading session.

4. **OPCTL organises tender sessions with continuous negotiation, on-line, for the evaluation of final bids, which shall be conducted in accordance with the following principles:**

a) following an offer for sale/purchase introduced for trading by the originator of the auction, a first bidding phase may introduce response offers at higher prices, below or equal to that of the originator's offer, without the originator being able to change its proposed price; the response offers may be modified/withdrawn/annulled during this phase, depending on their bidding strategy or market development, all of which are viewed on the market;

b) the automatic matching of supply and demand is carried out in a second bidding phase, on the basis of which the electricity transactions resulting from the tendering process will be concluded;

c) if after the process presented above the offer of the initiator participant has not been fully executed, a new phase of the evaluation phase of the final offers may be organised, allowing the introduction/change/cancellation of orders by both the originator participant and the other participants, all operations being viewed in the market through the screens of the trading system.

5. The tenders that led to the conclusion of transactions shall determine the obligation of notified participants in the PCTL to conclude the contract published together with the final bid for the sale-purchase of electricity, at the award price and for the number of parts (breaks) of the total bid concluded at this price, notified according to the results of the tender by the OPCTL.

6. OPCTL shall verify the conformity of the contract signed with the contract published together with the final offer for the sale-purchase of electricity; in case of identification of non-conformities the contract shall be forwarded by the OPCTL to the parties with a view to bringing it into conformity with the published contract. 7. In case of withdrawal of the originator offers prior to the organisation of the stages of the trading session on PCTL, the refusal to sign the contract and/or the refusal to correct the non-compliant contract, the participants concerned shall be required to pay a penalty amount established by the OPCTL according to the provisions of the specific operational procedure on the organisation and administration of the PCTL.

8. OPCTL ensures **the payment of the penalty amount received, as follows:**

- a) equally, to the parties which submitted the necessary documentation or, where appropriate, offers to reply, where an originator tender has been withdrawn;
- b) to the party which submitted the initiating tender, in case of refusal to conclude the contract as proposed by the initiating participant for the evaluation of the final bids by the tenderer declared to be successful in the tender;
- c) equally, in the event of refusal of the conclusion of the contract in the form in which it was proposed for the evaluation of the final bids by the initiating participant, the parties declared winning.

## **Section 2: Participation in the electricity contract market for long periods of delivery**

### **Art. 7**

Participation on PCTL is voluntary.

### **Art. 8**

The registration of participants in the PCTL shall be made upon their written request, addressed to the OPCTL, according to the specific operational procedure, after signing by the applicant's authorised representative of the Convention for Participation in the PCTL.

### **Art. 9**

The OPCTL shall establish the framework content of the Convention for Participation in the PCTL comprising the mutual rights and responsibilities of the OPCTL and of each market participant. The OPCTL shall make public on its website the Convention for Participation in the PCTL, following a public consultation process.

### **Art. 10**

A participant in the centralised market may withdraw from the PCTL on its own initiative on the basis of a written notice signed by the authorised representative of the market participant.

### **Art. 11**

The OPCTL may suspend or revoke the registration of a participant in the PCTL in any of the following cases:

- a) no longer fulfils the necessary conditions for registration as a participant in this market defined in the specific procedures;
- b) fails to fulfil its obligations under this Regulation;
- c) does not comply with the Convention on Participation in PCTL.

### **Art. 12**

Registration/Suspension/Revocation of participants, submission of bids and organisation of tenders shall be conducted in accordance with the provisions of the specific operational procedure developed by the OPCTL, after a public consultation process.

### **Section 3: Transparency of the electricity contract market for long periods of delivery**

#### **Art. 13**

After the conclusion of trading sessions on PCTL, the OPCTL shall publish the following data on its website: originator participant name, winning participant name, offer/contract, number(s) of the bid amount(s), where the originator participant has opted for partial trading, delivery period, profile, quantities traded, starting price, tendering prices and list of participants participating in the auction with response bids.

#### **Art. 14**

Each initiating offer for PCTL will be available on the OPCTL website for at least 2 years.

#### **Art. 15**

The OPCTL shall publish on its website the fee charged for the service performed as OPCTL, approved by ANRE, as well as all documents related to the regulatory and procedural framework applicable to this market.

### **Chapter III: Final provisions**

#### **Art. 16**

The OPCTL shall develop, update whenever necessary and operational procedures appropriate to the functioning of the PCTL.

#### **Art. 17**

The OPCTL may promote improvements in the organisation and management conditions of the PCTL it manages, depending on the degree of its development and the participants' requests, based on a transparent public consultation process. The promotion of improvements in the organisation and administration of the PCTL will result in proposals to amend the Regulation and/or, where appropriate, to amend the existing procedures of the OPCTL.

#### **Art. 18**

The OPCTL supervises the functioning of the PCTL, publishes regular reports and indices calculated on the basis of the results of this market, with a view to establishing correct price references for the electricity market; supervision shall be carried out on the basis of the specific operational procedure. Published in the Official Gazette No. 562 of 29 June 2020