

Day-ahead Market Regulations

Nord Pool AS

Nordic/Baltic Market and CE Market

DAY-AHEAD MARKET REGULATIONS – NORDIC/BALTIC MARKET AND CE MARKET

1. INTRODUCTION

- 1.1 These Day-ahead Market Regulations contain detailed provisions on Orders and the calculation of Prices in the SDAC Auction and are part of the Rulebook.
- 1.2 The SDAC Auction provides the possibility of Trading based on all Orders submitted to the relevant Auction by the Participants and received prior to the relevant Gate Closure.
- 1.3 Following Gate Closure, all volume and Orders received are stacked and a market equilibrium is calculated. Based on the price and volume market equilibrium, each Participant's rights and obligations regarding the sale and purchase of electricity for the relevant Delivery Periods are determined as further set out herein.
- 1.4 All Transactions resulting from Orders matched in the Trading Platform shall be automatically registered for Clearing.

2. HANDLING OF ORDERS

2.1 Order Form

- 2.1.1 Orders in the Day-ahead Market for Products to be delivered in the Nordic/Baltic Market and/or the CE Market shall be submitted using such standard order forms as Nord Pool may specify from time to time and be transmitted to Nord Pool through such communication methods as Nord Pool may specify from time to time.
- 2.1.2 Participants normally using other electronic communication than Nord Pool trading system User Interface (UI) in accordance with Section 2.1.1 above, shall use Nord Pool trading system User Interface (UI) as a backup in case their ordinary means of communications are not working.
- 2.1.3 Nord Pool may, in situations where specified communications pursuant to Sections 2.1.1 and 2.1.2 are not working and in addition to what is stated in the Rulebook in respect of the Trading Desk, decide that an alternative order form as specified by Nord Pool e.g. as a file in e-mail or copy of Order from a previous day, may be used. When using e-mail, Nord Pool may restrict the number of Price Steps in the Hourly Orders and the number of Block Orders.
- 2.1.4 The order form must provide complete information to be valid. Invalid order forms will be rejected.

2.2 Quoting

- 2.2.1 Subject only to Section 2.5 all Orders are binding and are available to be matched in accordance with these Day-ahead Market Regulations.
- 2.2.2 Orders shall be quoted using the Order Types allowed by the Product Specifications, as further specified in Section 3 below. Each Order must specify whether it is a Bid or an Offer, where Bids are denoted by positive Energy Volume numbers and Offers as negative Energy Volume numbers.

- 2.2.3 Energy Volume Limits and Order Price Limits must be within the technical limits and applicable Price Range set out in the Product Specifications.
- 2.2.4 Each Order represents an individual and independent Order for the Delivery Period(s) to which it relates. Except as specifically mandated by the Order Type used and subject to Section 3.4 and the Linked Block Orders described in Section 3.2.2. Each Order shall represent an individual offer to purchase or sell independent of any other Orders submitted by or on behalf of each Participant to the same Auction with respect to such Delivery Period(s).
- 2.2.5 Each Day-ahead Price Calculation relates to the following day starting from 00:00 CET.
- 2.2.6 Orders can be submitted from the time Nord Pool opens any given Delivery Day for submission of Orders and until Gate Closure.
- 2.2.7 Nord Pool may in its sole discretion, but shall have no obligation to, contact Participants by telephone or e-mail and offer that the Participant may submit an Order should Nord Pool have reason to believe that the Participant erroneously has failed to submit an Order.
- 2.2.8 Orders from Client Representatives shall be specified for each Client and for the Client Representative.

2.3 Price Range

- 2.3.1 Nord Pool shall for each SDAC Auction set a Price Range within which all Order Prices for that Auction must be submitted. Participants shall be informed of the Price Range prior to the opening for Orders for each Auction. In the absence of any explicit notice by Nord Pool of the Price Range, the Price Range as specified in the relevant Product Specifications shall be deemed to apply.
- 2.3.2 Nord Pool may change the Price Range set by giving at least 4 (four) days' notice. In case of a change of the Price Range for any SDAC Auction following the opening of Orders for that Auction, all Orders submitted prior to such change will automatically be deleted.
- 2.3.3 Prices for Orders are to be quoted in a currency approved by Nord Pool. The maximum number of decimals that can be quoted in each currency is determined by Nord Pool.

2.4 Gate Closure

- 2.4.1 Orders received after Gate Closure will be considered null and void regardless of cause unless otherwise decided by Nord Pool in its sole discretion. For the avoidance of doubt, this also applies to Orders received after Gate Closure by reason of Force Majeure Event or any communication failure (howsoever caused and irrespective of whether the Participant is in any default).
- 2.4.2 Participants experiencing technical difficulties when submitting Orders to Nord Pool must inform the Trading Desk about this immediately.

2.5 Errors in Orders

- 2.5.1 Each Participant is responsible for ensuring that the Orders it submits (and any amendments thereto) and which are received by Nord Pool are correct and valid, including in situations where manual handling of the Orders by Nord Pool has been found necessary.
- 2.5.2 If a Participant in an SDAC Auction becomes aware of any error in Order(s), it shall notify the Trading Desk immediately of such errors.

- 2.5.3 Following receipt of a notice pursuant to Section 2.5.2, Nord Pool shall consider in its sole discretion whether any measures can be taken to avoid or mitigate any potential losses to the Participant without conflicting with the Day-ahead Price and the interests of the Nordic/Baltic Market and/or the CE Market, other Participants, or any obligations of Nord Pool.
- 2.5.4 Nord Pool may in its sole discretion, but shall have no obligation to, contact Participants by telephone or e-mail and offer that the Participant may correct an Order should Nord Pool have reason to believe that the Order submitted by it is erroneous.

3. ORDER TYPES

3.1 Hourly Orders

- 3.1.1 Hourly Orders are a Participant's Bid or Offer submitted in the SDAC Auction with respect to a specified Energy Volume and Order Price for a given Delivery Period of the applicable Delivery Day in either the Nordic/Baltic Market or the CE Market, or an individual bidding zone within such market, as appropriate.
- 3.1.2 In each Hourly Order, the Participant shall submit a set of Order Price and Energy Volume specifications for the applicable Delivery Period, starting with the Energy Volume at the Minimum Order Price Technical Limit and ending with the Volume Limit at the Maximum Order Price Technical Limit. Additional Price Steps on the Order curve may be specified as set out in the Product Specifications.
- 3.1.3 The Energy Volume given in an Hourly Order for sale of electricity (Offer) must be constant or increasing with increasing Order Prices. The Energy Volume given in an Hourly Order for purchase of electricity (Bid) must be constant or decreasing with increasing Order Prices.
- 3.1.4 To create an Order curve Nord Pool will, upon receipt of an Hourly Order, interpolate the values between each Price Step comprised in such Hourly Order by means of linear interpolation, and the Hourly Order may be matched at any point on the Order curve resulting from such interpolation.

3.2 NOT USED

3.3 Block Orders

- 3.3.1 Each Block Order must include details of such Block's Order Price Limit, the hourly Energy Volume, the start and stop time and the applicable Minimum Acceptance Ratio (if less than 100 per cent). If no Minimum Acceptance Ratio is specified or in any case where the Block Order is submitted in the Half-hourly Auction, the Minimum Acceptance Ratio will be deemed to be 100 per cent. The Energy Volume may be different in each Delivery Period of the Block.
- 3.3.2 Each Linked Block Order must specify the order of priority between the Block Orders comprised in such linked Block. Nord Pool may, in its absolute discretion, specify the maximum number of permitted priority levels that may be notified with respect to any Linked Block Order and the maximum number of permitted Block Orders at each priority level. The maximum number of permissible priority levels and Block Orders may be changed by Nord Pool at any time prior to closure of the SDAC Auction on not less than one (1) day's written notice.
- 3.3.3 It is not possible to link a Block Order to a Flexible Order or to a Block Order which is part of an Exclusive Group.

- 3.3.4 Each Block Order comprised within an Exclusive Group must specify such Block's Minimum Acceptance Ratio (if less than 100). If no Minimum Acceptance Ratio is specified, the Minimum Acceptance Ratio for such Blocks within the Exclusive Group will be deemed to be 100.

3.4 Flexible Orders

- 3.4.1 A Flexible Order must specify an Energy Volume that the Participant would be willing to purchase or sell in one or a series of consecutive Delivery Periods, the applicable Order Price Limit and the nominated Delivery Range in respect of which the Flexible Order may be matched.

3.5 Order Amendments

- 3.5.1 In any case where a Participant submits more than one Order on the same Trading Portfolio and with respect to the same Delivery Period of the same SDAC Auction, the Order submitted latest in time and not rejected by Nord Pool will over-write and cancel all prior Orders submitted to such SDAC Auction with respect to such Delivery Period.
- 3.5.2 Any Block Order or Flexible Order which has been accepted by Nord Pool may subsequently be amended at any time prior to Gate Closure in accordance with the relevant Trading Platform change procedure for such Order as may be determined by Nord Pool in its absolute discretion from time to time.

4. MATCHING

4.1 Matching of Orders and Calculation of Day-ahead Prices and Volumes

- 4.1.1 All Orders submitted to an SDAC Auction will be regarded as a point on an Order curve for Offers and Bids respectively, where each Order curve is created by interpolating straight lines between the Orders on the curve. The point of intersection between the aggregated Offer and Bid curves establishes, with respect to the relevant bidding zone, the applicable Price and Energy Volume for such Delivery Period.
- 4.1.2 Any imbalance between total Offers and total Bids caused by the rounding of volumes for each Participant when calculating the applicable Price will be shared between Participants whose Orders are matched in respect of the relevant Delivery Period.
- 4.1.3 All Transactions in the Day-ahead Market relating to one Delivery Period will be matched at the Day-ahead Price applicable for that Delivery Period.

4.2 Non-EUR Denominated Orders

All non-EUR Orders in the SDAC Auction will be converted into EUR before the Day-ahead Hourly Price Calculation is performed.

4.3 Matching of Flexible Orders and Block Orders

- 4.3.1 A Flexible Order may be matched if the Order Price and volume criteria of the Flexible Order are met in relation to the relevant Day-ahead Price and Energy Volume.
- 4.3.2 Block Orders are activated if they meet the criteria below:

- a. A Block Order for sale is matched only if the average Day-ahead Price for the Delivery Periods comprised in the Block Order is equal to or higher than Order Price specified in the Block Order. A Block Order for purchase is matched if the average Day-ahead Price for the Delivery Periods comprised by the Block Order is equal to or lower than the Order Price specified in the Block Order. In addition, the aggregate Energy Volume of the Block Order must be matched with at least the volume corresponding to the minimum acceptance ratio specified for the Block Order. If the Energy Volume in each hour of the Block Order differs, the volume weighted average price of the Block Order shall determine whether the Block Order is matched or not.
 - b. The sum of the acceptance of all Block Orders in an Exclusive Group will be at most 100 per cent. If all blocks in the Exclusive Group have a minimum acceptance ratio of 100, only one Block Order from the group will be matched.
- 4.3.3 In respect of Linked Block Orders, the normal rules for matching of Block Orders in Section 4.3.2. shall apply, provided that:
- a. Any Block Order which does not have the highest priority within its linked Block will only be matched if all the Block Orders with higher priority within the relevant linked Block have already been matched;
 - b. A Block Order that is not otherwise matched according to Section 4.3.2 may still be matched as part of a Linked Block Order if the matching of such Block Order, together with such other Block Orders at lower priority levels of the Linked Block Order, does not result in an overall loss for the Participant who submitted such Linked Block Order; and
 - c. The Block Order with lower priority within its linked block can be accepted at most to the same Acceptance Ratio as the effective Acceptance Ratio of the Block Order with higher priority.

5. REOPENING PROCEDURES

5.1 Procedure in Case of Non-Matching in the Nordic/Baltic Market

- 5.1.1 If situations occur where a point of intersection between the Order curve for Offers and Bids is not achieved (“non-matching”) in the Nordic/Baltic Market (or in one or more bidding zones within such market), Nord Pool will, using best endeavors, effectuate one or more of the following measures in accordance with applicable procedures:
- a. Activate Peak Load Reserves in the applicable bidding zone.
 - b. Block Orders that increase the need for curtailment in the market and that include the Delivery Period where curtailments occur are excluded from the Day-ahead Price Calculation, and such Block Orders are rejected in their entirety.
 - c. Deduct Orders on a pro rata basis until a point of intersection is achieved.
- 5.1.2 Any imbalance between total purchases and total sales caused by the curtailment of Orders when accurately calculating the Day-ahead Price pursuant to Section 5.1.1 will be shared between all Participants within such bidding zone.

5.2 Procedure in Case of Non-Matching in the CE Market

- 5.2.1 If non-matching occurs in the CE Market, Nord Pool will, using best endeavours, perform the following steps:

- a. Nord Pool will inform all Participants of the Delivery Period(s) in respect of which a non-matching has occurred, and Reopening will be announced for the affected Delivery Day. The Reopening under this Section 5.2 will be for a period announced by Nord Pool, but for no shorter than 10 minutes.
- b. If, following the procedure in Section 5.2.1(a), a point of intersection between the Offer and Bid curves is still not achieved, then Block Orders that increase the need for curtailment in the CE Market and that include the Delivery Period where non-matching occurs shall be excluded from the Day-ahead Price Calculation, and rejected from the SDAC Auction in their entirety.
- c. If, following the procedure in Section 5.2.1(b), a point of intersection between the Offer and Bid curves is still not achieved, then Nord Pool will deduct Orders on a pro rata basis until a point of intersection is achieved.

5.3 Procedure in case of exceeding Price Thresholds

- 5.3.1 If a situation occurs whereby an applicable Price Threshold is exceeded, Nord Pool will, to the extent reasonably possible, inform all Participants of the Delivery Periods where such Price Threshold has been exceeded, and Reopening will be announced for the affected Delivery Day. The Reopening under this Section 5.3 will be for a period announced by Nord Pool, but for no shorter than 10 minutes.
- 5.3.2 If, following the procedure in Section 5.3.1, relevant Price Thresholds are still exceeded, then the Orders as submitted to the Trading Platform in the subsequent SDAC Auction will stand.

5.4 Reopening in case of Market Decoupling arising during Multi-Regional Coupling

- 5.4.1 In the event of any Market Decoupling, Nord Pool will, subject to the specific provisions of any local arrangements, announce a Reopening.
- 5.4.2 During the Reopening any Participant or Client Representative on its own behalf or on behalf of a Client, may submit or re-submit Orders.
- 5.4.3 The Reopening under this Section 5.4 will be for a period announced by Nord Pool in accordance with the relevant operational procedures.

6. REPORTS

6.1 SDAC Auction Price Report

- 6.1.1 When the SDAC Auction has been completed a preliminary publication will be made of SDAC Auction Prices and corresponding Energy Volumes within and between bidding zones. The SDAC Auction results are then subject to final confirmation in accordance with the applicable SDAC procedures.
- 6.1.2 When the SDAC Auction Prices and Energy Volumes have been calculated, Nord Pool shall inform the Participants of their calculated purchase/sale in a Price Report provided to each Participant on the day preceding the relevant Delivery Day (D-1).
- 6.1.3 The SDAC Auction Price Report will specify the Day-ahead Prices and Energy Volumes for each Delivery Period in which Order(s) have been matched.
- 6.1.4 SDAC Auction Price Reports prepared for Client Representatives shall specify the Day-ahead Prices and Energy Volumes for each Client in addition to those in respect of the Client Representative's own Trading.

- 6.1.5 The SDAC Auction Price Reports will, in respect of the Nordic/Baltic Market, normally be made available to the relevant Participants immediately following final confirmation of the SDAC Auction results.
- 6.1.6 The SDAC Auction Price Report will, in respect of the CE Market, normally be made available to the relevant Participants after forty-two (42) minutes following closure of the SDAC Auction. The SDAC Auction Price Report is considered preliminary until the SDAC Auction results are confirmed.
- 6.1.7 If the SDAC Auction Price Report is delayed, Nord Pool shall give the Participants notice of such delay as soon as possible.

6.2 NOT USED

7. AUCTION DELAY OR FAILURE

- 7.1 If the SDAC Auction is delayed or cannot be performed, Nord Pool shall inform all Participants by publishing an operational message at regular intervals starting no later than 12:42 CET, until such time as the relevant SDAC Auction is successfully completed or there is a decision regarding Market Decoupling.

7.2 NOT USED

7.3 Nordic/Baltic Local Auction

In the event that Nord Pool is not able to perform the Nordic-Baltic Local Auction (after a Market Decoupling and a Reopening) before 20:00 CET on the day prior to the Delivery Day, the Price Report from the reference day will be deemed valid hour by hour in respect of both Prices and Energy Volumes for the Delivery-Day in question. In this context, the “reference day” means the previous working day if the Nordic-Baltic Local Auction failure has effect on a working day, and the previous weekend day or public holiday, as appropriate, if the Nordic-Baltic Local Auction failure has effect on a Saturday, Sunday or public holiday. Working day means days from Monday to Friday, not including legal public holidays, which are identified as public holidays in countries in the Nordic/Baltic Market region together having at least 67% of the consumption the previous year. Christmas Eve (24/12) and New Year’s Eve (31/12) are considered public holidays.

7.4 NOT USED

7.5 CE Local Auction

In the event that Nord Pool is not able to perform the CE Local Auction (after a Market Decoupling and a Reopening), before 14.45 CET on the day prior to the Delivery Day, the CE Local Auction will be deemed to have failed and all Orders submitted to the CE Local Auction will be cancelled. Furthermore, Nord Pool shall have a right (but not an obligation) in its sole discretion, to cancel the CE Local Auction if Nord Pool deems it necessary in order to secure orderly exchange trading or if such cancellation is in the interest of a well-functioning market or is carried out in order to protect the legitimate interests of market participants.

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