

Day-Ahead Market

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Day-Ahead market – financial security, invoicing

- ☐ Legislative definition of Day-Ahead Market (DM)
- ☐ Determination of the amount and form of financial security (FS)
- ☐ Invoicing activities related to organizing and evaluating the cross-border short-term electricity market
- ☐ Invoicing of realized markets
- ☐ OKTE's course of action in case of market participant's failure to fulfill its financial obligations

Legislative definition of DM

OKTE, a. s. is a Short-term cross-border electricity market operator pursuant to § 37 section 4 letter a) of the Act No. 251/2012 Coll. on energy and on alteration and amendment to certain laws (The Act on Energy sector). The Short-term cross-border electricity market operator operates according to the Act on Energy sector, the Act No. 250/2012 Coll. on Regulation of Network Industries (The Act on Regulation), the Ordinance of the Regulatory Office for Network Industries No. 24/2013 Coll. determining the internal electricity market rules and internal gas market rules (Market Rules) and the Operation Order OKTE, a. s. (Operation Order).

Details of performing the above mentioned processes on DM are stated in Chapter 6.2 et seq. Operation Order.

Day-Ahead market – Determination of the amount and form of financial security

☐ Financial security:

- ☐ Cash deposit
- ☐ Disposable financial security (DFZ)

☐ Cash deposit:

- ☐ Credit cash deposit 200 000 € to the bank account of OKTE, a.s. no later than 3 business days validity prior to the required effective date of Contract Agreement

☐ DFZ:

- ☐ by depositing cash on Market Operator's bank account at minimum of 3 business days validity prior to the Contract required effective date of Agreement
- ☐ By handover of the bank guarantee issued by a bank with a banking license in Slovakia with the assigned long-term credit rating of BBB + (S & P) or Baa1 (Moody's) in the Slovak language with a period of validity at least 40 days. Example is available on: <http://www.okte.sk/sk/kratkodoby-trh>
- ☐ Combination of cash deposit and bank guarantee

Day-Ahead market – Determination of the amount and form of financial security

$$DFZ(\acute{U}T)=D\acute{U}(\acute{U}T)+\sum BZ-NP(\acute{U}T)+NZ(\acute{U}T)-FOO(\acute{U}T)$$

- ❑ $DFZ(\acute{U}T)$ = STM Participant's disposable financial security
- ❑ $D\acute{U}(\acute{U}T)$ = balance of STM Participant's funds on deposit account
- ❑ BZ = bank guarantee
- ❑ $NP(\acute{U}T)$ = unpaid Market Operator's claims toward STM Participant
- ❑ $NZ(\acute{U}T)$ = unpaid Market Operator's obligations toward STM Participant
- ❑ $FOO(\acute{U}T)$ = financial amount of STM Participant's registered orders

Invoicing activities related to organizing and evaluating cross-border organized short-term electricity market

- ❑ An invoice for a **fixed annual payment** for organizing and evaluating the organized short-term electricity market in accordance with the valid decision of Regulatory Office for Network Industries. Invoice will be **issued within 5 business days** from the day of delivery of the signed Agreement. **Maturity period is within 5 business days** from the day it was made available to STM Participant via IS STM.
- ❑ Market participant's invoice **for purchased and sold electricity** on the organized short-term cross-border electricity market based on tariff on cross-border organized short-term electricity market **will be issued within 15 days** of the following month. **Maturity period is within 5 calendar days** from the day it was made available to STM Participant via IS STM.

Invoicing of realized transactions

Daily clearing and settlement of executed transactions

- ❑ The result of the daily settlement is creating an OKTE's daily confirmation which will be made available for market participant in OKTE's Information System and sent to e-mail address specified in DM contract (collecting order/charging order). Collecting order (market participant's debt) **is due within 3 working days** after the end of the business day for which daily settlement takes place. Charging order (market participant's claim) **is due within 5 working days** after the end of the business day for which daily settlement takes place.

Monthly clearing and settlement of executed transactions

- ❑ OKTE will make monthly confirmation available within 9 working days in month following the evaluation month in OKTE's Information System. Confirmation includes trade date, amount of purchased and sold of electricity and overview of payments.
- ❑ Payments settled on the basis of daily confirmations are deducted in clearance invoices. Clearance Invoice (market participant's debt) **is due within 4 business days** from the day it was made available to STM Participant via IS STM. Invoice (market participant's claim) **is due within 5 business days** from the day it was made available to STM Participant via IS STM.

OKTE's course of action in market participants failure to fulfill its financial obligations

❑ Non-payment for traded orders

When market participant fails to make payment for clearing and settlement of cross-border organized short-term electricity market on the due date, OKTE is authorized to use relevant MP's financial security in following order: firstly Available Financial Security (DFZ) and then Cash Deposit. OKTE informs market participant about using his financial security no later than during the first business day following the day which the FS was used. Market participant is obliged to supplement financial security within 3 business days.