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Powernext® Auctions Market Notices

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TABLE OF MARKET NOTICES

Market Notice	Date of publication	Entry into force	Contents
AUCTIONS-2019-02	17/05/2019	17/05/2019	Publication – Market Notices regarding the Auctions on the Guarantees of Origin

POWERNEXT GUARANTEES OF ORIGIN IN FRANCE MARKET NOTICES

POWERNEXT AUCTIONS
Notice no. AUCTIONS-2019-02

RULES OF CONDUCT – DEFINITIONS

POWERNEXT AUCTIONS
Notice no. AUCTIONS-2019-02
17/05/2019

Pursuant to Article 1.2.2.1 of the Povernext Auctions Market Rules, Povernext hereby publishes the definitions of the terms “attempted market manipulation”, “market manipulation” and “inside information”.

“Attempted market manipulation” means

(i) entering into any Transaction, issuing any Order to trade or taking any other action relating to a Product with the intention of:

- giving false or misleading signals as to the supply of, demand for, or price of Products;
- securing the price of one or several Products at an artificial level, unless the party that entered into the Transaction or issued the Order to trade establishes that its reasons for doing so are legitimate and that Transaction or Order to trade conforms to accepted market practices on Povernext Auctions; or
- employing a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the supply of, demand for, or price of Products;

or

(ii) disseminating information through the media, including the internet, or by any other means with the intention of giving false or misleading signals as to the supply of, demand for, or price of Products.

“Market manipulation” means

(i) entering into any Transaction or issuing any Order to trade a Product which:

- gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of Products;
- secures or attempts to secure, by a person, or persons acting in collaboration, the price of one or several Products at an artificial level, unless the party that entered into the Transaction or issued the Order to trade establishes that its reasons for doing so are legitimate and that this Transaction or Order to trade conforms to accepted market practices on Povernext Auctions; or
- employs or attempts to employ a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the supply of, demand for, or price of Products;

or

(ii) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of Products, including the dissemination of rumours and false or misleading news, where the disseminating person knew, or ought to have known, that the information was false or misleading.

“Inside information” means information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more Products and which, if it were made public, would be likely to have a significant effect on the prices of those Products.

APPLICATION DOCUMENTS**POWERNEXT AUCTIONS**

Notice no. **AUCTIONS-2019-02**
17/05/2019

Pursuant to Article 1.2.1.1.4 and 1.2.1.1.5 of the Powernext Auctions Market Rules, Applicants must provide the following documents in order to be admitted on Powernext Guarantees of Origin in France:

- the Know Your Customer (KYC) form, including direct and indirect shareholders and a description of the technical and human resources to be allocated to trading on Powernext Guarantees of Origin in France
- evidence of their admission onto the National Register of Guarantees of Origin kept by Powernext
- the G01 admission application
- the signed Trading Agreement
- the signed agreement with ECC

Characteristics of the Agreements

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Segment	Guarantees of Origin in France					
Name of the Products	Guarantees of Origin					
Tradable Products		Solar	Thermal	Hydraulic	Onshore wind	Offshore energies
	Auvergne-Rhône-Alpes	✓	✓	✓	✓	✓
	Bourgogne-Franche-Comté	✓	✓	✓	✓	✓
	Bretagne	✓	✓	✓	✓	✓
	Centre-Val de Loire	✓	✓	✓	✓	✓
	Grand Est	✓	✓	✓	✓	✓
	Hauts-de-France	✓	✓	✓	✓	✓
	Ile-de-France	✓	✓	✓	✓	✓
	Normandie	✓	✓	✓	✓	✓
	Nouvelle-Aquitaine	✓	✓	✓	✓	✓
	Occitanie	✓	✓	✓	✓	✓
	Pays de la Loire	✓	✓	✓	✓	✓
	Provence-Alpes-Côte d'Azur	✓	✓	✓	✓	✓
	Members submit their Orders for a region/technology combination. They may also state a preference for a particular Production Device. Each Guarantee of Origin represents a production month of electricity. A same order book is only constituted with Guarantees of Origin from the same production month.					
Product description	Electronic document certifying the origin of the electricity supplied by a Production Device using a renewable source					
Negative prices	Negative Prices not allowed.					
Contract Volumes units	MWh					
Contract volume	1 MWh minimum					
Minimum lot size	1 contract (i.e. Min. volume = 1 MWh)					
Volume tick	1 contract (i.e. Volume Tick = 1 MWh)					
Price unit	€/MWh, 2 decimal digits					
Price tick	€0.01/MWh					
Total Contract Volume	= number of contracts x Contract Volume (1 MWh)					
Delivery	<p>Transfers are made the day after the Auction from buyer Members to the ECC account and from the ECC account to the account of the seller Member, the State.</p> <p>After confirmation of payments by ECC, Powernext delivers the Guarantees of Origin to the accounts of the buyer Members via a transfer on the National Register of Guarantees of Origin, the day after the Auction.</p>					
Order types available	"Simple Defined", "Simple generic" or "Multiple" Orders. It is possible to state a preference for a particular Production Device on Orders specifying a region/technology combination.					

Auction Session on Povernext Guarantees of Origin in France

POVERNEX AUCTIONS
Notice no. **AUCTIONS-2019-02**
17/05/2019

1. Trading sessions and phases

Povernext Auctions Guarantees of Origin in France Auction Sessions take place as mentioned in the calendar in notice "Auction calendars". Each auction session could be composed of independent sub-auction, representing each a production month of Guarantees of Origin. The sub-auction from the same auction are independent but follow the same calendar and the same negotiation phase.

The beginning and end of Auction Sessions are communicated to Members via the trading platform.

The Auction Session is organised according to the following trading phases:

- Publication of the Auction: at the start of the month, information concerning the Guarantees of Origin being auctioned is published on the Povernext website, as well as on the dedicated Auction platform.
- Order Submission Phase: this starts seven (7) days before the day of the Auction and ends on the day of the Auction. All Members may place Orders in the Order Book subject to a sufficient trading limit. No execution takes place. Trading limits are updated up to one (1) or two (2) days prior to the Auction, depending on the agreement the Member has signed with ECC.
- Auction phase: the trading platform freezes Orders available in the Order Book and the algorithm performs the Order matching.
- After the Auction phase: the results of the Auction are communicated no later than two (2) days after the Auction. The financial payment and delivery of the Guarantees of Origin take place the day after the Auction at the earliest.

2. Order matching

Orders placed on Povernext Auctions Guarantees of Origin in France during the Order Submission Phase may be fully or partially executed during the Auction phase.

Order matching rules ensure that Orders are executed in accordance with the reserve price defined by the seller Member, the State, and according to the price determination rules below.

Order matching is carried out according to an algorithm whose rules are as follows:

- (1) Search for an optimal solution maximising income earmarked by the State for the Energy Transition Special Assignment Account (CASTE – *Compte d'Affectation Spéciale Transition Energétique*).
- (2) Once the maximum income is known, the algorithm looks for the best solution to ensure equitable distribution and satisfaction of Members, particularly by applying the rule of "pro rata according to the volume initially requested" in the case of identical orders.
- (3) Optimisation of allocations in respect of production devices in order to minimise fragmentation of results across too many different production devices

All Orders selected by the algorithm are executed automatically, at the price submitted by each Member. When several orders are at the same price, the rule of "prorata according to the volume initially requested" rounded will be used.

3. Preference management

Processing of Production Device preferences occurs once the price and quantity of Guarantees of Origin are defined for each region/technology combination. Matching occurs in descending order of price for a given region/technology combination. If two Members offer the same price for the same Production Device, matching is carried out on a pro rata basis. It is possible for a Member to obtain Guarantees of Origin for a Production Device other than the one for which it stated a preference.

4. The Reference Price

The Reference Price used by Powernext is a volume-weighted average of the price of a Guarantee of Origin for a region/technology combination, calculated for each Auction. This average may not be available for one or more region/technology combination(s) for a given Auction if no Guarantee of Origin transaction has been carried out for that combination during that Auction.

Auction calendars

POWERNEXT AUCTIONS
 Notice no. **AUCTIONS-2019-02**
17/05/2019

Pursuant to Article 2.4.2. of the Pwernext Auctions Market Rules, Pwernext publishes below the dates of Auctions for 2019 calendar year as defined by the DGEC:

	Production month auctioned	Opening of the Order Book	Possibility of modifying financial trading limits	Order matching
Auction 1	March / April 2019	11 to 18 September 2019	17 September 2019	18 September 2019
Auction 2	May / June 2019*	16 to 23 October 2019	22 October 2019	23 October 2019
Auction 3	July / August 2019*	13 to 20 November 2019	19 November 2019	20 November 2019
Auction 4	September 2019*	11 to 18 December 2019	17 December 2019	18 December 2019

*In case of unsold Guarantees of Origin, production month of the previous auction (M-1) could be resold at auction (M). For example, the auction of the 18th December 2019 could be offer production month of September 2019 but also July and August 2019.

Fees, Charges, Invoices, VAT

POWERNEXT AUCTIONS
 Notice no. **AUCTIONS-2019-02**
17/05/2019

1. Annual admission fees

The annual admission fees for Guarantees of Origin in France are defined in the applicable version of Decree of 24 August 2018 designating the body responsible for the national register of guarantees of origin of electricity produced from renewable energy sources or cogeneration and the auctioning of guarantees of origin of electricity produced from renewable sources. Said fees include access to Auctions, as well as the admission fees for the ECC clearing house.

Annual fees	Price (€) [excl. tax]
Admission to the Register	€1,000
Admission to the Auction	€2,000
Registration of a production device	€10

In the framework of auctions, annual registration fees of production devices are exclusively at the expense of the French State.

2. Amount of Transaction fees for Guarantees of Origin

Transaction fees are defined and described in Market Notice “Fees, Charges, Invoices, VAT” by the applicable version of the Decree of 24 August 2018 designating the body responsible for the national register of guarantees of origin of electricity produced from renewable energy sources or cogeneration and the auctioning of guarantees of origin of electricity produced from renewable sources.

Transaction costs	Price (€) [excl. tax]
Issues	€0.01/MWh
Imports	€0.01/MWh
Transfer/Auction fees	€0.005/MWh
Exports	€0.005/MWh
Cancellations	€0.01/MWh

In the framework of auctions, transfer fees are payable by the buyer Member.

3. Value Added Tax on fees

The aforementioned fees shall be associated with a provision of services (Article 256 IV of the French Tax Code). The place of supply of such services is where the buyer is established for VAT purposes, according to Article 259-1 of the French Tax Code and Article 44 of Directive 2006/112/EC. They are subject to French Value Added Tax at the rate of 20% if the buyer is a French resident or a French establishment of a foreign business. They are not subject to French Value-Added-Tax if the buyer is liable to pay Value-Added Tax in another European Union Member State (in such case Value- Added Tax is due by the buyer in the member state in which the tax is due pursuant to article 196 of the directive 2006/112/EC) or is established outside the European Union. Moreover the buyer acknowledges that VAT should be self-assessed by the buyer pursuant to the tax law applicable in the State where the buyer has its residence. The buyer shall fully hold Powernext harmless in the event it fails to comply with its tax obligations towards a State.

4. Payment

The fees mentioned in articles 2.6.1 to 2.6.3 are due on the date specified in the electronic copy of the invoice.

If the amounts invoiced are not paid in full within the specified deadline, the sums owed are increased, by right, and without the need for a formal notice to pay, of a fixed rate for recovery fees of forty euros (€40) (art. L441-3 of the French Commercial Code) in addition to interest for late payments at a rate equal to three times the legally chargeable interest rate. These penalties are due on the day following the due date mentioned on the invoice.

Parameters Setting Notice

POWERNEXT AUCTIONS
 Notice no. **AUCTIONS-2019-02**
17/05/2019

1. Operating support

Members shall have access to hotline support for use of the Auction platform and particularly as regards:

- queries about the functions of the Trading System,
- queries about any malfunctions that may occur.

Operating support is provided using the following means of communication:

	Email	Telephone
Mon-Fri, during business hours (9am-6pm CET)	go-support@povernext.com	+33 173 03 96 28

That support relates exclusively to this system and does not cover malfunctions relating to the configuration of Members' equipment or internet connection.

2. Reference price

In accordance with Article 2.5.1. of the Povernext Auctions Market Rules, Povernext shall publish a reference price for each region/technology combination and production month, in the form of a weighted average calculated each month after notification of the Auction results. The methodology for calculating that weighted average is detailed in the "Methodology for establishing price references" section of this Market Notice.

It is possible that this average is unavailable for one or more region/technology combination(s) on a given production month if no Guarantee of Origin transaction relating to that combination and production month has been carried out during that month.

3. Configuration and licences

3.1 Configuration of the Member's equipment

Members must have the following hardware and software:

- Microsoft Windows 7 or higher a firewall with the following ports open:
 - TCP 443
- an internet connection and Microsoft Internet Explorer version 10 or higher.

3.2 Communications

→ Normal procedures

	Transmission of Orders		Publication of Transactions
Information Sent	Price Volumes Order Type Preference of Production Device Time of transmission		Price Volumes Time of the Transaction
Schedule	In real time during the opening hours of the Order Book		No later than two days after the Auction
Sender	Members		Povernext
Receiver	Povernext		Members
Primary system used	Povernext Auctions platform		Povernext Auctions platform
Secondary system used	Email according to the template defined		Email according to the template defined
Transmission of Back Office documents			
Information Sent	"Trades" files	Transactions Invoices	Membership Invoices, other fees
Schedule	Monthly, no later than two days after the Auction	Monthly	Annually
Sender	Povernext	Povernext	Povernext
Receiver	Trading Members	Trading Members	Trading Members
Primary system used	Auction Platform	Email according to the template defined	Email according to the template defined
Secondary system used	Email according to the template defined		

→ Fallback procedures

If the trading system is unavailable:

- Trading shall be suspended;
- Povernext shall inform Members by email of the trading suspension and when trading shall resume.

Methodology for establishing price references

POWERNEXT AUCTIONS
 Notice no. **AUCTIONS-2019-02**
17/05/2019

The Reference Price used by Powernext is a volume-weighted average of a Guaranteed Origin price for a region/technology combination, calculated each month for each month of production Auctioned.

The calculation formula used shall be:

$$\text{Reference Price} = \frac{\text{Prix(Transaction 1)} * \text{Volume(Transaction 1)} + \dots + \text{Prix(Transaction n)} * \text{Volume(Transaction n)}}{\text{Volume(Transaction 1)} + \dots + \text{Volume(Transaction n)}}$$

It is possible that this average is unavailable for a region/technology combination(s) and for a given production month if no Guarantee of Origin transaction concerning that combination and production month has been carried out during the month.

Trading limits

POWERNEXT AUCTIONS Notice no. AUCTIONS-2019-02 17/05/2019

Pursuant to article 2.4.1.3 of the Powernext Auctions Market Rules, Powernext describes below the system of trading limits in place on Powernext Guarantees of Origin in France.

1. Volume limit

Members may submit Orders for a given region/technology combination only if the quantity of Guarantees of Origin requested is less than the Auctioned quantity for that combination. The volume limit per product is common to all buyer Members. It does not apply to Members' preferences for certain Production Devices.

2. Limites de nombre d'Ordres

The number of purchase Orders along with the number of delivery preferences that a Member may submit during the auction is limited.

- Limit of the Orders number : 50
- Limit of the sub-order forming an Multiple Order: 10
- Limit of the number of delivery preferences: 10 Production Devices

Members may not submit more Orders or delivery preferences by sub-auction as defined in these limits.

3. Financial limits

3.1 Transmission of trading limits from ECC to Powernext

ECC transmits trading limits to Powernext and Powernext applies those trading limits to Members that are deemed to have agreed with their Clearing Member to use that functionality. According to ECC operating rules, the Clearing Member must agree the trading limits' value with the Member before it is transferred to ECC.

Each Member and its Trading Account is identified by Powernext using a Clearing Code associated with each limit, provided by ECC. Powernext receives the trading limits data (Initial Limit) from ECC, which has initially received that data from the Clearing Member. Each Member is assigned a trading limit by ECC. In the case of a zero limit, the Member shall not be able to submit Orders.

As a consequence, Members are impacted in accordance with the respective Clearing Accounts communicated by ECC.

ECC shall send Powernext an update of limits per participant every day during the opening of the Order Book. If the Member has already submitted Orders, the Orders shall be re-verified and potentially rejected if the new limit is lower than the total value of the Orders submitted. In that case, the Member shall be notified by email and via a notification on the Powernext Auctions platform and must resubmit its Orders.

3.2 Rules for application of trading limits on Auctions

Powernext applies the trading limit received from ECC for a given Member to each Order submitted on Powernext Guarantees of Origin in France. Orders and Transactions which are not compliant with the trading limit may not be submitted to the trading platform.

The trading limit is defined in Euros. The Orders are denominated in Euros, as defined in the Agreements Characteristics Notice.

A Member's Available Limit is defined as the difference between the Initial Limit and the exposure of all Orders submitted.

$$\text{Available Limit} = \text{Initial Limit} - \text{Order Exposure}$$

The financial exposure of a submitted Order is defined as the net payment amount due by the Member that may result from the Order's execution.

Members may contact the Operating Support as defined in the Parameters Setting Notice in case they need to know their Available Limit.

3.3 Procedure and consequences in case of a technical problem

As stated in Article 2.4.1.3. of the Powernext Auctions Market Rules, in the event that a technical problem prevents Powernext from verifying the Orders' compliance with the trading limits, Powernext shall communicate as soon as possible concerning the technical problem in question and Members must nevertheless continue to respect their trading limit. In such cases, Powernext waives all liability if the Member fails to comply with its limits.