

- **Day-Ahead Trading report Q2 2016**
- **The market coupling on the SI-AT border will provide increased trading opportunities for market participants and an increase in trading volumes on the Slovenian exchange market.**

(Anže Predovnik, CEO at BSP SouthPool)

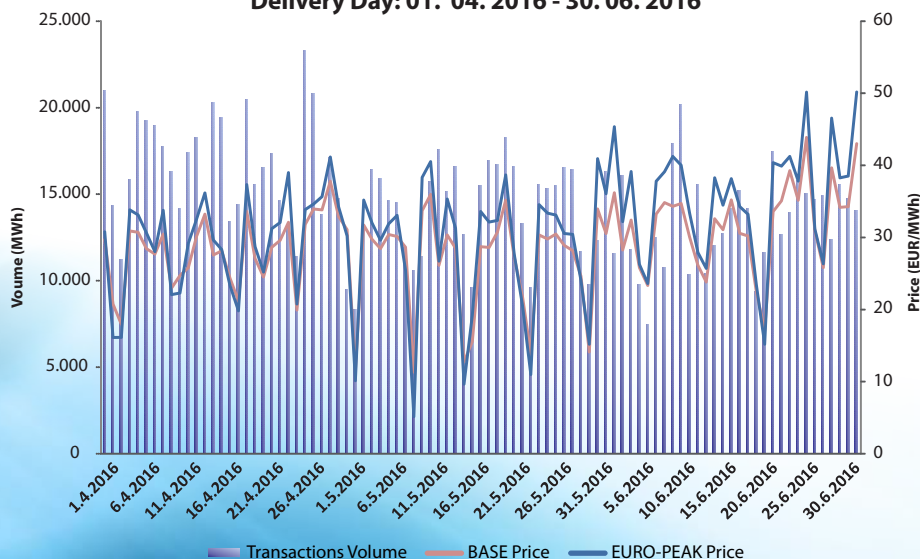
BSP SouthPool market Results

Day-Ahead Trading report Q2 2016

In Q2 the total volume of concluded transactions amounted to 1.339.215 MWh, whereas the volume of entered orders in the aforementioned period was 4.206.128 MWh.

Total volume in April reached 493.672,350 MWh, which represented 50,7 % of the Slovenian market consumption, in May 440.569,006 MWh with 43,9 % of the Slovenian market consumption and in June 404.973,704 MWh with 40,6 % of the Slovenian market consumption. The maximum daily volume in the period from the 1st of April to the 30th June reached 23.306 MWh and took place on the 25th April. The maximum hourly volume, an amount of 1.340 MWh was realised on the delivery day of 18th April for the 18th hour.

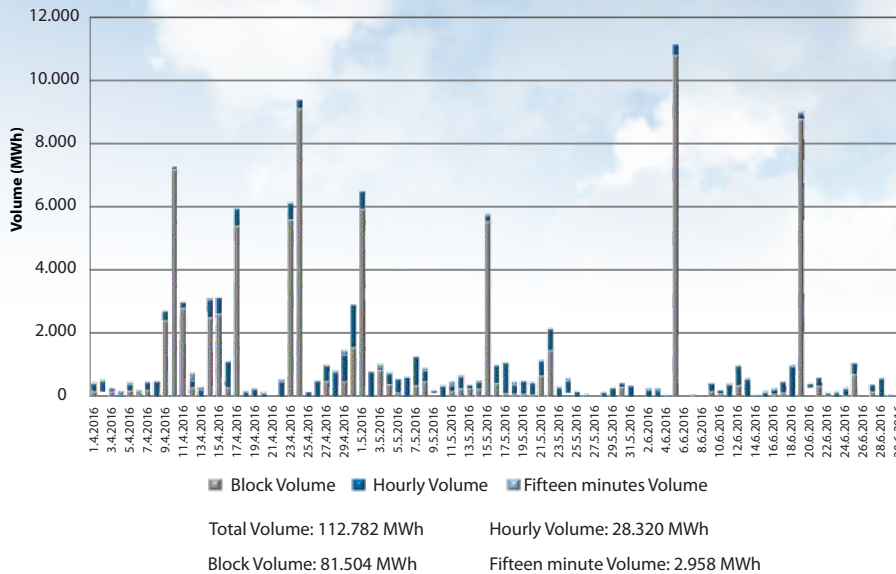
Slovenian Day-Ahead Prices and Volumes
Delivery Day: 01. 04. 2016 - 30. 06. 2016



Continuous Intraday Trading report Q2 2016

In Q2 2016 the total trading volume reached 112.782 MWh. In the same period a total volume of 81.504 MWh was concluded with block products, 28.320 MWh with hourly products and 2.958 MWh with 15 minute products.

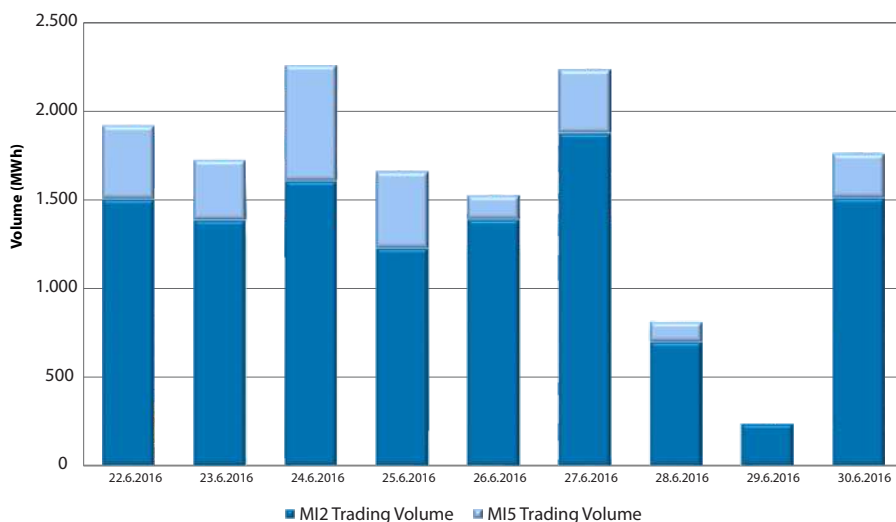
Slovenian continuous Intraday Market Volumes



Implicit Auction Intraday Trading report June 2016

The Auction Intraday trading was launched for the delivery day of 22nd June 2016. In the first 9 trading days the total amount of 14.097,483 MWh was traded. In the same period the total amount of offered daily capacities for both sessions, in the direction from Slovenia to Italy amounted to 82.774 MWh. Through the implicit allocation at BSP, 3.549 MWh of the offered capacities were allocated, representing 42,9% utilization of the daily available transmission capacities. In the direction from Italy to Slovenia the total amount of offered daily capacities was 144.198MWh and 8.693,09 MWh were allocated.

Slovenian Auction Intraday Market Volumes



The market coupling on the SI-AT border will provide increased trading opportunities for market participants and an increase in trading volumes on the Slovenian exchange market.

(Anže Predovnik, CEO at BSP SouthPool)



European market integration process is well on the way. What's current status from your perspective?

The objective of EU energy policy is the establishment of a single European market for electricity and gas. This shall be achieved by strengthening the energy policy coordination among member states. The integration process reached a significant milestone in February 2014 when the first two regions, NWE and CWE, started operating the implicit auctions with usage of common algorithm (PCR). Year 2015 was an important step towards further expansion of the single European market when power exchanges and TSOs extended their cooperation towards Central-South Europe, where the SI-IT border is included. The latest integration took place last month, with inclusion of the SI-AT border in above mentioned common operations. As a consequence major part of integration of the Slovenian day-ahead electricity market is now finalized. BSP focus will now shift on to the implementation of the implicit allocation on intraday segments offering our members higher flexibility of trading, when non-flexible and unpredictable renewable sources are coming on the market in a higher volume.

Can you share with us your understanding of the finalization of this process where all EU interconnected borders will be coupled?

BSP is involved in two regional projects, one covering the Italian border via CSE region and the other covering remaining borders via CEE region, where final market coupling will be allocating capacities calculated via flow-based mechanism. Flow-based capacity calculation is under development by the CEETSOs and when finalized also remaining CEE borders will be coupled in one step into a single European market. Recently adopted CACM regulation brought some different aspects on some already active processes, but in general the focus remains the same.

What are the changes brought by the CACM regulation you just mentioned?

EU regulation 2015/1222 is regulating the Single European market with a set of common rules for capacity allocation and congestion management. The adoption brought new obligations to both, TSOs and PXs. PXs for a start had to apply for a NEMO status where under selection process they had to comply with different tasks, which are now standard for the complete EU. Next, there is also opportunity for NEMO/PXs competition, where more than one NEMO/PX can operate market coupling in one country. On the other hand the Regulation has set new rules, obligations and deadlines also for TSOs, for instance Capacity Calculation Regions (CCR), multiple NEMO solution being designed, etc. All this can have an impact on regional projects.

Intraday market segment is on the rise in Europe. What are your future plans on this market segment?

Our future involvement on the intraday segment and its integration with neighbouring markets is under development on different levels. First we implemented at the end of July, a state of the art intraday trading platform M7 provided by Deutsche Börse. High speed and reliable trading system is not only providing our market participants with flexible and user friendly system but also enables BSP to smoothly migrate its Intraday market into the future Cross-Border Intra-Day (XBID) Solution – the latter shall enable market participants to fully benefit from cross-border trading on this market. We are also part of the XBID Accession Stream where we are in the process of being part of the XBID consortium, which is the basis of a single European market on this segment.

To complement the above mentioned continuous cross-border implicit trading, we introduced bilateral implicit intraday auctions on the SI-IT border with our Italian colleagues. Therefore our market participants are able to bid on two (MI2 and MI5) implicit intraday auctions and import or export the energy on this border in one single step. This pilot project, first in the EU, is now being part of the new regional initiative, the INB project, covering Italian borders, under which implicit intraday allocation with complementary auctions and continuous cross-border trading will be implemented.

You described the benefits of using BSP infrastructure for your members. What are other benefits for your members and do you plan to introduce any other trading segments beside abovementioned?

On a year to year level BSP is increasing its liquidity by harmonizing its trading and clearing infrastructure with the neighbouring markets and market segments. This has led to increase of the day-ahead trading volumes from 0,2 TWh in the trading segment start-up year 2010 to above 6 TWh in recent years (which is above the 50% share of the Slovenian market consumption). Launch of the intraday trading segment at the end of 2012 also proved to be a step in the right direction, since its volumes grow for more than 100 GWh per year. In our view this is a significant growth rate taking into account the fact that trading evolves relatively close to the actual delivery of electricity. We expect that this year intraday trading volumes will exceed 300 GWh. With regard to other trading segments, beside the day-ahead and intraday market, BSP organised in cooperation with the Slovenian TSO last November, an auction for the purchase of energy to cover losses on the transmission system for the years 2016, 2017 and 2018. Based on the good experience and positive market feedback, BSP will also organize such auction this year. Furthermore we aim to extend the number of partners for which we organize long term auctions

and their occurrence, bringing the Slovenian PX market closer to the long term market. To sum up we consider that BSP infrastructure is used on various market segments and for the benefit of our market participants.

Final word for your members

Last month we finalized a long promised project to our members, the coupling on the SI-AT border. This will provide increased trading opportunities for market participants. Given

the significant depth and resilience of the existing MRC market coupling, the introduction of implicit auctions on the SI-AT border will further increase trading volumes on the Slovenian exchange market. We will continue to improve our day-ahead market with options to trade with different block products and offer our market also a possibility of negative prices. We are now focusing on developing our intraday market where together with the trading platform M7 and implicit intraday auctions, further options for our members will be introduced.

Traders Party

On Friday 20th May the traders and other BSP SouthPool partners had opportunity to meet each other at the BSP Traders' Party at Club Paprika in Portorož. There are some photos from the event.



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