



**INDEPENDENT
BULGARIAN
ENERGY EXCHANGE**
YOU SELL, WE DELIVER CONFIDENCE

Settlement rules for Day Ahead and Intraday market segments

INDEPENDENT BULGARIAN ENERGY EXCHANGE

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Contents

General provisions	2
Types of collateral	2
Collateral amount calculation	3
Payables and deadlines	4
Non-performance	4
Extraordinary collateral	4
Minimum collateral amount.....	4
Setting collateral amount upon registration.....	4
Release of collateral.....	5
Systematic breach of the obligations to maintain a collateral. Sanctions.	5
Basic Rules of Payments.....	6
Net purchase	6
Net sale	7
Non-performance	7
Systematic non-compliance with payment obligations. Sanctions.....	7
Invoicing	8
VAT	8

Chapter I General provisions

General provisions

1. These rules are Appendix N°3 to the Power Exchange Operational Rules.
2. These rules cover financial relationships arising from transactions concluded on the power exchange for electricity segments Day Ahead /DAM/ and Intraday /IDM/, which are integral part of the organized power exchange.
3. The power exchange operator is acting as a counter party to all transactions for purchase and sale concluded on the power exchange for electricity segments Day Ahead /DAM/ and Intraday /IDM/.
4. The power exchange operator shall perform the activities on settling mutual obligations arising as a result of transactions concluded on the power exchange for electricity segments DAM and IDM.
5. Following publication of results in accordance with the Operational Rules for Day Ahead Market and Operational Rules for Intraday Market, each trading participant shall have access via the respective electronic trading system to detailed information on the transactions for purchase and sale concluded by the participant and thus, to the financial position resulting from the concluded transactions on the market.
6. Trading participants shall be granted with personalized access to a web based platform, providing information about the required collateral due for the next financial day, as well as other information related to their participation on the power exchange for electricity.
7. In order to secure the transactions concluded on the power exchange, trading participants shall be obliged to provide collateral in the form of a bank guarantee and /or a set amount to an account owned by the power exchange operator.
8. Settlement services provided by IBEX, regarding trading carried out on the power exchange segments DAM and IDM shall be subject to charging in accordance with IBEX's Tariff.
9. For the purposes of settling financial relationships, each trading participant upon registration on the power exchange segments DAM and IDM, shall submit the following information:
 - 9.1. *A person in charge of the settlement and collaterals of the respective trading participant (TP).*
 - 9.2. *Full bank account details in BGN of the trading participant for the purposes of financial payments arising as a result of transactions concluded on the power exchange segments DAM and IDM.*

Chapter II Collateral

Types of collateral

10. For the purposes of securing its financial obligations, arising as a result of transactions concluded on the power exchange segments DAM and IDM, each trading participant should maintain collateral, which at any time meets the requirements set for its amount.

11. For the purpose of trading on the power exchange, IBEX shall accept collateral of one or a combination of the following forms:
 - 11.1. *A bank guarantee accepted by IBEX in BGN/EUR. IBEX publishes the text of the bank guarantee and the eligibility provisions on its website. The amounts of the provided bank guarantees are not taken into account when the amount of the collateral is determined 15 (fifteen) working days prior to the expiration day of the respective bank guarantee in case the new one with new expiration day is not submitted.*
 - 11.2. *An amount paid to an account provided by IBEX in BGN. IBEX shall not be indebted any interest on sums paid by TP.*
12. When trading participants provide collateral as a bank guarantee, they undertake:
 - 12.1. *to pay all the costs of providing it to both the issuing bank and the beneficiary's bank, including (but not limited to) the fees and commissions for advising bank guarantees on presentation through the service bank(s). The issuing bank of the guarantees shall explicitly indicate to the beneficiary's bank that the commissions for advising bank guarantees are at the expense of the trading participant and are negotiable;*
 - 12.2. *To provide a new bank guarantee with validity period of 12 /twelve/ months at least 15 working days before the date of expiry of the currently provided bank guarantee.*

Collateral amount calculation

13. The collateral amount required by IBEX shall be set in BGN for each Financial day.
14. The collateral amount for certain Financial day is the highest from the daily margins for the last 30 (thirty) days. The daily margin for the respective day is calculated as a product of the Daily net position of the respective trading participant in MWh, the Risk parameter and the Daily factor determined by IBEX, where:
 - 14.1. *The Daily net position in MWh is the difference between the purchased and the sold amount of electricity for certain day from the TP where the netting is a product of both market segments DAM and IDM;*
 - 14.2. *The Risk parameter is price in EUR/MWh, determined for a long (purchase) position or short (sale) position respectively. It represents the highest expected daily average price, calculated by IBEX based on historical data;*
 - 14.3. *The Daily factor is a parameter, which takes into consideration the risk exposure of the TP during the non-Financial days.*
15. The calculation method of the Risk parameter as well as the value of the Daily factor shall be published on IBEX web site and both can be changed on the sole discretion of the power exchange operator:
 - 15.1. *For guaranteeing the secure operation of the power exchange for electricity.*
 - 15.2. *In case of sequence of non-Financial days.*
16. The amendment of the value of the Risk parameter and/or the Daily factor shall be announced on the IBEX web site with 2 (two) days' notice.
17. An example illustrating the required collateral calculation method shall be published on the web site of IBEX.

18. The value of the required collateral for the newly registered TP is calculated by IBEX based on the expected net purchase of electricity in accordance to Art. 25.

Payables and deadlines

19. In case the collateral amount of certain trading participant needs to be increased, the trading participant must increase the amount of the respective collateral by 10:30 CET (11:30 EET) on the following financial day. In a sequence of non-working/ non-financial days, the increase is due by 10:30 CET (11:30 EET) on the following first financial day after the increase of the collateral has occurred.

Non-performance

20. In case of non-fulfillment of the obligations regarding the value of the collateral under Art. 19 by a trading participant by the end of the respective financial day the operator may suspend the TP from taking part in the next trading session.

Extraordinary collateral

21. The power exchange operator may require extraordinary cash collateral to be provided by a trading participant, if an increased risk level associated with the participant is perceived to exist. The increased risk level is define on a power exchange operator discretion.
22. The notification for extraordinary provision indicates the term it should be provided in and it may not be shorter than two (2) hours following notification reception. In case certain trading participant does not meet the obligations regarding the extraordinary collateral by the end of the specified period, IBEX may suspend the respective trading participant from participation in the next power exchange session in accordance with the Power Exchange Operational Rules.

Minimum collateral amount

23. IBEX shall require minimum collateral amount from all trading participants, members of the power exchange for electricity segments DAM and IDM, the amount of which is indicated in IBEX's Tariff.
24. Trading participants, net sellers of electricity, shall provide the minimum collateral amount in accordance with Art. 23.

Setting collateral amount upon registration

25. The initial collateral amount of a trading participant shall be set on the basis of a declaration about the estimated power for purchase/ sale that the relevant participant intends to trade on the power exchange, DAM and IDM segments, but not less than minimum collateral amount in accordance with Art. 23.
26. The amount of the initial collateral is an appendix to the participation agreement for the power exchange segments DAM and IDM.

Release of collateral

27. The collateral of a trading participant shall be released in the following cases:
- 27.1. *Upon membership termination of a trading participant in accordance with Power Exchange Operational Rules, within 10 /ten/ working days after the date of the termination/suspension, in case the respective TP has no liabilities towards the power exchange operator.*
 - 27.2. *Upon a trading participant withdrawing in accordance with Power Exchange Operational Rules within 10 /ten/ working days of the withdrawal request, in case the respective TP has no liabilities towards the power exchange operator.*
 - 27.3. *In case the trading participant has unpaid obligations to the Operator, the collateral shall be claimed up to the amount of the obligations, while the remaining amount is released to the trading participant.*
28. A trading participant may request partial release of the collateral amount in the following cases:
- 28.1. *If for a 5 (five) days' period before the date of the release request the required collateral has been lower than actual.*
 - 28.2. *If for each day under Art. 28.1 the available collateral has been at least 25 % (Twenty-five percentage points) higher than the collateral requested in accordance with Art. 14.*
 - 28.3. *In case due payment is existing, the released amount shall be automatically redirected for fulfilment of the obligation. Only the residual amount shall be released.*
29. Upon partial release of collateral, the power exchange operator shall only agree the release of collateral to the extent greater than the required collateral at the time of the release or the minimum prescribed collateral in accordance with Art. 23.
30. Collateral release in accordance with Art. 28 shall be done only upon a written request by the respective trading participant as per the template published on the website of the power exchange operator.

Breach of the obligations to maintain a collateral. Penalties in a form of sanctions.

31. In the event of a third sequential breach by a trading participant of its obligations to maintain collateral under Art. 10, for a period of a 6 (six) months, the power exchange operator shall impose sanction representing increase of the Settlement fee, defined in IBEX's Tariff, with 0,04 BGN/MWh for a period of six (6) months. The number of breaches shall be count cumulatively for both markets – DAM and IDM.
32. The sanction described in Art. 31 is imposed within 2 (two) weeks of the detection of the breach, but not later than 2 (two) months of the effectuation.
33. Upon each sequential breach of the obligations (after the third one) by the trading participant to maintain collateral under Art. 10, in the terms indicated in Art. 31, the Operator imposes sanction according to the Art. 31 in an increased amount, with another 0,04 BGN/MWh, where the duration of the application of the sanction is to be extended with another 6 (six) months. The above mentioned sanction is to be imposed within 2 (two) weeks of the detection of the breach, but not later than 2 (two) months of the effectuation. This clause for sanction period extension with another 6 (six) months is applicable in

cumulative manner upon each sequential breach of the obligations detected by the Operator.

Chapter III Payments

Basic Rules of Payments

34. Trading participants shall be responsible for timely settling of their obligations arising as a result of transactions concluded on the power exchange segments DAM and IDM.
35. When operating on the market segments DAM and IDM, trading participants shall receive information about:
 - 35.1. *Concluded transactions for purchase, amount due and the amount of fees due according to the Tariff of IBEX.*
 - 35.2. *Concluded transactions for sale, receivable amounts and the amount of fees due according to the Tariff of IBEX.*
36. Payments on the power exchange segments DAM and IDM shall be performed on the basis of net purchase and net sale.

Net purchase

37. For fulfilling trading participants' obligations who have concluded a net purchase, IBEX admits two schemes for obligations fulfillment:
 - 37.1. *On a daily basis.*
 - 37.2. *On a weekly basis.*

On a daily basis

38. Trading participants having realized net purchases shall be obliged to transfer the amount due, including fees, to IBEX's account set for this purpose by 10:30 CET (11:30 EET) on the first financial day following the day of issuance of the invoice.
39. In a sequence of non-working/non-financial days, amounts due arising for net purchasers for the last financial day before the sequence of non-working/non-financial days shall be payable by trading participants by 10:30 CET (11:30 EET) on the first financial day following the non-trading days.
40. In a sequence of non-working/non-financial days, amounts due arising for the sequence of non-working/non-financial days and the first following financial day shall be payable by the respective participants by: 10:30 CET (11:30 EET) on the second financial day following the non-financial days.

On a weekly basis

41. In order to cover the net purchase, realized by a trading participant on a weekly basis the respective participant shall deposit an amount into IBEX's account which shall cover his net purchase for a seven-day period.

42. IBEX approves only the amounts in Art. 41 which are available into power exchange operator's account on Friday for a seven-day period from Monday, following the depositing of the respective amount.
43. In case of non-working Friday amounts in Art. 41 shall be available into IBEX's account during the last financial day before Friday.
44. Every day after the trading session IBEX acquires the net purchase amount including fees due from the respective trading participant's amount.
45. Each trading participant is obliged to monitor the balance of the amount for fulfilling liabilities due arising for net purchase.
46. In case of laying out the available funds before the end of the seven-day period the respective trading participant shifts to a scheme for obligations fulfillment on a daily basis in compliance with Art. 38, Art. 39 and Art. 40.
47. In a sequence of non-working/non-financial days, each trading participant who has chosen a payment scheme on a weekly basis shall provide for the respective amount in accordance with the greater number of days.

Net sale

48. For the trading participants, net sellers, who have chosen invoicing scheme in compliance with Art. 57.1., the power exchange operator shall pay the amounts due to net sellers on the second financial day following the trading day, with the amount of fees due being deducted from the amount due.
49. For the trading participants, net sellers who have chosen invoicing scheme in compliance with Art. 57.2 and Art. 57.3, the power exchange operator shall pay the amounts due to net sellers on the second financial day following the invoice provision day.

Non-performance

50. In case of non-performance of the financial obligations of the trading participant by the end of the relevant financial day, the Operator shall start the procedure for suspension of the respective trading participant according to the Power Exchange Operational Rules as well as the procedure for claiming of the collateral of the trading participant.
51. All expenses incurred in relation to the claiming of the collateral according to Art. 50 are at the expense of the trading participant.

Non-compliance with payment obligations. Penalties in a form of sanction.

52. In case of third sequential non-compliance by a trading participant with its obligations arising as a result of trading carried out, for a period of 6 (six) months, the power exchange operator shall impose sanction representing an increase of the Turnover fee, set in the IBEX Tariff, with 0,04 BGN/MWh for a period of six (6) months. The number of breaches shall be count cumulatively for both markets – DAM and IDM.
53. The above-mentioned in Art. 52 sanction is imposed within 2 (two) weeks of the detection of the systemic breach, but not later than 2 (two) months of the effectuation.

54. Upon each sequential breach of the obligations (after the third one) by the trading participant to meet its payment obligations, the Operator imposes sanction according to the period in Art. 52 in an increased amount, with another 0,04 BGN/MWh, where the duration of the application of the sanction is to be extended with another 6 (six) months. The above mentioned sanction is to be imposed within 2 (two) weeks of the detection of the breach, but not later than 2 (two) months of the effectuation. This clause for sanction period extension with another 6 (six) months is applicable in cumulative manner upon each sequential breach of the obligations detected by the Operator.

Chapter IV Invoicing

Invoicing

55. In case of issuing invoices for transactions concluded on the power exchange market segments DAM and IDM it is not permitted to issue a net invoice. The power exchange operator and trading participants issue two separate invoices for transactions concluded for purchase and sale.
56. IBEX shall issue electronic invoices to the trading participants each financial day and they shall include all inherent amounts according to the Tariff of IBEX as well as:
- 56.1. *For the Day Ahead Market the invoice is for the volumes that will be delivered on the next day. When there is a sequence of non-financial days the volumes traded during these days shall be invoiced on the first financial day following the non-financial days. The invoices issued are due for payment on the day following the issuance date.*
 - 56.2. *For the Intraday Market the invoice is for the volumes that were delivered on the previous day. When there is a sequence of non-financial days the volumes traded during these days shall be invoiced on the first financial day following the non-financial days. The invoices issued are due for payment on the day following the issuance date.*
57. Trading participants, which have concluded transactions for sale on the power exchange segments DAM and IDM shall issue an invoice and send it to IBEX according to one of the following options chosen by them:
- 57.1. *By the end of the first financial day following the trading day.*
 - 57.2. *By the 5-th day of the month for the month before.*
 - 57.3. *By the 16th of the current month for the period 1-15 and the last day of the current month for the remaining days of the month.*

VAT

58. All amounts indicated in these rules are without VAT.
59. For all the TP registered in Bulgaria, VAT shall be applied to all amounts due as a result of the concluded transactions.
60. For trading participants registered out of the territory of the country, payment of all taxes, VAT included, shall be an obligation of the respective trading participant in accordance with applicable law in the country of registration.

**Chapter V
Provision of information**

61. IBEX may at any time require legal and financial information regarding the participation of the TP on the power exchange segments DAM and IDM.

**Chapter VI
Ancillary provisions**

62. The power exchange operator shall publish on its website in a list called "Defaulting Participants" information regarding the trading participants sanctioned in accordance with these rules for a period identical to the period of the sanction imposed.