



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

CUSTOMER ADVISORY BOARD RULEBOOK

INDEPENDENT BULGARIAN ENERGY EXCHANGE

Contents:

Customer advisory Board role.....	2
Customer advisory Board purposes.....	2
Customer advisory Board functions.....	3
Organization and election of Board members.....	4
Election of Board members.....	5
Requirements to the members	7
Membership.....	8
Meetings	9
Board resolutions.....	10
Rulebook amendments	10
Effectiveness	10
Terminology	10

Chapter I

General provisions

1. Independent Bulgarian Energy Exchange EAD (IBEX) as a license holder for organizing an electricity power exchange in its capacity of a power exchange operator shall establish and organize the operation of a Customer Advisory Board in accordance with art. 143 of the Operational rules.
2. These rules settle the structure and organization of the activity of the Customer Advisory Board of Independent Bulgarian Energy Exchange (IBEX EAD) hereinafter referred to as the 'Board'.

Customer advisory Board role

3. The Board is a collective advisory body to IBEX EAD, which provides assistance and supports the power exchange operator in settling issues related to the development and operation of the day ahead market on a voluntary basis.
4. The Board resolutions have the effect of recommendations to IBEX EAD, which the power exchange operator is to carefully examine and consider in the decision-making process and in performing its activity.
5. When performing its functions, the Board shall be led by the following principles:
 - 5.1. *Representativeness;*
 - 5.2. *Equality;*
 - 5.3. *Transparency;*
 - 5.4. *Legality, openness, responsibility and coordination;*
 - 5.5. *Collective discussion and solving issues brought up;*
 - 5.6. *Equality of rights, obligations and responsibilities.*

Customer advisory Board purposes

6. Upon its establishment the Board shall aim at:
 - 6.1. *Supporting and improving the communication between IBEX EAD and trading participants registered on the power exchange for electricity;*
 - 6.2. *Encouraging and involving trading participants in discussing key issues for the power exchange operator development;*
 - 6.3. *Receiving information regarding trading participants' priorities and aligning the long-term strategy of the company with the respective priorities;*
 - 6.4. *Receiving information regarding difficulties and challenges to the trading participants, IBEX members;*
 - 6.5. *Discussing options for improving services, service and IBEX EAD trading participants' satisfaction;*

- 6.6. *Finding appropriate solutions to key issues related to all stakeholders;*
- 6.7. *Building up practices and policies to encourage free competition;*
- 6.8. *Establishing a venue, where market participants will be able and obliged to support IBEX EAD activity as well as to participate in the processes of policy formation and drawing up recommendations;*
- 6.9. *Creating conditions for building up more contacts, attracting, encouraging and involving generators, traders and consumers on the power exchange market;*
- 6.10. *The Board aims at contributing to securing a high level of trust on the part of trading participants, society, businesses and institutions on the power exchange for electricity.*

Chapter II

Functions

Customer advisory Board functions

- 7. The Board shall assist in the processes of establishing the policy and strategic objectives as regards the development of the power exchange by making specific proposals in the form of written opinions.
- 8. The Board shall submit opinions to the Chief Executive Officer of IBEX EAD (CEO of IBEX EAD) on key issues related to the development of the power exchange, including:
 - 8.1. *Issues related to the development, activity and operation of the power exchange market;*
 - 8.2. *Introducing new services, contracts, products, etc.*
- 9. The Board gives suggestions for improving the activity of services provided by IBEX.
- 10. The Board shall operate by holding meetings in accordance with Chapter IV of these rules.
- 11. When required, the Board may establish permanent and temporary working groups assisting its operation. The Board shall:
 - 11.1. *Set the tasks of the working groups;*
 - 11.2. *Set the period of work of the working groups;*
 - 11.3. *Elect a chairperson of the working groups;*
 - 11.4. *Elect members of the working groups;*
 - 11.5. *Discharge members of the working groups.*
- 12. The Chairperson of the working group is a member of the Board.
- 13. The Board shall determine the work plan of the working groups, coordinating objectives and results of their activity.
- 14. The members of the working groups shall be selected and dismissed by the Board at a meeting or by written approval, including email, as the procedure for their selection shall be organized by the Secretary of the Board.
- 15. Permanent working groups shall be established and dismissed pursuant to a decision of the Board.

16. The decision under item 15 shall contain information regarding the purposes and functions of the working group, the chairperson of the working group, the number of members, including employees of the power exchange, external experts and other persons.
17. The Chairperson of the working group under item 15 shall periodically present to the Board the results of its activity.
18. The Chairperson of the Board, following a resolution of the Board, shall present the results of the activity of the working group under item 15 to the CEO of IBEX EAD with specific proposals and recommendations.
19. The temporary working groups shall be established by resolution of the Board.
20. The resolution under item 19 shall contain information regarding: the purposes of the working group, term of operation, the chairperson of the working group, number of members, including employees of the power exchange, external experts and other persons.
21. The chairperson of the Board, following a resolution of the Board, shall submit the results of the activity of the working group under item 19 to the CEO of IBEX EAD with specific proposals and recommendations.

Chapter III

Structure and membership

Organization and election of Board members

22. The Board shall be established pursuant to a decision of the Board of Directors of IBEX EAD.
23. The Board shall consist of nine members in total, two of whom, including the Chairperson of the Board, shall be part of the management structure of IBEX EAD.
24. The Chairperson shall manage the work of the Board and has the following powers:
 - 24.1. *To approve the dates for the regular meetings;*
 - 24.2. *To approve the agenda for each meeting;*
 - 24.3. *To share the meetings;*
 - 24.4. *To convene extraordinary meetings.*
25. The Chairperson shall be assisted by a Secretary, which is part of the corporate structure of IBEX EAD, but is not a member of the Board. The secretary shall be appointed by the CEO of IBEX EAD for a period of two years.
26. The Secretary attends the Board meetings without voting rights.
27. The Secretary shall perform the following activities:
 - 27.1. *Organize the preparation of Board meetings;*
 - 27.2. *Notify in writing all Board members for upcoming meetings;*
 - 27.3. *Compile an agenda for each Board meeting and send it to all members at least 10 days before the date announced for the meeting;*

- 27.4. *Make an audio recording of each Board meeting as an administrative aid in the preparation of minutes which shall be signed by the Secretary and by the Chairperson of the Board.*
- 27.5. *Store protocols and ancillary materials from the meetings.*
- 27.6. *Publish the agenda and protocols of the meetings on IBEX EAD website.*

Election of Board members

- 28. The Board members shall be appointed and dismissed pursuant to an order of the CEO of IBEX EAD.
- 29. Two of the Board members as a part of the corporate structure of IBEX EAD, including the Chairperson of the Board shall be appointed and dismissed by the IBEX EAD CEO.
- 30. Seven of the Board member are representatives from the various categories of trading participants registered on the electricity power exchange administered by IBEX EAD, (power producers, traders, consumers) and shall be elected in accordance with the procedure under item 34.
- 31. An order issued by the CEO of IBEX EAD sets the proportion of the members of various categories of trading participants in accordance with an index reflecting the quantity of electricity traded by the respective category of trading participants on the power exchange. When determining the indicator, the quantity of electricity traded for the last twelve (12) months shall be taken into account or from the beginning of the power exchange market operation if this period is shorter.
- 32. The distribution of places per categories of the participants may be updated by IBEX EAD before each procedure for selection of members in case there are significant changes in the amount of traded electricity.
- 33. In case of significant changes in the structure of the power exchange trading participants, the IBEX EAD CEO may change the number of Board members pursuant to item 23 and if necessary, may initiate exceptional procedure for additional Board Members election.
- 34. In order to conduct a procedure for election of Board members for the different categories of trading participants active on the power exchange, the CEO of IBEX EAD shall appoint an Election Committee for the election of members in accordance with the provisions of these rules.
- 35. The Election Committee possesses the following powers concerning the preparation and implementation of the procedure for selection of Board members:
 - 35.1. *Shall organize and inform trading participants on launching a procedure for election of Board members.*
 - 35.2. *Shall organize the collection of nominations from each category of trading participants by sending a notice to all trading participants to this end or where there are organizations of the respective category to the respective organization/organizations. The notice shall contain the following details: term for submitting nominations, information on the number of members who are to be elected from the respective category, professional and personal requirements to the candidates, etc.*
 - 35.3. *Shall consider nominations submitted and assess their compliance with the criteria set. Where there is a bigger number of nominations, which meet the professional and personal requirements set, the Election committee shall select*

the most appropriate being led by the following criteria at least, but not limited to:

- a. Proven professional expertise in the sector;
- b. Maximum fair representation of the active members on the power exchange market taking into account whether active members who have proposed the respective candidate have another representative who will be proposed for member or is already such;
- c. Reputation.

35.4. Shall prepare a reasoned report to the CEO of IBEX EAD with a justification, as to which candidates meet the requirements, as well as proposal for their appointment for members of the Board. In the report the term the mandate of the respective member of the Board is stated alongside the motives for it. The report shall contain reasons in case any nominations do not meet the requirements.

36. Where further information related to the nominations submitted is required, the Election committee under item 34 with a view to achieving a maximum good assessment of the nominations submitted, may collect additional information on the respective candidates using some of the following methods but not only:

36.1. An inquiry to the company/companies that have made the respective nomination;

36.2. An inquiry to power exchange members from the respective category of trading participants who have not made the respective nomination;

36.3. Analysis of the public information;

36.4. Usage of generally accessible information systems and databases.

37. In accordance with item 35.2 trading participants who are members of the power exchange, representing the various categories, within the term indicated shall submit nominations for the members of the IBEX EAD Board:

37.1. Indicate the number of candidates in the respective category according to the information contained by the invitation under item. 35.2;

37.2. Submit applications that meet the requirements in accordance with these rules and the notice which shall contain evidence for experience, qualifications and personal qualities of the candidates.

37.3. When sending nominations of a respective organization from a said category of trading participants, the nomination need to contain information on the company/companies on whose behalf the respective nomination/nominations has/have been submitted.

38. When submitting nominations from the respective member categories in accordance with item 30, the members of each category shall have to make best efforts to submit nominations that have been aligned among participants from the respective category.

39. In case of lack of a sufficient number of nominations from any of the categories, after expiry of the term under item 35.2, the Election committee under item 34 shall extend the deadline and notify all trading participants, members of the power exchange, and shall request the respective member category to propose at least the remaining number of nominations.

40. If after expiry of the term under item 39 a sufficient number of nominations has not been submitted, the Election committee under item 34 shall explore the appointment of an interim member/members, meeting the requirements under p. 43 and following the criteria under item. 35.3. In this case the report under item. 35.4 along with the nominations deposited, the election commission shall also make a proposal for an interim member/members to be appointed.
41. The Power Exchange Board members shall be appointed pursuant to an order of the CEO of IBEX EAD after the report under item 35.4 has been submitted. The order shall have to contain the duration of the term of the respective members and the member category they represent.
42. Four of the members of the Board have a mandate of two years, including the Chairperson of the Board, while the other five members have a mandate of one year. The distribution of the duration of mandates is decided by the CEO of IBEX EAD after a proposal from the Selection committee and observing the principles of justice and equality among representatives of different categories of market participants.

Requirements to the members

43. Representatives of active power exchange participants may be elected for Power exchange members who meet the following requirements:
 - 43.1. *Are representatives of correct trading participants on the power exchange organized by IBEX EAD;*
 - 43.2. *Possess significant knowledge of the activity of IBEX EAD;*
 - 43.3. *Possess significant knowledge of the electricity market at a national level and within the European Union;*
 - 43.4. *Possess in-depth knowledge of the normative and regulatory framework at a national level;*
 - 43.5. *Are acquainted with the market situation in the region and in Europe and have a clear view of the development trends and objectives of the European Union.*
 - 43.6. *Master Degree in Engineering, Economics or Law.*
 - 43.7. *Fluent in English language;*
 - 43.8. *Minimum five years' experience in the energy sector.*
 - 43.9. *Have not been sentenced to imprisonment for an intentionally committed crime of general nature, nevertheless the exculpation.*
 - 43.10. *Possess effective communication skills and ability to work in a team.*
44. In addition to the requirements under item 43, candidates representing the Traders category are supposed to have relevant experience in the field of regional and EU energy markets. Proven active participation on two or more power exchanges in the region and Europe would be considered an advantage.
45. When submitting the nomination of the respective candidate in order to evidence the requirements under item 35, it shall be accompanied at least by the following documents:
 - 45.1. *CV of the respective candidate containing information on the education and professional experience of the respective person;*
 - 45.2. *Declaration for lack of circumstances under item 43.9;*

- 45.3. *A short summary which gives an idea of the experience of the respective participant including experience in participation on power exchange markets in the region and Europe. The opinion of the participant on the power exchange market organized by IBEX EAD shall have to be provided, a vision for development and recommendations;*
- 45.4. *A reference/references from employers, contractual parties and professional organizations with respect to the qualities the candidate possesses.*

Membership

- 46. Membership in the Board shall be on a voluntary basis.
- 47. For their activity Board members shall not receive remuneration.
- 48. Each member has the right to participate in the discussion of the issues within the Board competence and to be informed of the activity of the Board.
- 49. Each member shall be obliged to assist in achieving the objectives and performing the activities of the Board.
- 50. Members shall have to support discussions and to make proposals for settling issues that have arisen and other specific problems which may arise.
- 51. Members shall propose the discussion of issues which have to be addressed to the governing bodies of IBEX EAD.
- 52. Members shall guarantee and if necessary prove that the opinion they express is in line with the principles of the company/companies they represent.
- 53. Board members shall not have the right to conduct political activity or propaganda through the Board or to use their membership in it to achieve objectives incompatible with its main function or undermining the prestige and goodwill of the Board.
- 54. Board members shall be obliged not to disseminate the information they acquire in the process of work in their capacity as Board members except for the information that is publically acceptable.
- 55. Board membership shall be terminated:
 - 55.1. *Upon a request of the member;*
 - 55.2. *Upon a request of the organization or the organizations that has nominated the respective member;*
 - 55.3. *Upon termination of the membership of the respective company in the power exchange market organized by IBEX EAD whose employee is the member.*
 - 55.4. *In case of systemic non-participation in the activity of the Board (more than 2 absences in the course of one year) and long-term inability to perform their obligations;*
 - 55.5. *When performing activities undermining the prestige and goodwill of the Board;*
 - 55.6. *When conducting political activity or propaganda through the Board.*
- 56. Membership shall be terminated pursuant to an order of the CEO of IBEX EAD. The membership termination order shall also launch a procedure for election of a new Board member that continues the term.

Chapter IV

Meetings and organization of the work of the Board

Meetings

57. Administrative activities related to the activity of the Board shall be performed by IBEX EAD, as it follows, by the chairperson and the secretary in accordance with item 24 and 25.
58. Board meeting shall be:
 - 58.1. *Regular;*
 - 58.2. *Extraordinary.*
59. Meetings under item 58.1 shall be held once every four months. The schedule shall be set in advance the previous year for the following year and shall be approved by the chairperson of the Board.
60. Meetings under item 58.2 shall be convened, if required, by the chairperson or upon request by more than half of the Board members.
61. Proposal for items to be considered at a Board meeting may be made by each Board member in a written request and each active member on the power exchange market via a respective member or by sending a request to the Board secretary. The request for considering proposals shall be submitted in a format set for this purpose generally accessible on IBEX EAD website. The format shall contain at least:
 - 61.1. *A specific proposal to be considered;*
 - 61.2. *A justification and specific actions proposed;*
 - 61.3. *Expected effect.*
62. The draft agenda of Board meetings shall be prepared by the secretary and approved by the chairperson in accordance with the proposals submitted.
63. Board members shall be notified in writing by the Secretary for the venue, date, time and draft agenda of the meeting at least ten days before the respective meeting.
64. In five days of receipt of the draft agenda of the meeting, Board members can propose additional issues for consideration by sending them to the Secretary of the Board. In this case, additional issues have to be sent immediately to the other members.
65. Board meetings shall be convened and chaired by the chairperson and in case of his absence by a Board member appointed by him.
66. Board members shall participate in its work personally and may not authorize other persons to represent them.
67. The Board shall act by a mandatory quorum consisting of five members.
68. The Board can take decisions only by mandatory quorum of seven members.
69. Employees of IBEX EAD, representatives of bodies or organizations related to the issues considered may be invited to the meetings without a voting right.
70. Board meetings shall be kept full audio recording.
71. At each Board meeting the secretary shall prepare a protocol, based upon item 70, which shall be sent to the members and signed by the chairperson and the secretary.
72. The agenda and protocols of the Board meetings shall be published on IBEX EAD website.

Board resolutions

73. Board resolutions shall be taken with an open vote and simple majority, if there is a mandatory for this quorum in accordance with item 68.

Rulebook amendments

74. Any changes in the rules come into force from the moment of their publication on the website of IBEX EAD following the IBEX EAD Board of Directors amendments adoption decision.
75. Regardless of the provisions of item 74, an amendment of these rules may be made with an immediate effect via an order of the IBEX EAD CEO:
- 75.1. *If required by applicable legislation;*
 - 75.2. *If changes are required to secure correct and efficient operation of the Board;*
 - 75.3. *If changes are related to rectifying mistakes in the rules;*
 - 75.4. *If changes have the nature of revisions and do not lead to significant amendments.*

Effectiveness

76. These rules shall take effect as of the time of their publication on the website of the IBEX EAD according to item 74.

Terminology

- **Power exchange market** – for the purposes of these rules power exchange market shall mean the day ahead market organized by IBEX EAD.
- **Active trading participant** - company signed a contract to participate in the exchange market and submitted at least one sell or buy offer within the previous thirty days.
- **Correct trading participant** - a company member of the exchange market, which in the previous six months was performed correctly and on time its obligations for payment of amounts due as a result of transactions on the exchange market and obligations to maintain the required collateral in accordance with the Settlement Rules.