

Auctions for Guarantees of Origin owned by the Portuguese Electrical System

Presentation

- Decree-Law No. 141/2010, of 31 December (amended and republished by Decree-Law No. 62/2020 of 17 August) provides that producers deliver to the **Directorate-General for Energy and Geology** (*) the Guarantees of Origin (GO) relating to energy production from renewable sources:
 - that benefits from a direct price support regime or an investment incentive, or
 - produced under a power purchase agreement (CAE) or an early termination agreement of a CAE.
- These GOs are subject to transaction through a competitive auction mechanism (Auctions GO-PT) to be implemented by the DGEG.
- The date and the terms of the Auction, namely the quantity, typology, production period of the GOs, reserve price, are set by the DGEG by means of a Notice, published up to 20 days before the auction takes place.

(*) Direção Geral de Energia e Geologia

- The model applicable to Auctions GO-PT is embodied in the respective Rules, which describe the process and role of the different entities involved, namely:
 - the **Directorate-General for Energy and Geology (DGEG)**, through the CUR and OMIP, places in the market the GOs with a price or investment support regime.
 - **SU ELETRICIDADE (CUR)**^(*) is the entity responsible for the financial settlement and invoicing of revenues from the Auctions GO-PT.
 - **OMIP – Pólo Português, S.G.M.R (OMIP)** is the entity responsible for managing the participation and operationalization of the Auctions GO-PT.
 - **OMIP, S.A. (OMIP SA)** is the entity responsible for managing the financial guarantees required to participate in the Auctions GO-PT.
 - The **Guarantees of Origin Issuing Entity**^(**) (**EEGO**) is the entity responsible for the physical settlement of the guarantees of origin traded in the GO-PT Auctions.

(*) CUR is the Supplier of Last Resort

(**) Entidade Emissora de Garantias de Origem

- Marginalist “**Ascending Clock**” auction, consisting of a successive set of rounds. For each auction the Notice, published 20 days before, establishes:
 - the Minimum Price, which corresponds to the **Reserve Price**;
 - the **Quantity** to be auctioned, **Technology** groups and **Maturities**.
- Legal persons registered in the EEGO system and who have signed the **Adhesion Agreement** to the Rules, up to 5 working days before the auction, can participate.
- To qualify, a cash deposit (**Financial Guarantee**) in an OMIP SA bank account is required by 12:00 on the 2nd business day before the auction.

- Requirements:
 - be an **Active Participant in the EEGO System**.
- Admission process submitted to OMIP with the following elements:
 - Request for Admission as a **Registered Participant** (draft available)
 - Corporate and operational information (contacts, name of Authorized Representative and Auction Operator, bank details)
- Admission as a Registered Participant takes effect on the date of signature of the **Adhesion Agreement** to the Rules of the Auctions GO-PT.

- To access the auctions, Registered Participants must meet the following requirements:
 - Have active Registered Participant status up to 5 working days prior to the date of an auction.
 - Have the status of Qualified Participant up to 2 working days before the date of an auction, in accordance with the provisions of the following point.
- **Qualified Participant** status is assigned when the following conditions are met:
 - Have deposited, by 12:00 on the 2nd working day before the auction, in the Financial Guarantee Account of OMIP, SA, an amount in cash (in Euros) that corresponds to the economic volume of the initial offer, calculated by multiplying the Bid Quantity by the Reserve Price, plus an increase K-factor. This amount constitutes the **Financial Guarantee**.
 - Qualify as an Active Participant in the EEGO system within 2 business days prior to the auction.

- Calculated according to the following expression:

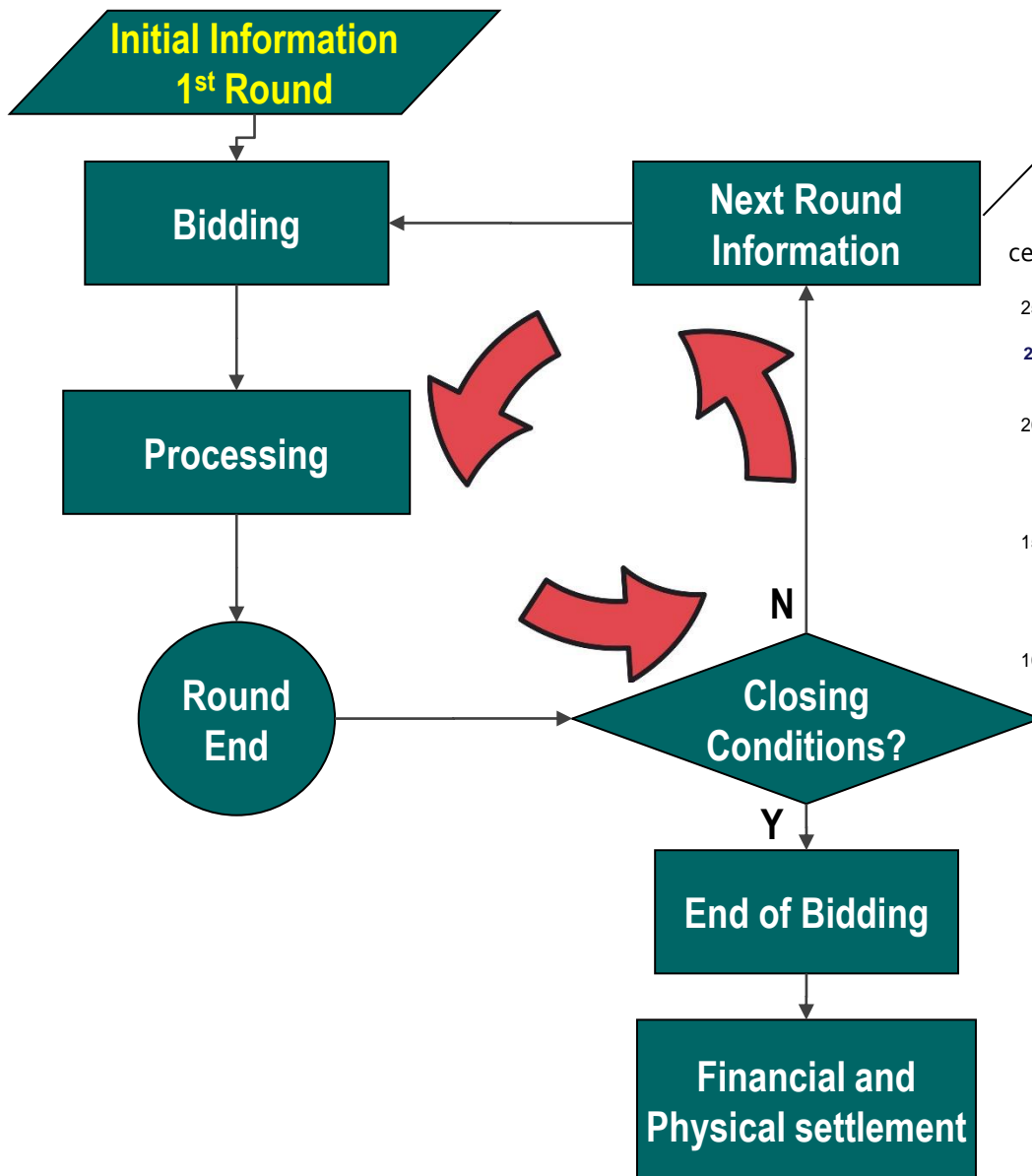
$$\begin{array}{l} \text{Financial Guarantee (€)} \\ \text{Deposited at OMIP, SA until} \\ \text{12:00 on the 2nd business} \\ \text{day prior to the Auction.} \end{array} = \begin{array}{l} Q_Initial \times P_Reserve \times K \\ + \\ \text{VAT} \end{array} + \begin{array}{l} \text{EEGO Fee +} \\ \text{OMIP/OMIP SA Fee} \\ + \\ \text{VAT} \end{array}$$

- The increase **K-factor** is defined in the Notice.
- The **Financial Guarantee** will be used as a guarantee for payment of the financial obligations arising from the activity in the Auctions GO-PT.
- In the event that the Financial Guarantee is not sufficient to cover all financial obligations, due to the final result of the auction, **OMIP SA** will communicate this information to the Participant, within 24 hours after the definitive Information Phase, for him to deposit the missing amount within 48 hours.

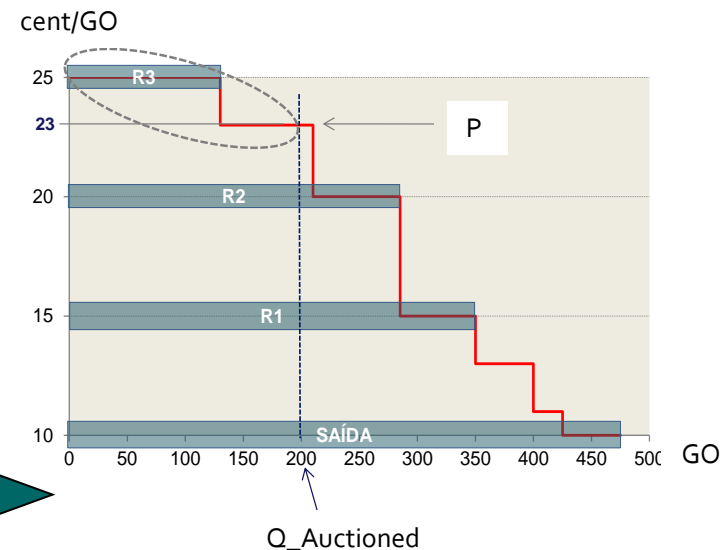
Auction

- **Specific lots** (Technology, Production Period,...) will be auctioned through individual auctions:
 - Several auctions can take place simultaneously and independently.
- **“Ascending Clock” Auction:**
 - Reserve Price established in the Notice;
 - Increasing prices of successive rounds established by the auctioneer (seller);
 - Number of rounds determined by the dynamics of the participants and their strategy;
 - Marginal price:
 - Auction results communicated to CUR and EEGO for subsequent financial and physical settlement.
- **OMIPlus:**
 - OMIP platform used in energy auctions.

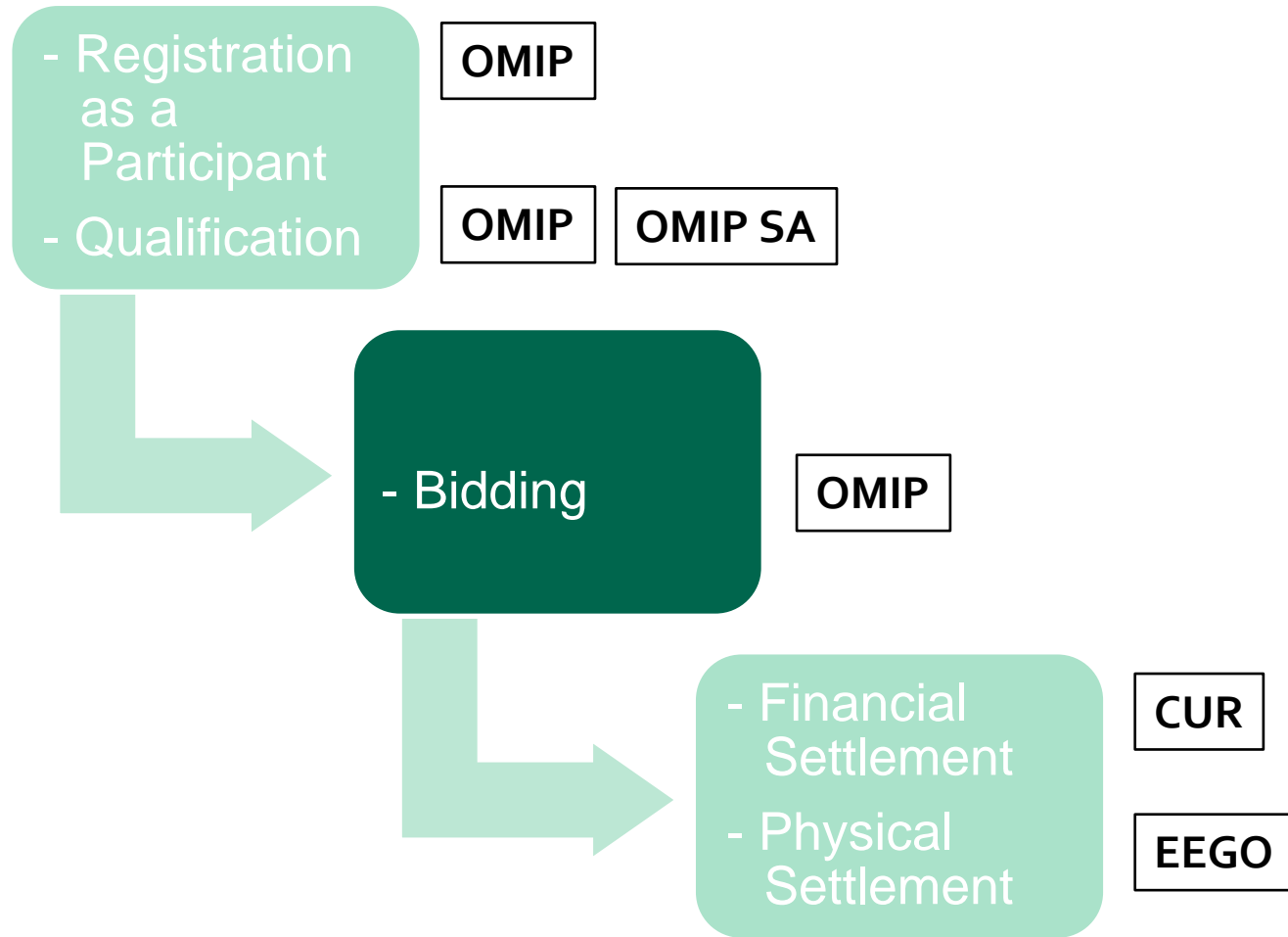
Ascending Clock Auction



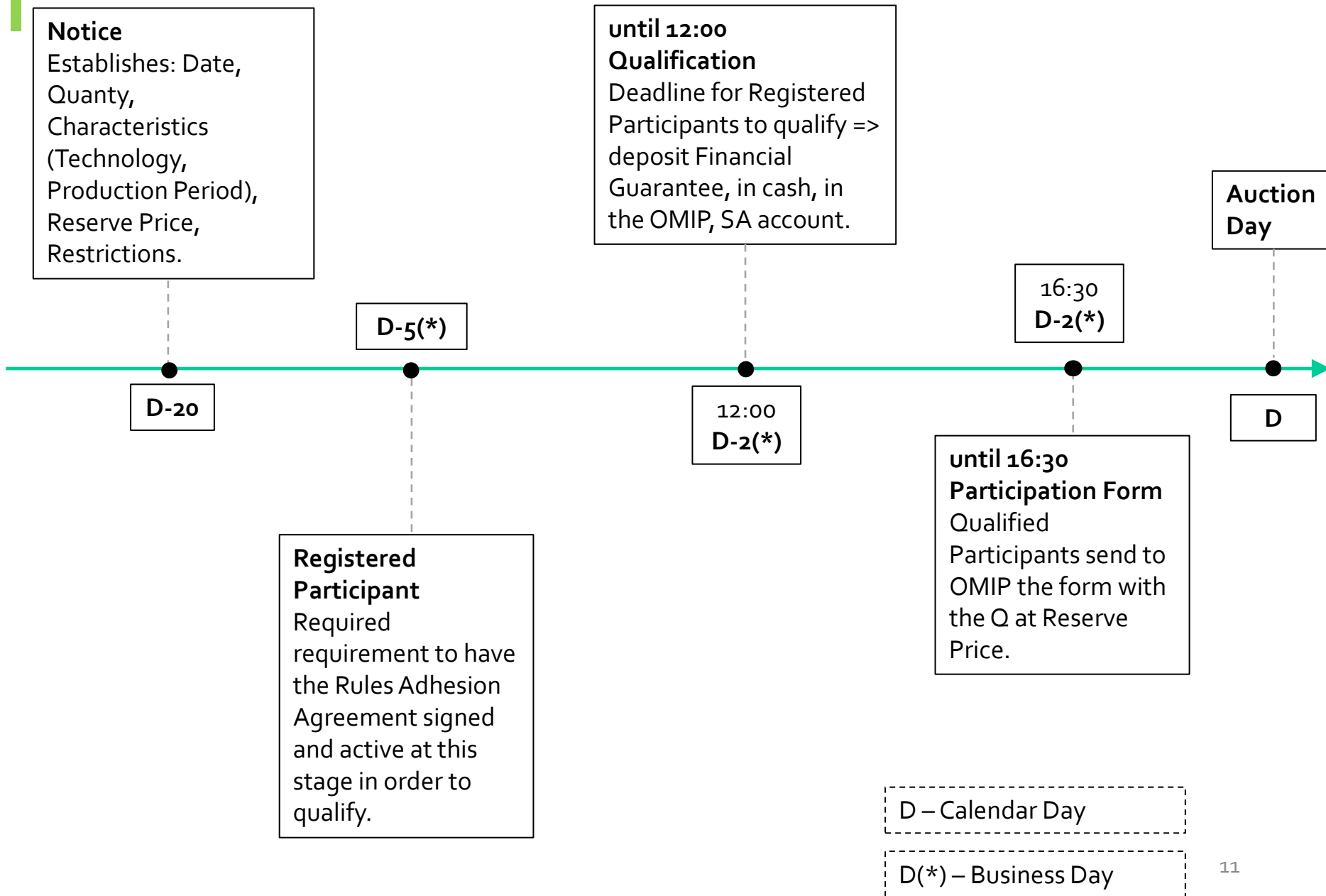
- Round Closing Price
- Bid Surplus



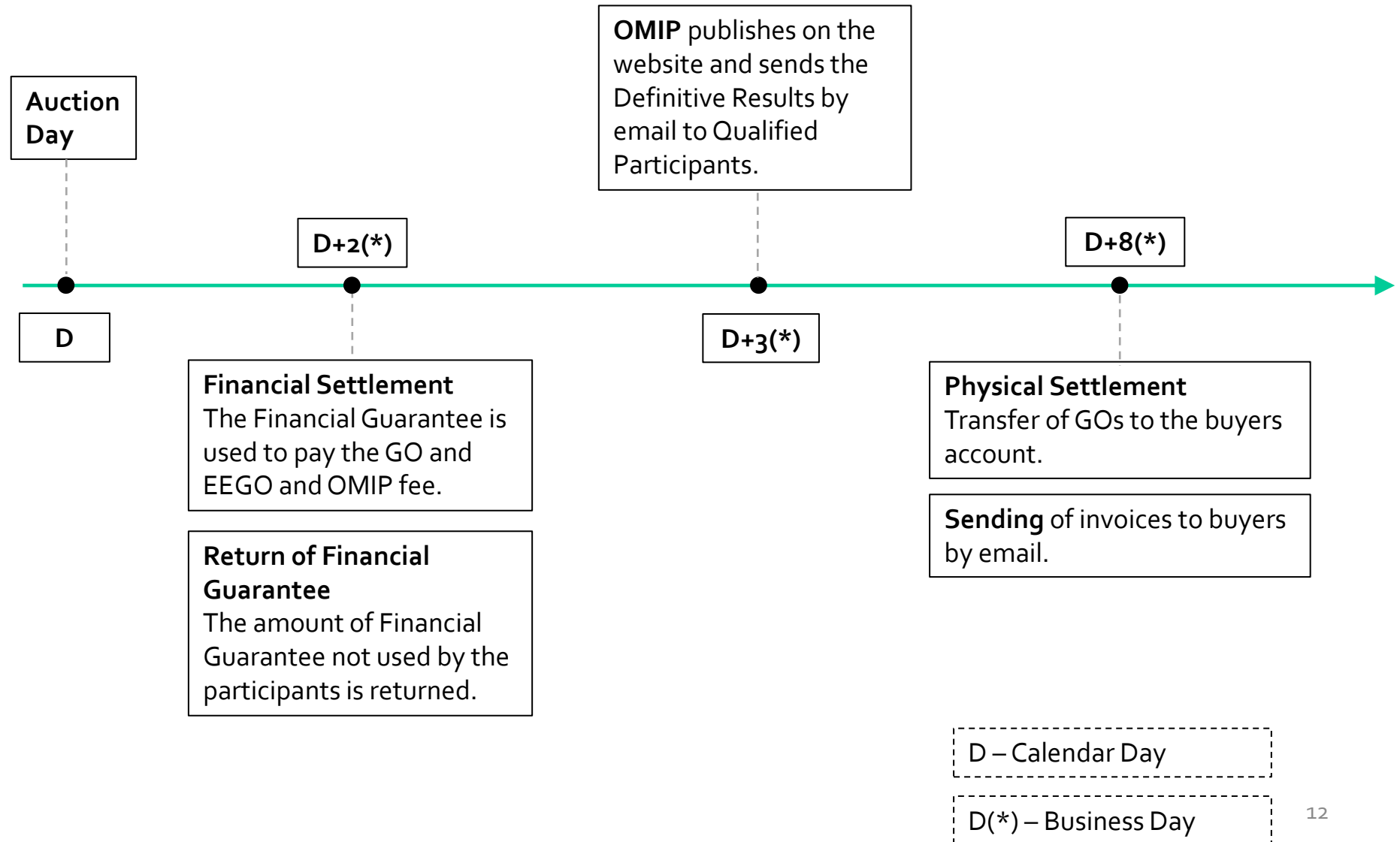
Process Overview



Sequence of Events



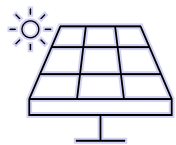
Sequence of Events



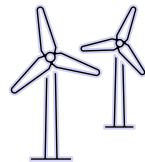
- The GOs will be auctioned in lots, grouped by Technology Group. Example: Solar, Wind, Hydro, and Thermal.
- A lot can correspond to one or more different production periods. In an auction that takes place in month M, GOs of production in M-2 and previous months can be offered.

Volume Sold per Technology

Jul/2021 – Jul/2022



0,8 TWh



22,7 TWh



8,0 TWh



5,0 TWh

leiloes-go@omip.pt

Thanks