



## **Technical Specifications**



**FTR Base Contracts**

17.December.2013

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Initial Version

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## TECHNICAL SPECIFICATIONS

### FTR Base Contracts

<b>Underlying Asset</b>	<p>FTR Base Contracts are of the Option type and have the following characteristics:</p> <ul style="list-style-type: none"> <li>a) Their Exercise Price is null;</li> <li>b) Their Exercise is automatic whenever the Option is “In-themoney” for an amount equal to or higher than 1 (one) tick at maturity.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>FTR E-P Base Contracts</b> The underlying asset of FTR E-P Base Contracts is the difference, if positive, between the between the hourly marginal price formed on the daily Spot Market managed by OMIE, for the Spanish area and the Portuguese Area of MIBEL.</li> <li>▪ <b>FTR P-E Base Contracts</b> The underlying asset of FTR P-E Base Contracts is the difference, if positive, between the between the hourly marginal price formed on the daily Spot Market managed by OMIE, for the Portuguese area and the Spanish area of MIBEL.</li> </ul> <p>For the purpose of settlement, OMIP establishes and publishes the IFTR E-P and IFTR P-E Indexes on a daily basis, corresponding to the daily average values of those differences.</p>
<b>Traded Contracts</b>	<ul style="list-style-type: none"> <li>▪ Months: are listed on a monthly basis, on the First Trading Day of the third month preceding the Delivery Period of the Month Contract in question, so the contracts whose Delivery Period correspond to the 3 (three) closest months are open to trading at all times.</li> <li>▪ Quarter: they are listed on an annual basis, in blocks of 4 (four), on the first Trading Day of the month of December preceding the Delivery Period of the Contract, so there may be 4, 3, 2 or 1 Contract being traded.</li> <li>▪ The FTR Year Base Contracts are listed on an annual basis, on the first Trading Day of the month of December preceding the Delivery Period of the Contract, so there will only be one Contract being traded</li> </ul>
<b>Nominal (calendar year)</b>	<p>1 MW x 24<sup>(1)</sup> hours x number of days.<sup>(2)</sup> For example, November contract has 1 MW x 24 x 30 = 720 MWh.</p> <p><sup>(1)</sup> Except for the days in which summer time switches to winter time (25 hours) and vice-versa (23 hours). <sup>(2)</sup> See Appendix for table of contracts nominal.</p>
<b>Price Quotation</b>	€/MWh
<b>Tick</b>	0.01€/MWh
<b>Tick Value</b>	Depends on the Contract’s nominal. For example, in the case of

	November Contract, the tick value is 7.2 €.
<b>Tick Volume</b>	1 MW
<b>Trading Type</b>	Trading takes place: <ul style="list-style-type: none"> <li>▪ In an auction, Special Trading Sessions;</li> <li>▪ Through Bilateral Transactions, Registered later with OMIClear via OMIP</li> </ul>
<b>Trading Hours</b>	As defined in OMIP Notices.
<b>First Trading Day (FTD)</b>	<ul style="list-style-type: none"> <li>▪ Months: takes place on the first Trading Day of the Third month before the Delivery Period of the Month Contract concerned.</li> <li>▪ Quarter: takes place on the first Trading Day of the month of December before the Contract Delivery Period.</li> <li>▪ Year: takes place on the first Trading Day of the month of December before the Contract Delivery Period.</li> </ul>
<b>Last Trading Day (LTD)</b>	<ul style="list-style-type: none"> <li>▪ Month: takes place on the Trading Day before the first day of the Delivery Period.</li> <li>▪ Quarter: corresponds to the first of the following days: <ol style="list-style-type: none"> <li>a) Trading Day before the LTD of the first underlying Month Contract;</li> <li>b) Two days before the FTR Auction day of the first underlying Month Contract.</li> </ol> </li> <li>▪ Year: corresponds to the first of the following days: <ol style="list-style-type: none"> <li>a) The LTD of the first underlying Quarter Contract;</li> <li>b) Two days before the FTR Auction day of the first underlying Quarter Contract.</li> <li>c) Two days before FTR Auction day of the first underlying Month Contract.</li> </ol> </li> </ul>
<b>Trading Period</b>	Period between the first trading day and the last trading day, inclusive.
<b>Cascading Process</b>	<ul style="list-style-type: none"> <li>▪ Quarter: In the LTD, after the close of the trading session, the Positions are replaced with Positions of identical volume in the 3 underlying Month Contracts, which acquire the original transaction price of the Quarter Contract concerned.</li> <li>▪ Year: In the LTD, after the close of the trading session, the Positions are replaced with Positions of identical volume: <ol style="list-style-type: none"> <li>a) In the January, February, March, 2nd Quarter, 3rd Quarter and 4th Quarter underlying Contracts, which are fully fungible with the existing Positions in the Month and Quarter Contracts concerned, in the cases in which the cascading of the Year Contract takes place on the same day of the Quarter Contract;</li> <li>b) In the 1st Quarter, 2nd Quarter, 3rd Quarter and 4th Quarter which the cascading of the Year Contract takes place on a different day of the Quarter Contract.underlying Contracts,</li> </ol> </li> </ul>

	<p>which are fully fungible with the existing Positions in the Quarter contracts concerned in the cases in which the cascading of the Year Contract takes place on a different day of the Quarter Contract.</p>
<b>First Delivery Day</b>	<ul style="list-style-type: none"> <li>▪ Month: the first calendar day of the month under delivery.</li> <li>▪ Quarter: the first calendar day of the quarter under delivery. Due to the splitting process of Quarters, the First Delivery Day is merely notional.</li> <li>▪ Year: the first calendar day of the year under delivery (1 January). Due to the splitting process of years, the First Delivery Day is merely notional.</li> </ul>
<b>Last Delivery Day</b>	<ul style="list-style-type: none"> <li>▪ Month: the last calendar day of the month under delivery.</li> <li>▪ Quarter: the last calendar day of the quarter under delivery. Due to the splitting process of Quarters, the Last Delivery Day is merely notional.</li> <li>▪ Year: the last calendar day of the year under delivery (31 December). Due to the splitting process of Years, the Last Delivery Day is merely notional.</li> </ul>
<b>Delivery Period</b>	<p>Period between 00:00 of the first delivery day and 24:00 of the last delivery day, inclusive, based on Spain's legal time. In the case of Quarters and Years, due to the Splitting process, the delivery period is merely notional.</p>
<b>Settlement at Maturity</b>	<ul style="list-style-type: none"> <li>▪ Quarter and Year: the maturity of FTR E-P Quarter Base, FTR E-P Quarter Base, FTR P-E Year Base and FTR P-E Year Base Contracts is done by splitting into positions with an identical value in underlying month or year contracts.</li> <li>▪ Month: at the end of the session of the Last Trading Day of each Contract, open positions are said to be firm and final to be settled during the Delivery Period, and are subject to a purely financial settlement by OMIClear. During the Delivery Period, OMIClear calculates the Delivery Settlement Value (DSV), the original Trading Price of the Contract.</li> <li>▪ The DSV is settled every month, as defined by OMIClear Instruction.</li> </ul>
<b>Settlement in case of Force Majeure</b>	<ul style="list-style-type: none"> <li>▪ FTR Contracts are Subject to an extraordinary settlement in cases of <i>Force Majeure</i>, enacted pursuant to the Manual of Procedures on the Mechanism for the Joint Management of the Interconnection Portugal – Spain and the counterpart Instruction of the Comisión Nacional de los Mercados y la Competencia.</li> <li>▪ The purpose of the extraordinary settlement is to obtain, for each time period covered, an overall null economic result of applicable settlements.</li> <li>▪ The procedures associated to the settlement in situations of</li> </ul>

	<i>Force Majeure</i> are specified by OMIClear Instruction.
<b>Initial Margin</b>	The initial margin payable by positions held in FTR Contracts is null.
<b>Variation Margin</b>	Gains and losses in the Registration Period are not Subject to financial settlement, rather to a Variation Margin, the calculation of which is defined by OMIClear Instruction. The Variation Margin requirement is met through collateral.
<b>Extraordinary Margin</b>	The Clearing Member is required to pay an Extraordinary Margin for the Positions assumed by an issuer, in order to cover extreme but plausible situations. The purpose is to hedge the credit risk of those Positions, selling Positions, determined, ultimately, by the monetary value of the IFTR benchmark over the settlement period.
<b>Settlement Price</b>	No Settlement Price is fixed for the FTR Base Contracts.
<b>Spot Reference Price</b>	For each delivery day, the Spot Reference Price (SRP) matches the monetary value of the IFTR E-P Base or IFTR P-E Base Indexes, as appropriate, (1 € / index point), defined in an OMIP Notice.
<b>Trading Calendar</b>	<ul style="list-style-type: none"> <li>▪ The calendar for the Special Trading Sessions is determined by ERSE and the Comisión Nacional de los Mercados y la Competencia.</li> <li>▪ The calendar for the Registration of Bilateral Transactions follows OMIP's Trading calendar, published by Notice.</li> </ul>

## Appendix A – Contracts Nominal Value (MWh)

Contracts	Delivery period	Days	Nominal (MWh)
Months	February	28	672
	February (leap year)	29	696
	April, June, September, November	30	720
	January, May, July, August, December	31	744
	March	31	743
	October	31	745
Quarters	Q1 (1 January to 31 March)	90	2159
	Q1 (1 January to 31 March), leap year	91	2183
	Q2 (1 April to 30 June)	91	2184
	Q3 (1 July to 30 September)	92	2208
	Q4 (1 October to 31 December)	92	2209
Years	Normal year (365 days)	365	8760
	Leap year (366 days)	366	8784