



INSTRUCTION 01/2011

Special Regime Energy Auctions

20.March.2012

[Translation – Version 1]

Versions Index

14.December.2011

Initial Version

20.March.2012

The possibility of modifying the Auctioned Quantity in the course of the auction was included and the information made available to participants at the end of each round was updated accordingly.

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Considering that:

- a. The general rules and conditions for carrying out the Special Regime Energy Auctions hereafter referred as Auction Terms, published by the Energy Services Regulatory Authority (Entidade Reguladora dos Serviços Energéticos - ERSE) on November 24th, 2011, establish a regulated market release by EDP Serviço Universal of energy generated under the Special Regime, in the scope of the function defined for the Last Resort Supplier (CUR) in line b) of No. 2 of article 70 of the Commercial Relations Code.
- b. The regulated market release of electricity generated under the Special Regime assumes the nature of an auction of futures contracts with delivery in the Portuguese area of the Iberian Electricity Market (MIBEL), under the rules, schedule and conditions set forth in the Auction Terms.
- c. The Auction Terms sets OMIP as the entity responsible for the auction's organization.
- d. The round auction model foreseen in ERSE Directive 5/2011 (ascending clock auction) has specific characteristics that need a specific framework.
- e. The Trading Rulebook on No. 4 of article 39 foresees Special Trading Sessions.

Thus, under the terms of No. 4 of Article 39 of the Trading Rulebook, OMIP approves this Instruction which defines the provisions required to implement this type of Special Trading Session for conducting Special Regime Energy Auctions, using the ascending clock auction model.

Purpose

1. This Instruction establishes the applicable conditions to the Special Trading Sessions for the realization of Special Regime Energy Auctions, hereafter referred to as SRG Auctions, in particular the rules and the operating conditions for carrying out the ascending clock auction.

General Principles

2. If not provided differently in this Instruction, the SRG Auctions follow the provisions of the Market Rules and the General Contractual Terms of the auctioned Contracts.
3. The SRG Auctions may comprise MIBEL Futures PTEL contracts with the following characteristics:
 - a) Load profile: base and peak
 - b) Type of settlement: physical and financial
 - c) Maturity: monthly, quarterly and yearly
4. Several contracts with the characteristics mentioned in the previous number may be auctioned simultaneously.
5. The buyer or seller positions resulting from operations carried out in the SRG Auctions are fungible with the positions registered in OMIClear, for the same type of contract.
6. The SRG Auctions are held periodically, at a minimum monthly periodicity, of date and time set by ERSE, according to the Auction Terms.
7. The SRG Auctions may take place simultaneously with any of the Trading Session' phases and may occur after its closure.
8. ERSE informs the market of the realization of the SRG Auction, in accordance with the Auction Terms, specifying the following aspects:
 - a) Date and time of the Auction

- b) Type, maturity, nominal, and delivery period of the auctioned contracts
 - c) Volume of each contract auctioned
 - d) Limits for participation in the Auction, if applicable
9. The operations carried out in the SRG auctions are subject to the trading and clearing fees defined in OMIP and OMIClear pricelists for auction trading, and, if applicable, to physical delivery fees.
 10. Hereinafter a series of terms will be used starting with a capital letter which definitions will be found in Annex 1 or in the Trading Rulebook.

Participation Conditions

11. Without prejudice to the specific legislation or regulation applicable, namely the one referred to in No. 16, all Trading Members (TM) may participate in the SRG Auctions under the conditions permitted by such statute.
12. The participation as a seller is restricted to EDP Serviço Universal, S.A. in its function of CUR.
13. The TMs may opt for physical or financial futures contracts, in accordance with the specified trading account.
14. The Auctioned Quantity corresponds to EDP Service Universal S.A. sell order quantity and may vary in the course of the Auction between the Minimum Auction Quantity and the Maximum Auctioned Quantity, defined by ERSE.
15. The total quantity bid by each TM in each contract is limited to the Maximum Auctioned Quantity.
16. OMIP shall apply additional conditions to the participation of the TMs in the SRG Auctions, namely to the CUR, that are defined by ERSE under the Auction Terms or in the call to bid of each SRG Auction.

Operational Procedures

17. The SRG Auctions are held in a dedicated platform (Auction Platform), accessible through the Internet through the use of a username and access password.
18. The TMs interested in participating for the first time in SRG Auctions must show their intention in participating by sending to OMIP a written communication (e-mail or fax) until 06:30 p.m. of the fourth trading day prior to the realization date of the SRG Auction announced by ERSE.
19. In this communication, the TMs must indicate the Trading Account in which the trades that they will carry out will be registered.
20. OMIP makes available to the TMs that have expressed interest in participating in the SRG Auctions the software for the installation of the Auction Platform as well as a username and access password.
21. The deals resulting from the SRG Auction are registered by OMIP on the Trading Platform of MIBEL's Derivatives Market as Market Operations, assuming the CUR a sell position and the TMs to whom are allocated quantities a buy position at the Auction Price.
22. The deal registration referred to in the previous number is made on the Trading Day which the SRG Auction ends. If the Auction closing occurs after the end of the Continuous Trading phase of the Trading Session, the registration on OMIClear will be processed on the next Clearing Day.
23. OMIP may determine the SRG Auction interruption and resumption on the next Trading Day, informing the TMs through the Auction Platform and the Market through the Trading Platform, in case the course of the auction justifies it.

Ascending Clock Auction Model

24. The SRG Auction is based on an anonymous, competitive, non-discriminatory, and transparent procedure of the ascending clock type, made up of a set of successive rounds, with its term and therefore the number of rounds determined by the Orders introduced by the TMs.
25. Several contracts may be auctioned simultaneously but independently, namely with regards to the evolution of the respective Opening and Closing Round Prices as well as the fixing of the last round.
26. The following will be defined by OMIP and presented to the TMs in each round for each contract:
 - a) The Round Opening Price
 - b) The Round Closing Price, higher than the previous
27. The TMs define in the Auction Platform the quantity that they wish to acquire at the two prices specified in the preceding paragraph. If the quantity correspondent to the Round Closing Price is less than the Round Opening Price, three levels of intermediate prices defined by the TM are made available, to specify the price levels at which the TM intends to reduce the quantity of his Order.
28. Each Round is made up of the following sequence of Phases:
 - a) Initial Information – First Phase of the round in which on the Auction Platform all of the relevant information of the Auction is visible as well as the area of the screen reserved for the insertion of Orders (not yet editable by the user).
 - b) Bid Submission – Phase in which the TMs can insert orders in the Auction Platform, being validated by the Auction Platform.
 - c) Bid Validation – Phase in which the validation process of the Orders is approved by OMIP and the time in which the TMs can submit complaints in relation to the Orders rejected.
 - d) Processing – Phase in which occurs the processing of Orders and the calculation of the results.
 - e) Provisional Information – Phase in which the temporary results of the current Round are made available on the Auction Platform.
 - f) Final Information – Last Phase of the Round in which the definitive results of the current Round are made available on the Auction Platform.
29. OMIP can define, by a Notice, up to two Trading Days before the realization date of the SRG Auction the duration times of each Round, as well as, during the course of the SRG Auction, define the extension of a given Round.
30. The Auctioned Quantity corresponding to the selling position of the CUR is inserted by OMIP on the Auction Platform according to ERSE's instructions, in the same periods and with the same formats that are allowed for TM's Orders insertion. Its value is disclosed in the course of the Auction and may vary in an ascending manner and be discriminated, within one Round, assuming a number of prices equal to the Exit Prices allowed to TM's Orders.
31. The Orders are placed by the TMs in the Auction Platform in the Bid Submission Phase with the format specified in number 38.
32. The Round Closing Quantity of each TM is defined as the amount specified in its Order at the Round Closing Price.
33. The Auction ends at the round in which the sum of the Round Closing Quantities presented by the TMs is equal to or less than the Auctioned Quantity at the Round Closing Price.

Prices

34. The prices included in the Orders have the characteristics defined in the General Contractual Terms of the auctioned Contracts.

35. The opening and closing prices of the rounds are defined in accordance with the following methodology:
 - a) The Round Opening Price is equal to the Closing Price of the previous Round.
 - b) The Round Closing Price is higher than the Round Opening Price and inserted in the Auction Platform by OMIP, provided by ERSE;
 - c) The Round Opening Price of the first round corresponds to the reserve price set by ERSE as established under the Auction Terms and may be different for each auctioned contract.
36. Given the SRG Auction characteristics, the maximum price variation limits are not applicable.

Format and Content of the Orders

37. The Orders are introduced by the TMs in the Auction Platform, being associated to each new Order the time of the respective registration.
38. An Order includes the following pairs of price / quantity:
 - a) The bid quantity at the Round Opening Price
 - b) The bid quantity at the Round Closing Price
 - c) Up to four pairs of Exit Quantity / Exit Price being that the Round Opening Price is considered an Exit Price.
39. Cumulative Quantity at a price P in a Round is defined as the sum of the bidded quantities by the TMs at a price higher than or equal to P.
40. The Cumulative Quantity at the Round Opening Price is equal to the Round Closing Quantity of the previous round.
41. The quantities included in the Orders correspond to the number of contracts that the TM intends on acquiring; only being able to assume positive integer values.
42. The prices included in the Orders have the format specified in the respective General Contractual Terms, each one representing the maximum value the TM accepts the quantity contained in the respective price/quantity pair.
43. The Round Closing Quantity of a round must be equal to or less than the Round Closing Quantity of the previous round.
44. If the Round Closing Quantity of a Round is less than the Round Closing Quantity of the previous Round, the TMs must specify the price and quantity limits associated to such reduction:
 - a) Up to four pairs of Exit Quantity / Exit Price may be specified.
 - b) The Exit Prices represent the maximum price at which each TM is willing to acquire the Exit quantity that is associated to it.
 - c) The Exit Prices are greater than or equal to the Round Opening Price and lower than the Round Closing Price.
45. In case a TM does not bid a valid Order in a Round, the following is considered:
 - a) That this TM presented an Order with an Exit Quantity equal to the Round Closing Quantity of the previous Round at the Round Closing Price of the Round in question.
 - b) If this occurs in the first round, it is considered that the TM did not present any Order in the Auction.
46. For the purposes of paragraph (a) of the previous number, in each new Round after the first Round, the Auction Platform presents to the TMs the pre-filling out of an Order by default with the conditions defined in such paragraph.

47. The Round Opening Price quantity of the first round is inserted by OMIP on the Auction Platform. For that purpose, the TMs must send that information to OMIP, by Fax, not later than one hour prior to the Auction commencement.

Orders Validation

48. The Orders are submitted for validation on the Auction Platform in order to assess their compliance with the following:
 - a) The maximum quantity allowable for each TM, which is equal to or less than the Maximum Auctioned Quantity.
 - b) The provisions about quantities and prices allowable in the Auction.
 - c) The period allowed in each Round for registration of Orders on the Auction Platform, corresponding to the Bid Submission Phase.
49. The Orders that do not comply with the requirements of the previous number are rejected by the Auction Platform.
50. In relation to the rejected Orders:
 - a) OMIP informs the respective TMs, through the Auction Platform about the reasons for their rejection.
 - b) The TMs may complain about the rejection of an Order until the end of the Bid Validation Phase.
 - c) If a TM shows that an Order was wrongly rejected at the Bid Submission Phase and wishes it to be considered, they can request OMIP to allow the registration, which will then insert it in the Auction Platform.
51. When at a determined Round a TM submits more than one valid Order it is considered that the last valid Order replaces and makes all of the previous ones invalid being that the last valid Order is the one used in the process of determining the results of the Round in question.

Bid Processing Phase

52. The results of each Round are calculated in the Bid Processing Phase, including:
 - a) The Aggregate Round Closing Quantity defined as the sum of the Round Closing Quantities of all the TMs.
 - b) The Excess Demand at the Round Closing Price defined as the difference between the Aggregate Round Closing Quantity and the Auctioned Quantity at that price.
53. If the Excess Demand at the Round Closing Price is positive, a new Round shall be held.
54. If the Excess Demand at the Round Closing Price is null or negative, the current Round is the Last Round of the Auction, proceeding then to the calculation of the Auction results defined in the following paragraph.

Auction Price

55. If in a Round the Excess Demand at the Round Closing Price is null or less than zero, the result of the Auction is calculated according to the following rule:
 - a) The set of values defined by the different Exit Prices presented by the TMs, the prices discriminated for the Auctioned Quantity and the Round Closing Price are organised in descending order, calculating for each one of them the Executed Quantity.

- b) The Auction Price corresponds to the price that maximizes the Executed Quantity and in the case of a tie to the highest one.
- 56. The Auction Price correspondent to the sell price by CUR and the purchase price of all buyers.

Allocation of Quantities

- 57. All of the quantities that have been bided at prices higher than the Auction price are accepted.
- 58. In relation to the quantities bided at the Auction Price, the allocation is carried out in accordance with the following algorithm:
 - a) If the Excess Demand at the Auction Price is null, all the quantities that have been bided at the Auction Price are accepted.
 - b) If the Excess Demand at the Auction Price is positive, the Remaining Quantity not assigned to quantities at a price higher than the Auction Price is divided by the TMs with Exit Quantities at the Auction Price, according to the allotment procedure defined in the following paragraph.
- 59. The Remaining Quantity is divided by the TMs with Exit Quantities at the Auction Price, as follows:
 - a) Quantities proportional to the Exit Quantity of each Order involved in the allotment process are allocated, obtaining integer values by truncation and, if necessary, attributing the 1 (one) contract for each Exit Quantity in increasing order of quantity until a value equal to the Remaining Quantity is achieved.
 - b) If there are Orders in equal circumstances regarding to the quantity in the application of the mechanism of the previous paragraph, an order of precedence by priority of time is issued where the amount of 1 (one) contract is awarded in increasing chronological order, according to the time registered by the Auction Platform.
 - c) Under the terms of the previous paragraphs, the Exit Quantities which price is equal to the Auction Price can be met only partially or, in extreme cases, not be satisfied.
- 60. The TMs recognize and accept that, if the quantity related to the matched Orders, through the application of these Rules, is less than the Auctioned Quantity, it does not give them any right on the remaining quantity nor imposes to CUR any obligation, contractual or commercial, related to it.
- 61. After the calculation of the final outcome of the SRG Auction, the Operations are considered firm and inserted on the Trading Platform of the Market.
- 62. According to the Auction terms, in situations where the Auction Price does not guarantee the allocation of the total Minimum Auctioned Quantity, the remainder will be allocated to a purchase by CUR.

Information

- 63. OMIP makes available to the TMs, in fair conditions the information that they deem is necessary for the proper development of SRG Auction and for the introduction of Orders in the Auction Platform.
- 64. In each Round, through the Auction Platform, the TMs have access to the following information:
 - a) Initial Information Phase: Round Opening Price and Round Closing Price of the current Round in question.
 - b) Provisional Information Phase: Auctioned Quantity at Round Closing Price and information on the Excess Demand at the Round Closing Price with the format of an interval defined by limits in percentage of the Auctioned Quantity at Round Closing Price and expected Timetable for the next Round Phases.

- c) For the purposes of the previous paragraph, OMIP defines by Notice, and with at least two Trading Days prior to the SRG Auction, the possible intervals for the information on the Excess Demand at the Round Closing Price in a percentage relative to the Auctioned Quantity at Round Closing Price.
 - d) In the Provisional Information Phase of the Last Round: preliminary results of the Auction, which consist of the disclosure of the Auction Price and the Interval of the Excess Demand at the Round Closing Price of the last round, for all of the TMs, as well as for each TM, the quantity that has been preliminary allocated.
65. After the validation of the results, OMIP announces, through the Auction Platform, the final results, namely:
- a) Auction Price
 - b) Amount allocated to each TM, only to the TM involved.
66. The SRG Auction information is published by OMIP in the Market Bulletin and on its Internet site.
67. OMIP sends to ERSE the complete information of each SRG Auction, including the positions taken on by each entity and the structure of the Orders of each Auction Round.

Entry into Effect

68. This Instruction was registered at CMVM on March 14th, 2012 and shall enter into force on March 20th, 2012.

Board of Directors

ANNEX 1

DEFINITIONS AND ABBREVIATIONS

Aggregated Cumulative Quantity

Aggregated Cumulative Quantity at a price P is known as the sum of the Cumulative Quantities of all the TMs at this price.

Aggregate Round Closing Quantity

Sum of the Round Closing Quantities of all the TMs.

Allocated Quantity

Quantity allocated to each TM as a result of the auction process.

Auction

Ascending clock type auction executed according to this Instruction with the purpose of determining the following:

- Auction Price
- Amount allocated to each TM

Auction Platform

Computer system, accessible through the Internet by using a user name and access password that supports the execution of the Auction, in particular the introduction of Orders by the TMs and the dissemination of information provided in this Instruction.

Auction Price

Price, obtained as a result of the Auction process, due by the TMs with allocated volumes related to all of the quantities allocated in the terms of these Rules.

Auctioned Quantity

Auctioned Quantity at a price P in a round is defined as the total quantity to be awarded in the Auction process at a price lower or equal to P. The Auctioned Quantity may vary in the course of the Auction in an ascending manner between the Minimum Auctioned Quantity and the Maximum Auctioned Quantity.

Cumulative Quantity

Cumulative Quantity at a price P in a Round is defined as the sum of the bided quantities by the TM at a price higher than or equal to P.

Excess Demand

It is defined, for a price P, as the difference between the Aggregated Quantity and the Auctioned Quantity at such price.

Executed Quantity

The lowest between the Aggregated Cumulative Quantity and the Auctioned Quantity at a price P.

Exit Price

Price defined by the TMs in their Orders to specify the maximum price that they accept to acquire the quantity indicated in the respective pair Exit Price / Exit Quantity in the cases where the Round Closing Quantity is less than the Round Opening Quantity.

In each Round, the Exit Prices are lower than the Round Closing Price and greater than or equal to the Round Opening Price.

Exit Quantity

Quantity included in a pair Exit Price / Exit Quantity.

Last Round

Round in which the closing conditions of the Auction are met.

Maximum Auctioned Quantity

Total maximum quantity to be allocated in the Auction process.

Minimum Auctioned Quantity

Total minimum quantity to be allocated in the Auction process.

Order

Bid in the SRG Auctions, in number of Contracts, which includes the following information:

- The bid quantity at the Round Opening Price
- The bid quantity at the Round Closing Price
- Up to four pairs of exit quantity / issue Price

Phase

Each one of the stages that subdivide a Round.

Remaining Quantity

Difference between the Auctioned Quantity at a price equal to or lower than the Auction price and the Aggregated Quantity at the price immediately above the Auction Price.

Round

Sequence of events grouped in Phases repeated throughout the SRG Auction until the closing conditions.

Round Closing Price

Price defined by OMIP according to the methodology approved by ERSE representing the maximum price that can be specified by the TMs in each Round.

The Round Closing Price is higher than the Round Closing Price.

Round Closing Quantity

Quantity bided at the Round Closing Price of each Round in which, if the Round in question is not the Last Round, represents the eligible quantity of each TM for the next Round, and therefore the maximum quantity that they can purchase at the Auction.

Round Opening Price

The Round Opening Price of a Round is equal to the Round Closing Price of the previous Round, except in the first Round, in which is fixed by ERSE.

SRG Auction

Special Regime Energy auction with the general rules and conditions published by Energy Services Regulatory Authority (ERSE) on November 24th, 2011.

TM

Trading Member that has qualified for the SRG Auction