



GENERAL CONTRACTUAL CLAUSES



FTR Baseload Contracts

17.December.2013

Versions Index

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Initial Version

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Pursuant to Articles 3 and 37 of the Trading Rulebook, OMIP approves these General Contractual Clauses for FTR Baseload Contracts.

Clause 1 – General Provisions

1. These General Contractual Clauses define the contractual terms applicable for FTR Contract Transactions, which include the following Contracts traded in the Market:
 - a) FTR E-P Baseload Month
 - b) FTR E-P Baseload Quarter
 - c) FTR E-P Baseload Year
 - d) FTR P-E Baseload Month
 - e) FTR P-E Baseload Quarter
 - f) FTR P-E Baseload Year
2. FTR Baseload Contracts are of the Option type, and have the following characteristics:
 - a) They can only be settled financially;
 - b) The settlement of the Premium is payable in arrears, and until the date of delivery it is subject to a Variation Margin;
 - c) Their Strike Price is null;
 - d) Their Exercise is automatic whenever the Option is “In-the-money” for an amount equal to or higher then 1 (one) tick at maturity;
 - e) Pursuant to Clause 13, the Spot Reference Price is an IFTR index calculated and published by OMIP;
3. Taking into account the definitions in the preceding paragraph, in the FTR Baseload Contracts:
 - a) The buyer undertakes to pay a fixed amount (the Premium) for the Notional Quantity, while the seller undertakes to pay a variable amount (The Spot Reference Price) for the Notional Quantity, established based on the rules laid down in these Clauses.
 - b) In view of the provisions in paragraph 2(a) above, settlements on the dates of payment will simply consist in the difference between two the amounts mentioned in the preceding sub-paragraph, there being no effective exchange of those amounts.

Clause 2 – Nominal Value of the Contract

The specification of each FTR Baseload Contract is based on the civil calendar; therefore, the Nominal Amount depends on the Delivery Period underlying the Contract, as listed in the tables below.

Month Contracts	Days	Notional Quantity (MWh)	Description
February	28	672	28 x 24 MWh
February (leap year)	29	696	29 x 24 MWh
April, June, September, November	30	720	30 x 24 MWh
January, May, July, August, December	31	744	31 x 24 MWh
March	31	743	30 x 24 MWh + 23 MWh

October	31	745	30 x 24 MWh + 25 MWh
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Quarter Contracts	Days	Notional Quantity (MWh)	Description
1 st Quarter	90	2159	89 x 24 MWh + 23 MWh
1 st Quarter (leap year)	91	2183	90 x 24 MWh + 23 MWh
2 nd Quarter	91	2184	91 x 24 MWh
3 rd Quarter	92	2208	92 x 24 MWh
4 th Quarter	92	2209	91 x 24 MWh + 25 MWh

Year Contracts	Days	Notional Quantity (MWh)	Description
Normal Year Calendar	365	8760	363 x 24 MWh + 23 MWh + 25 MWh
Leap year Calendar	366	8784	364 x 24 MWh + 23 MWh + 25 MWh

Clause 3 – Form of quotation, Tick and Tick Value

- Each FTR Baseload Contract is quoted in euros per MWh.
- The minimum price fluctuation (Tick) is of one euro cent per MWh (0.01 €/MWh).
- The Tick value (in euro) depends on the notional quantity of each Contract, and its values are specified in the table below.

Month Contracts	Tick value (€)
February	6.72
February (leap year)	6.96
April, June, September, November	7.20
January, May, July, August, December	7.44
March	7.43
October	7.45

Quarterly Contracts	Tick Value (€)
1 st Quarter	21.59
1 st Quarter (leap year)	21,83
2 nd Quarter	21,84
3 rd Quarter	22,08

4 th Quarter	22,09
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Year Contracts	Tick Value (€)
Normal Year Calendar	87.60
Leap year Calendar	87.84

Clause 4 - FTR Baseload Month Contract – Trading Period and Delivery Period

1. Contracts whose Delivery Periods correspond to the 3 (three) nearest months are open to trading at all times.
 - a) First Trading Day – takes place on the first Trading Day of the Third month before the Delivery Period of the Month Contract concerned.
 - b) Last Trading Day (LTD) – takes place on the Trading Day before the first day of the Delivery Period;
 - c) First day of the Delivery Period – takes place on the first calendar day of each month;
 - d) Last day of the Delivery Period – takes place on the last calendar day of each month;
 - e) Delivery Period – each calendar month, starting at 00:00 of the first day of the Delivery Period and ending at 24:00 of the last day of the Delivery Period.

Clause 5 - FTR Baseload Quarter Contract – Trading Period and Delivery Period

1. The Quarterly Contracts are launched on an annual basis, in blocks of 4 (four), and have the following characteristics:
 - a) First Trading Day – takes place on the first Trading Day of the month of December before the Delivery Period of the Contract.
 - b) Last Trading Day (LTD) – corresponds to the first of the following days:
 - (i) The Trading Day before the LTD of the first underlying Month Contract;
 - (ii) Two days before the FTR Auction day of the first underlying Month Contract.
 - c) First delivery day – takes place on the first calendar day of each quarter;
 - d) Last delivery day – takes place on the last calendar day of each quarter;
 - e) Delivery Period – each of the calendar quarters, starting at 00:00 of the first delivery day and ending at 24:00 of the last delivery day.
2. In view of the Cascading process described in the Clause below, the Delivery Period defined for FTR Baseload Quarter Contracts must be regarded solely as a notional Delivery Period.

Clause 6 –FTR Baseload Quarter Contracts – Maturity by Cascading of Positions

1. The maturity of FTR Quarter Baseload Contracts is achieved by splitting the Positions of a Quarter Contract into positions with an identical value in the three underlying Month Contracts, which are fully fungible with the existing Positions in Month contracts.
2. The Positions in the original FTR Quarter Baseload Contracts are replaced with new Positions in the underlying FTR Month Baseload Contract, which take on the price of the original Transaction of the Quarter Contract in question.

3. The splitting operation referred to in the preceding paragraph is done on the Last Trading Day of the Quarter Contract, after the clearing and settlement procedures by OMIClear are completed.

Clause 7 – FTR Year Baseload Contract – Trading Period and Delivery Period

1. The FTR Year Baseload Contracts are launched on an annual basis, on the first Trading Day of the month of December before the Delivery Period of the Contract:
 - a) First Trading Day – takes place on the first Trading Day of the month of December before the Delivery Period of the Contract;
 - b) Last Trading Day (LTD) – corresponds to the first of the following days:
 - i. The LTD of the first underlying Quarter Contract;
 - ii. Two days before the FTR Auction day of the first underlying Quarter Contract.
 - iii. Two days before the FTR Auction day of the first underlying Month Contract.
 - c) First delivery day – 1 January of the year in question;
 - d) Last delivery day – 31 December of the year in question;
 - e) Delivery Period – each of the calendar years, starting at 00:00 on 1 January and ending at 24:00 on 31 December.
2. In view of the Position Splitting process described in the Clause below, the Delivery Period defined for FTR Year Baseload Contracts must be regarded solely as a notional Delivery Period.
3. If there is no FTR Auction for a specific FTR year Baseload Contract, this Contract is not open to trading.

Clause 8 – FTR Year Baseload Contracts – Maturity by Splitting (Cascading) of Positions

1. The maturity of FTR Year Baseload Contracts is achieved by splitting the Positions of a Year Contract into:
 - a) Positions with an identical value 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 in question, where the LTD takes place according to the conditions foreseen in Clause 7(1)(b)(i) and 7(1)(b)(iii);
 - b) Positions with an identical value in the 1st Quarter, 2nd Quarter, 3rd Quarter and 4th Quarter underlying Contracts, which are fully fungible with the existing Positions in the Quarter Contracts concerned, where the LTD takes place according to the conditions foreseen in Clause 7(1)(b)(ii).
2. The Positions in the original FTR Year Baseload Contracts are replaced with new Positions in the underlying FTR Baseload Contracts of January, February, March, 2nd Quarter, 3rd Quarter and 4th Quarter underlying Contracts, which take on the price of the original Transaction of the year Contract in question.
3. The splitting operation referred to in the preceding paragraph is done on the Last Trading Day of the Year Contract, after the clearing and settlement procedures by OMIClear are completed.

Clause 9 – Disclosure of information on Contracts

For each Contract, OMIP offers on its website a file with its notional quantity, the first day of the Trading Period, and the first and last day of the Delivery Period.

Clause 10 – Trading Mode, Calendar, Trading Hours and Time References

1. Trading is conducted in Auctions, in Special Trading Sessions organised by OMIP, or through bilateral transactions, being subsequently registered with OMIClear via OMIP.
2. In the Special Trading Sessions, there is a primary issuance of FTR Baseload Contracts by the Transmission System Operators of Portugal and/or Spain, hereinafter referred to as Issuers, involving the quantities defined by the respective regulatory authorities of the electricity sectors.
3. The registration of Bilateral Transactions follows the provisions in the OMIClear Instruction on the Registration of Bilateral Transactions.
4. The calendar and trading hours are published in OMIP Notices.
5. The time references in these General Contractual Clauses refer to the Official Spanish Time.

Clause 11 - Margins

The method for clearing and calculating the Margins owed by the open Positions in each Contract, in both the Trading Period and in the Delivery Period, is defined in an OMIClear Instruction.

Clause 12 – Trading and Clearing Reference Prices

1. No Trading Reference Price is fixed for FTR Baseload Contracts.
2. Clearing Reference Prices take on a null value.

Clause 13 – Spot Reference Price during the Delivery Period

1. The Spot Reference Price (SRP) of FTR E-P Baseload Contracts corresponds to the monetary value of the IFTR E-P Base index, as each whole index point is worth 1 (one) euro.
2. The SRP of FTR P-E Baseload Contracts corresponds to the monetary value of the IFTR P-E Base index, as each whole index point is worth 1 (one) euro.
3. According to the rules defined by OMIP, the IFTR base indices are defined with two decimal places, so the SRP is set to the euro cent.
4. The SRP is used to calculate the financial settlement in the Delivery Period, as defined in the following Clause.
5. The SRPs are disclosed on the OMIP and OMIClear websites.

Clause 14 – Settlement in the Delivery Period

1. The provisions in this Clause apply exclusively to the existing Positions in the Month Contract, regardless of whether they were generated by Transactions made directly on those Contracts or whether they resulted from the cascading of Positions held in the Year or Quarter Contracts.
2. At the end of the session of the Last Trading Day of each FTR Month Contract, the open Positions, including those resulting from the splitting of Positions of FTR Quarter or Year Contracts, are said to be firm and final to be settled during the Delivery Period, and are subject to a daily, purely financial settlement by OMIClear.
3. The Delivery Settlement Value (DSV), is calculated daily, based on the difference between the Spot Reference Price and the fixed price of the Transaction, as defined in an OMIClear Instruction.

4. According to the procedures on the financial settlement of the Delivery Settlement Value, defined in an OMIClear Instruction, the DSV is settled every month.

Clause 15 – Settlement in situations of *Force Majeure*

1. FTR Contracts are subject to an extraordinary settlement in cases of *Force Majeure*, declared according to the provisions set out in the Manual of Procedures on the Mechanism for the Joint Management of the Interconnection Portugal – Spain, of ERSE, and its counterpart Instruction of the Comisión Nacional de los Mercados y la Competencia.
2. Settlement in cases of *Force Majeure* can be made on an hourly basis, i.e., it can cover only one or a group of hourly periods of a day of a FTR Contract and includes all Transactions registered with OMIClear, traded either at FTR Auctions or bilaterally.
3. Once declared a case of *Force Majeure*, the aim of the extraordinary settlement, for each time period covered, is to obtain an overall null result of the applicable settlements, therefore its absolute value is equal to and of an opposite sign to the DSV.
4. Settlements in cases of *Force Majeure* are specified in an OMIClear Instruction.

Clause 16 – Interpretation and Integration

The interpretation and integration of these General Contractual Terms follow OMIP's Trading Rules and OMIClear's Rules.

Clause 17 – Entry into Effect

These General Contractual Clauses were communicated to the CMVM on December 9th, 2013 and enter into effect on December 17th, 2013.

The Board of Directors