



Auctions for Guarantees of Origin owned by the Portuguese Electrical System

Presentation Session

July 12th, 2021

- Decree-Law No. 141/2010, of 31 December (amended and republished by Decree-Law No. 60/2020 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 DGEG.
- DGEG Order (Despacho) No. 6560-B/202 of July 5th, 2021, establishes the Rules applicable to Auctions GO-PT.

(*) Direção Geral de Energia e Geologia (DGEG)

- The Rules of the auction 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 qualify for 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.

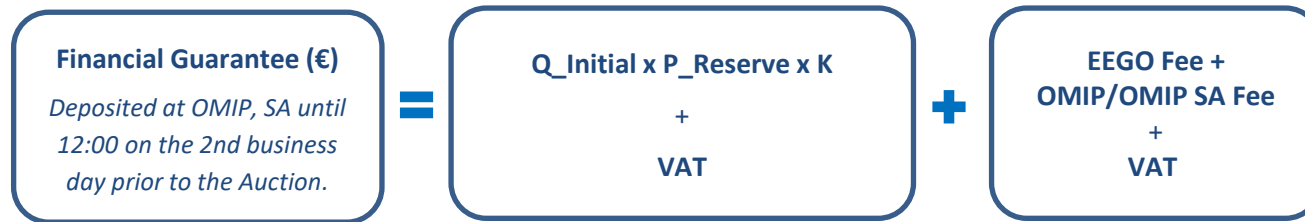
(*) CUR is the Supplier of Last Resort

(**) Entidade Emissora de Garantias de Origem

- The date and the terms of the Auction, namely the **Quantity**, **Technology** and **Production Period** of the GOs, are set by DGEG by means of a **Call**, published up to 20 days before the auction takes place.
- For each auction the Call also establishes:
 - the Minimum Price, which corresponds to the **Reserve Price**.
 - The increase factor **K** to be applied to the Financial Guarantee.
- The **Frequency** and Quantity to be offered in the auctions depends on market dynamics. The goal on the short/medium term is to have **monthly** auctions.

- Who can **access** the Auctions Go-PT?
 - Legal persons with an account in the **EEGO system** and who are **Registered Participants** in the Auctions GO-PT in OMIP.
- Onboarding as Registered Participant involves sending an Admission Request (draft available in Portuguese) to OMIP, with some corporate and operational information.
- Admission as a Registered Participant takes effect on the date of signature of the Adhesion Agreement to the Rules of the Auctions GO-PT.
- Who can **qualify** to bid on the Auctions Go-PT?
 - **Registered Participants** (must be active up to 5 working days before the auction) who have made a cash deposit (**Financial Guarantee**) in an OMIP SA bank account, by 12:00 on the 2nd business day before the auction.

- The **Financial Guarantee** should cover the economic volume of the initial offer, calculated by multiplying the Initial Quantity by the Reserve Price, times an increase factor **K**, plus fees and taxes.



- 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.

- **Example:**

- A Registered Participant with registered office in Portugal wants to qualify for an auction and makes a cash deposit in OMIP SA of **€150 000**.

- Considering:

$K=3$

Reserve Price = 0.10 €/MWh

EEGO Fee = 0.01 €/MWh

OMIP/OMIP SA Fee = 0.01 €/MWh

VAT = 23%

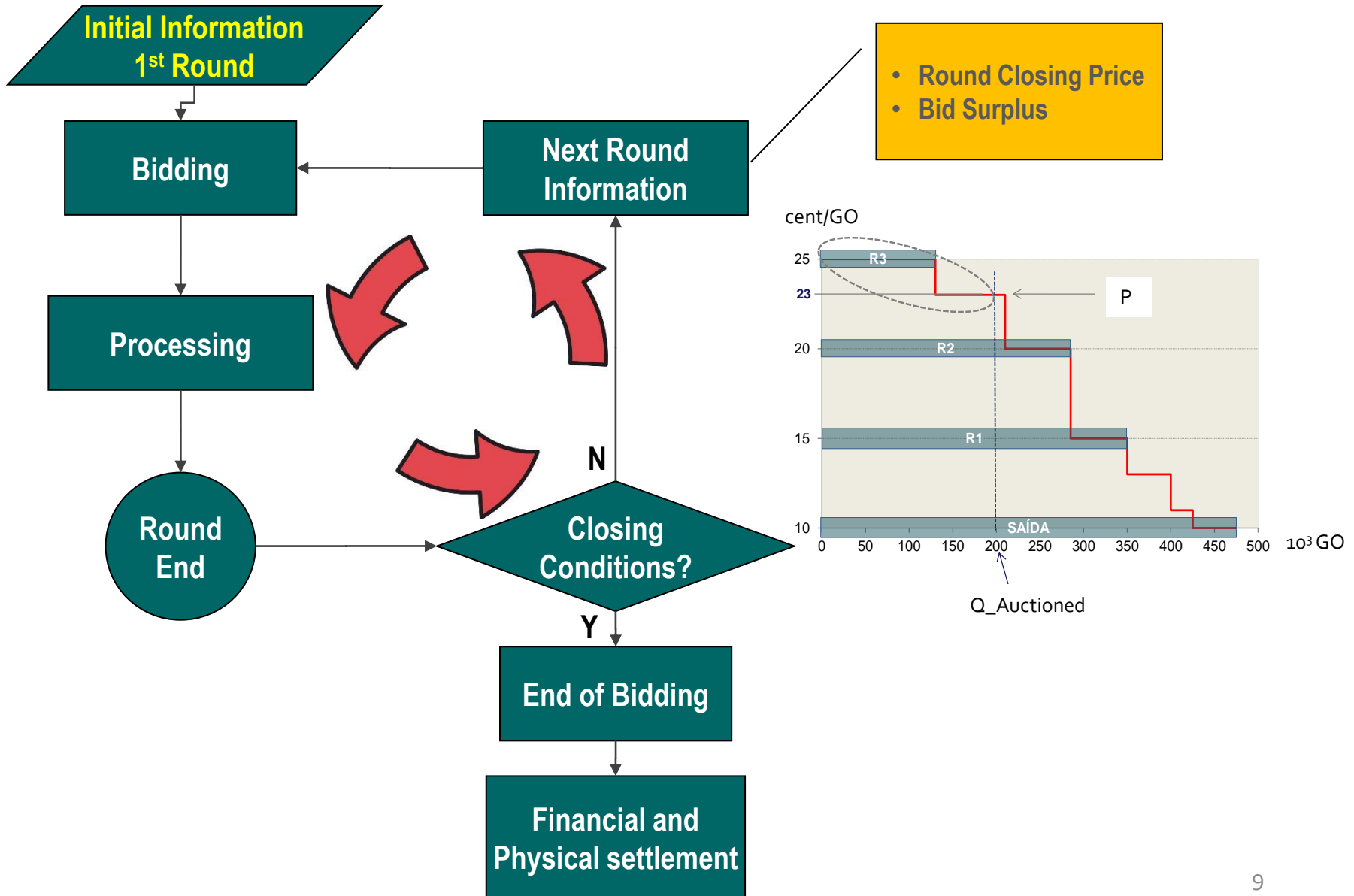
- The maximum Quantity that the Participant can bid at the Reserve Price is **381 098 MWh (GOs)**.

Auction

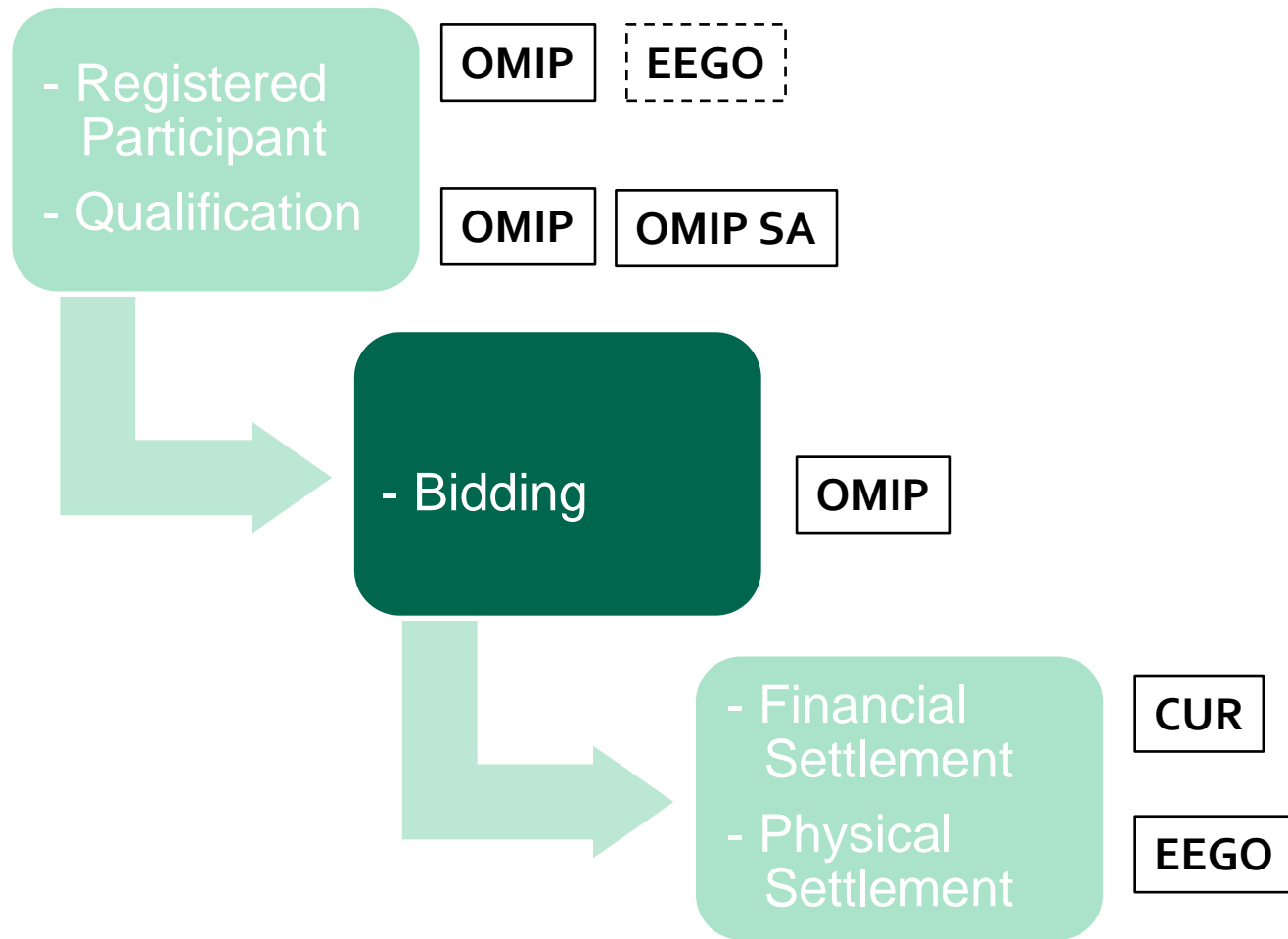
- **Specific lots** (Technology and Production Period) will be auctioned simultaneously and independently:
- **“Ascending Clock” Auction:**
 - Reserve Price established in the Call;
 - Increasing prices of successive rounds established by the auctioneer (seller);
 - Number of rounds determined by the 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.



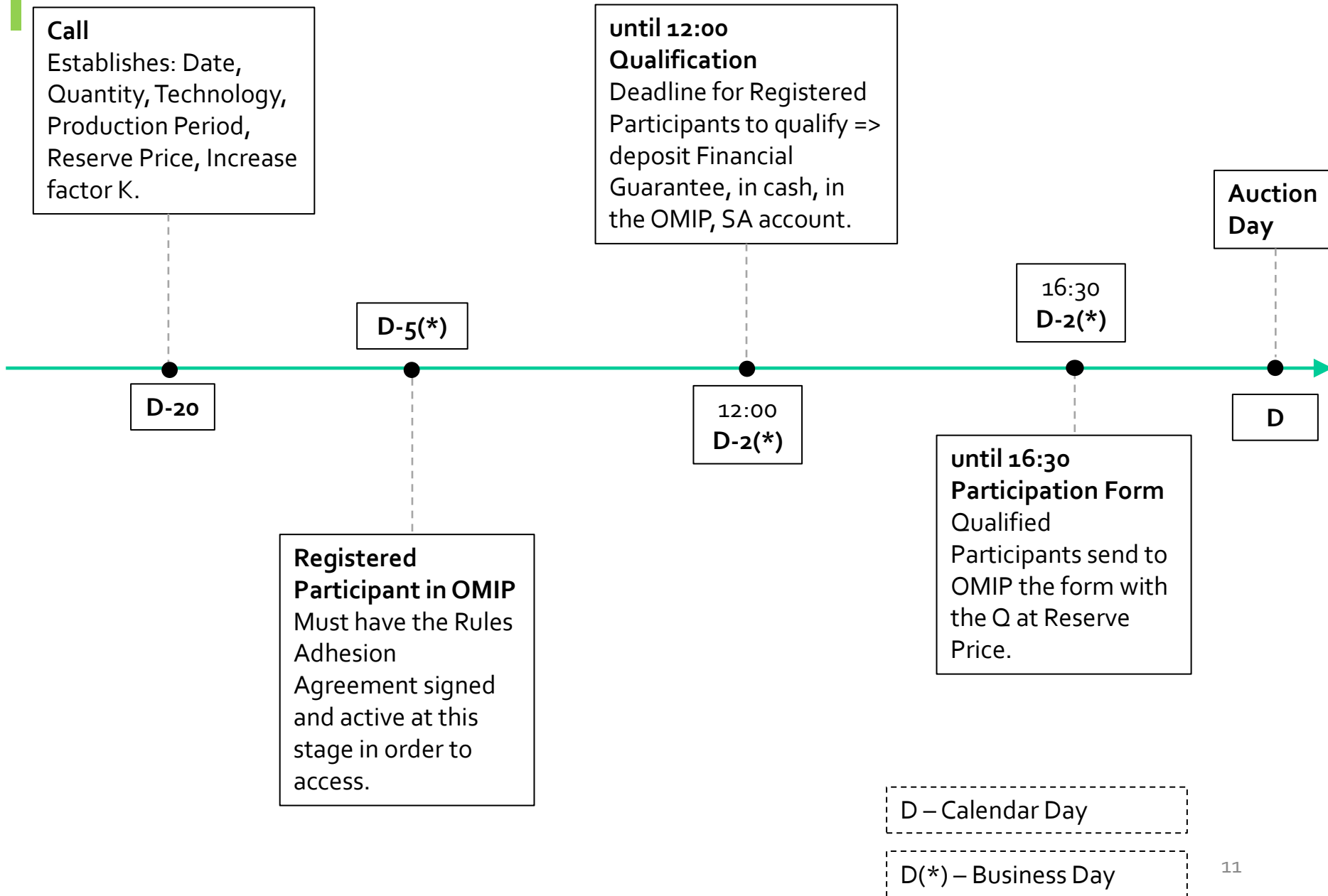
Ascending Clock Auction



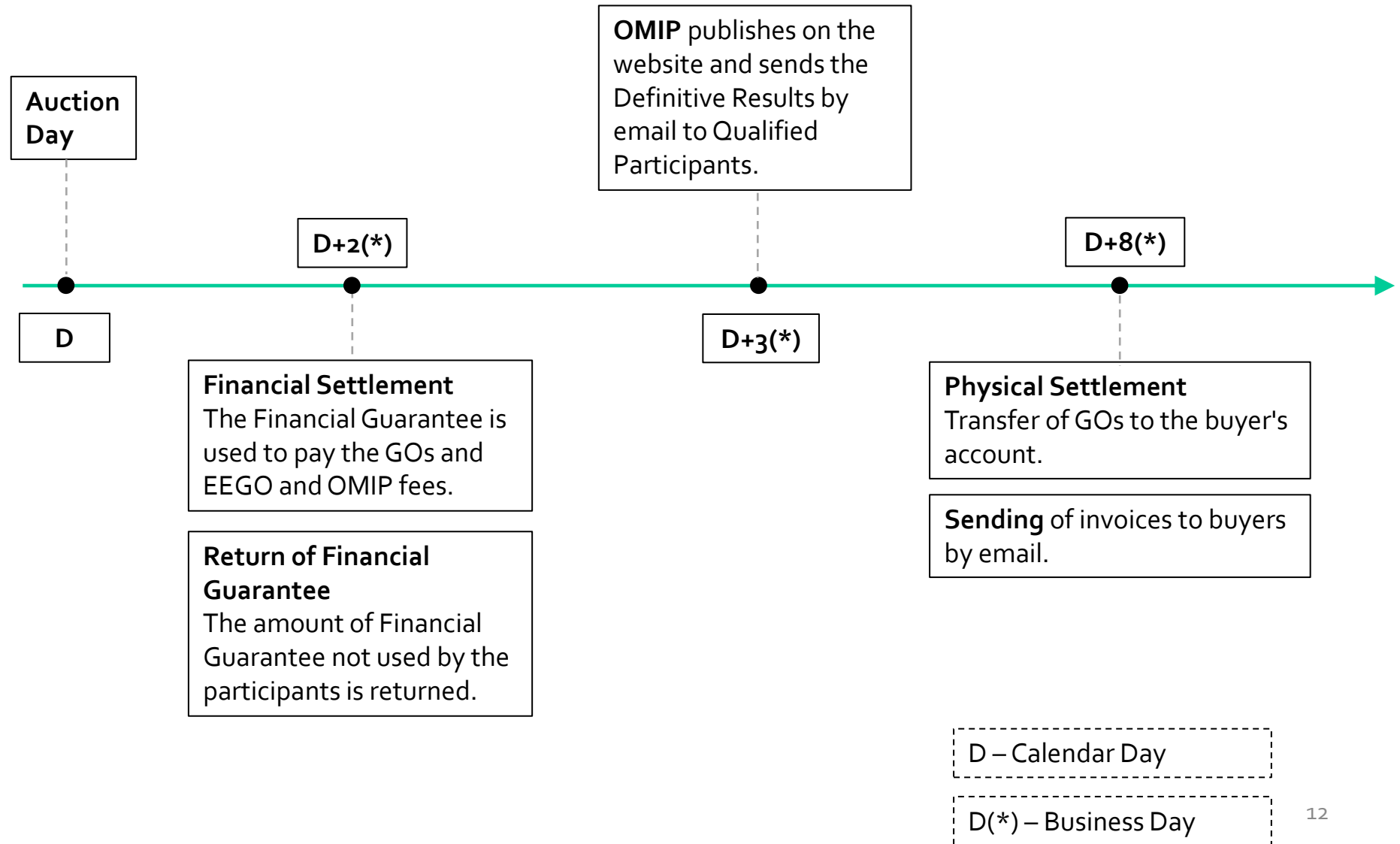
Process Overview



Sequence of Events



Sequence of Events



- July 23rd 10:30 (Lisbon time) - **Training Session** on the Auction Platform
- July 26th 10:30 (Lisbon time) – **Auction Simulation** (for Qualified Participants only)
- July 28th 10:30 (Lisbon time) – **Auction Day**
- **Auction Parameters:** Reserve Price = 0.10 €/MWh

K=3

EEGO Fee = 0.01 €/MWh

OMIP/OMIP SA Fee = 0.01 €/MWh

- **Products**

Lot	Technology	Production Period	Volume Offered (MWh)
1	Solar	Aug-20 and Sep-20	102 929
2	Solar	Apr-21	32 361
3	Wind	Aug-20 and Sep-20	1 612 606
4	Wind	Apr-21	507 854
5	Hydro	Aug-20 and Sep-20	396 231
6	Hydro	Apr-21	332 511
7	Thermal	Aug-20 and Sep-20	317 533
8	Thermal	Apr-21	120 783
Total			3 422 809

1st Auction – July 28th

- More detailed information on GOs - namely Name of Instalation, Commissioning Date and Installed Capacity – will be provided to Registered Participants before the auction.
- Information on the Training Session of July 23rd will be posted in OMIP webpage <https://www.omip.pt/en/>
- Updated information on the auctions is published in: <https://www.omip.pt/en/auctions-GO>

OMIP

leiloes-GO@omip.pt