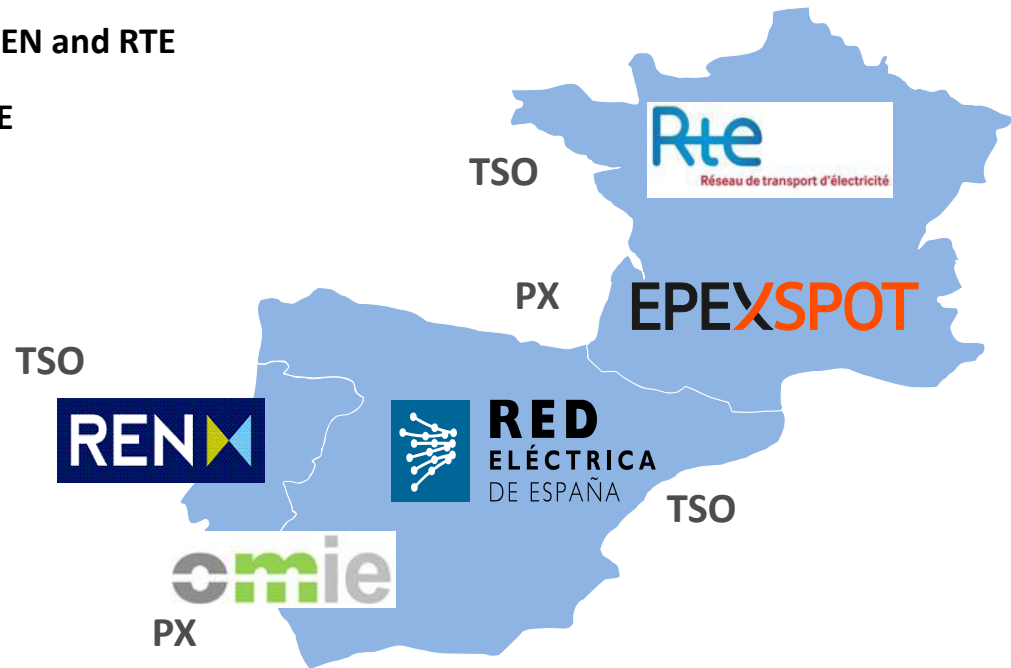


The SWE project parties

— Entities involved:

- The Transmission System Operators : REE, REN and RTE
- The Power Exchanges : EPEX SPOT and OMIE

— Follow up by NRAs (CRE, CNMC, ERSE) in the framework of the SWE ERI



ES-FR interconnector CZCs Publication

The CZCs for the France-Spain will be published:

- IESOE Publication Platform: <http://www.iesoe.eu/>
- RTE's website: http://clients.rte-france.com/lang/an/clients_traders_fournisseurs/vie/vie_capa.jsp
- REE's website: <http://www.esios.ree.es>

ES-FR interconnector Fallback Solution

Please note that when SWE full Market Coupling will be launched in May, **the fallback solution in case of decoupling on the FR-ES border will be Intraday allocation of capacities**; no shadow auctions will be carried out by CASC for the time being. Information concerning the access to capacities in Intraday in case of decoupling will be available on REE's website.

Works for the implementation of Shadow auctions are being carried out in parallel with a forecasted target launch Q1 of 2015

Price caps and bid caps

- There are no Market results price caps in MIBEL.
- What exists in MIBEL are limits on bid prices (currently 0-180), which do not imply limits to the Market results prices.
- Technically, in the Euphemia Algorithm, the same price caps as in NWE are applied by OMIE.
- Therefore, any bids with higher and lower prices from other countries can be matched in PCR, and any resulting Market price is accepted in MIBEL (including negative prices and/or prices higher than 180).
- Price caps and caps on the bids on NWE hubs were agreed in the framework of the NWE Project based on studies and recommendations from Market Parties

“To run, the PMB requires market results price caps for each market. The values used for OMIE are currently aligned with the ones from the other markets i.e. [-500;3000]. Euphemia makes sure that the returned market prices are within these bounds. It will be the case as long as the bid caps at OMIE are within [-500;3000] (currently [0; 180.3]).”

	Market results Price cap	Bid cap
OMIE	-500/+3000 (Euphemia Algorithm)	0/+180
NWE hubs	-500/+3000	-500/+3000

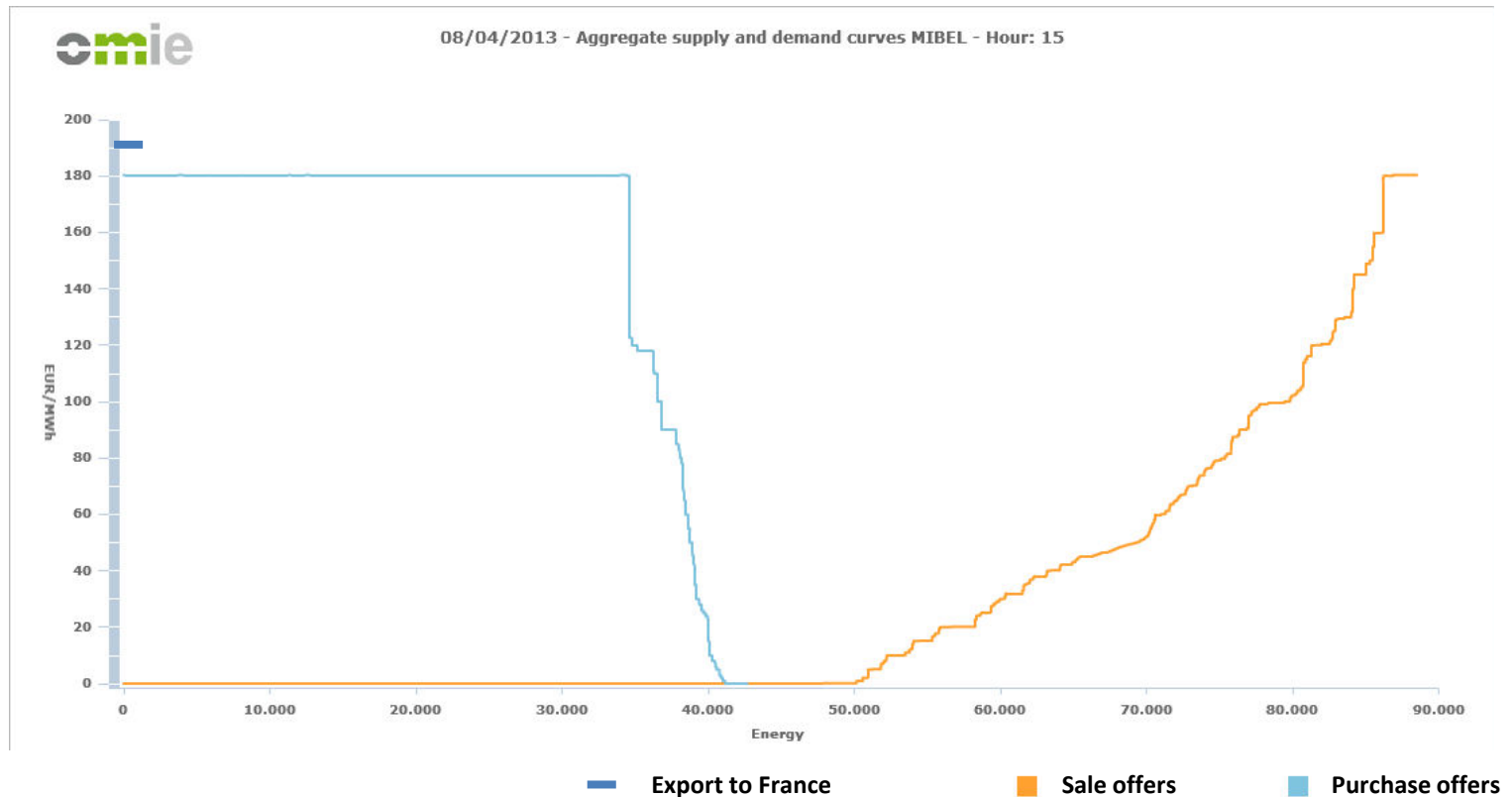
Price caps and bid caps

ANALYSIS OF MINIMUM PRICE RESULTS WITH MARKET COUPLING I/II

Year 2013:

Maximum hourly energy matched in 2013 (8/4/2013, h 15): 42.264 MWh

Maximum import from France: 1.100 MWh; Maximum export to France 1.000 MWh; Export to France: 1.000 MWh



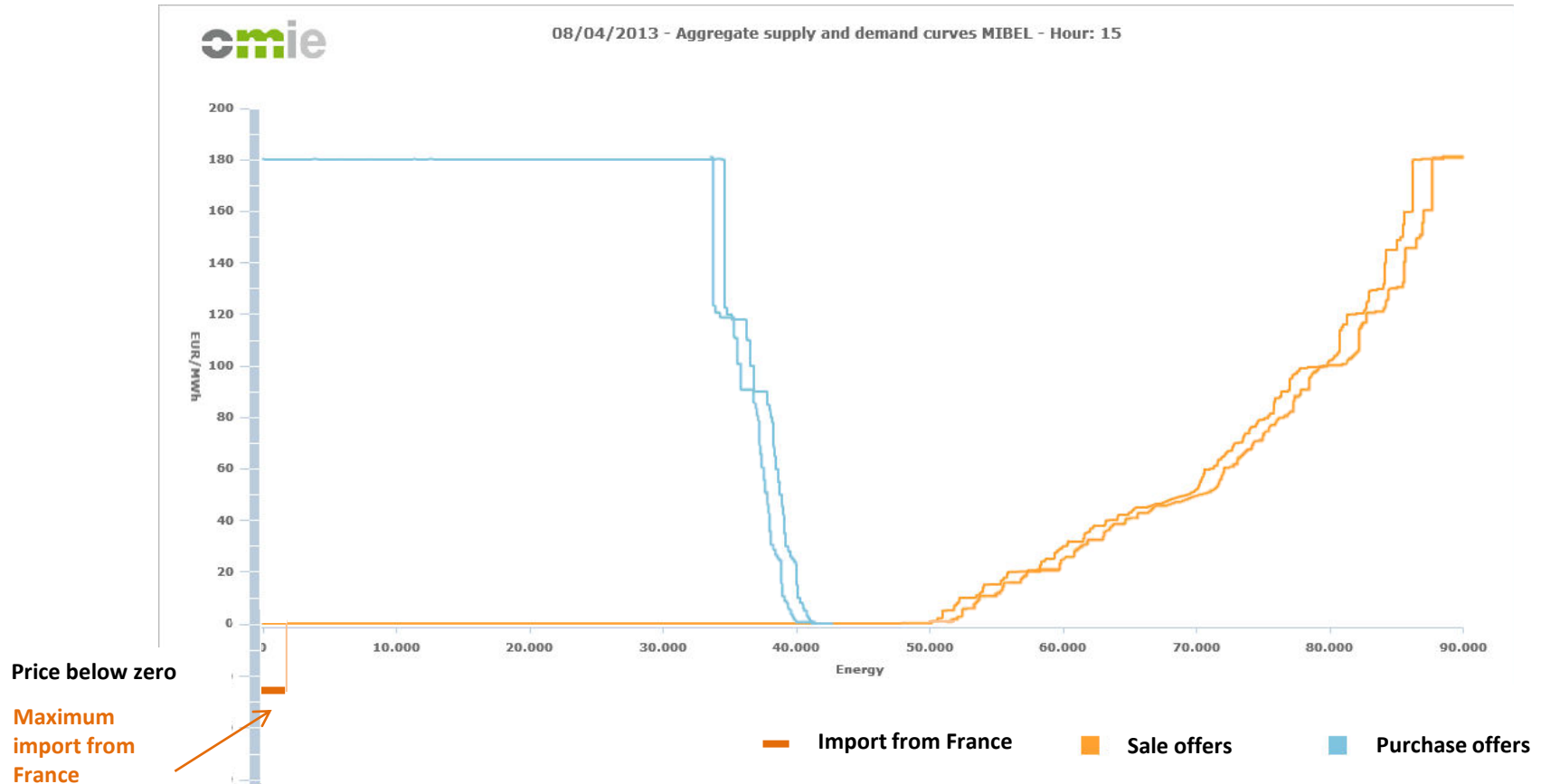
The material contained in this document is provided for general information purposes only and does not constitute and will not give rise to any legally binding obligation on the part of any of the material. EPEX does not guarantee the accuracy of the material. Any question on the content of this material shall be raised to OMIE.

Price caps and bid caps

ANALYSIS OF MINIMUM PRICE RESULTS WITH MARKET COUPLING II/II

In the extreme case, with prices below zero in France, instead of exports there will be imports, as much as possible (1.100 MWh), therefore:

- Purchase curve moves 1.000 MWh to the left hand
- Sale curve moves 1.100 MWh to the right hand



Conclusion :

The price in the Spanish zone will never be below zero, even prices below zero in France, due to the maximum import capacity.

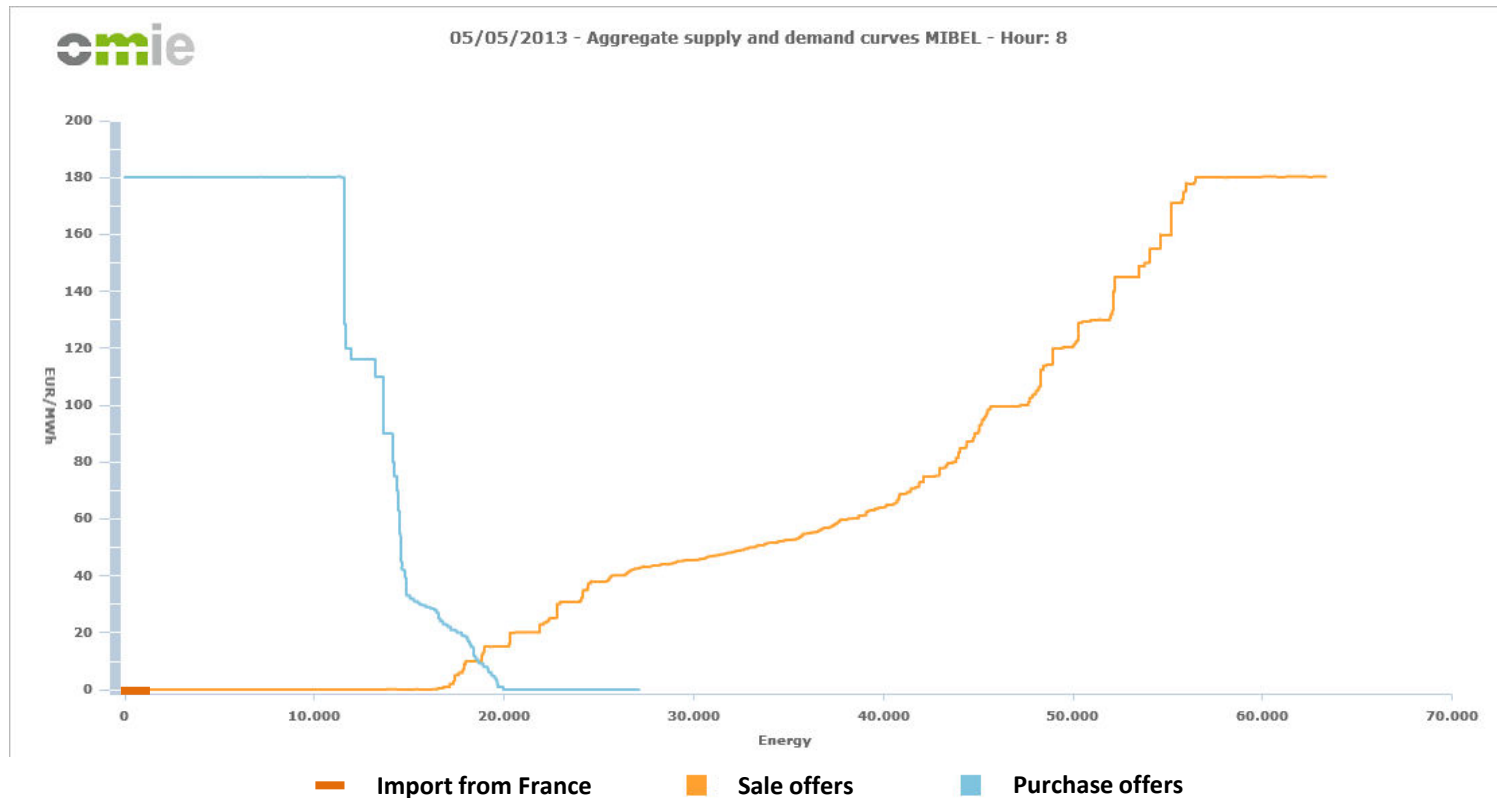
Price caps and bid caps

ANALYSIS OF MAXIMUM PRICE RESULTS WITH MARKET COUPLING I/II

Year 2013:

Minimum hourly energy matched in 2013 (5/5/2013, h 8): 14.592 MWh

Maximum import from France: 1.300 MWh; Maximum export to France 1.100 MWh; Import from France 1.300 MWh

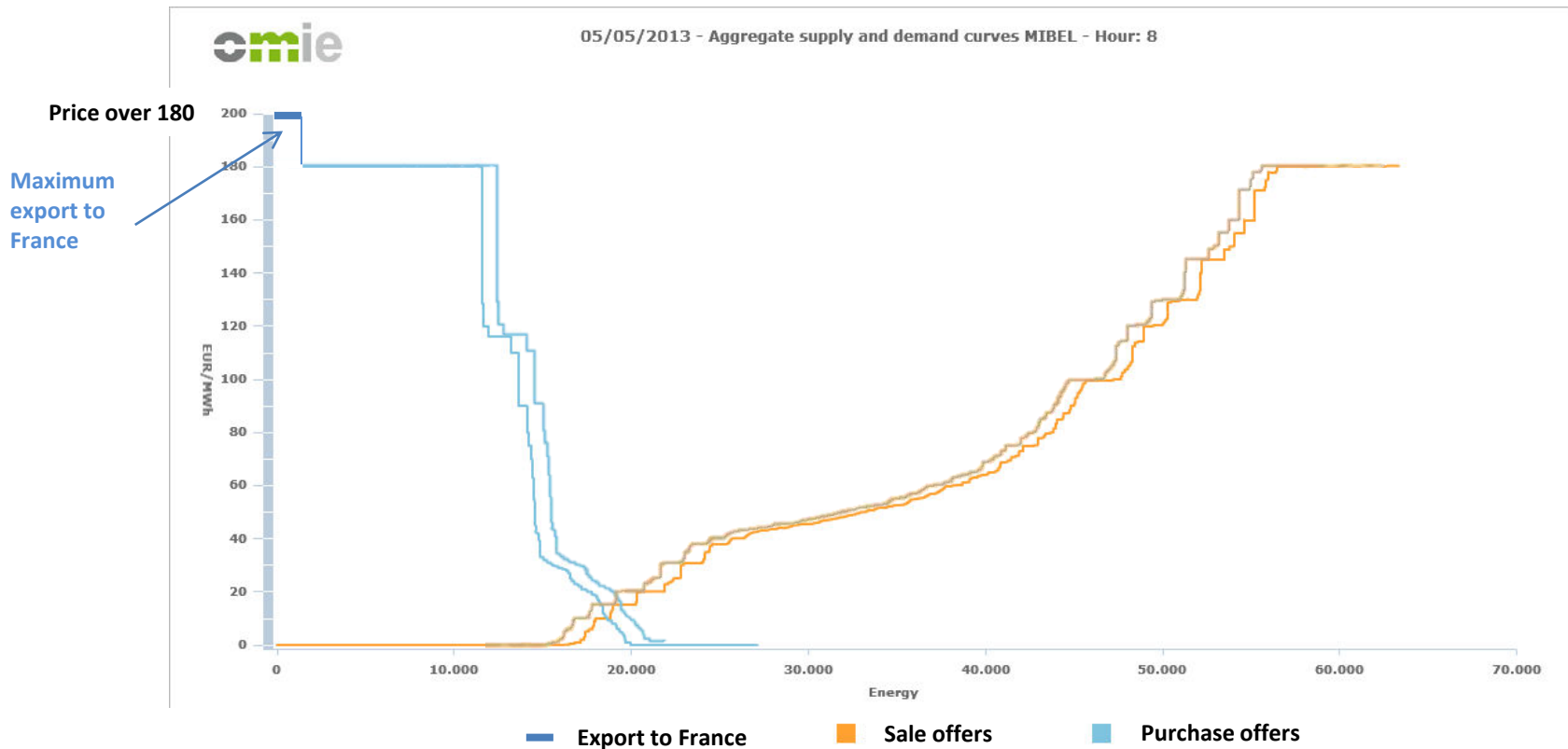


Price caps and bid caps

ANALYSIS OF MAXIMUM PRICE RESULTS WITH MARKET COUPLING II/II

In the extreme case, with prices over 180 €/MWh in France, instead of imports there will be exports, as much as possible (1.100 MWh), therefore:

- Purchase curve moves 1.100 MWh to the right hand
- Sale curve moves 1.300 MWh to the left hand



Conclusion :

The price in the Spanish zone will never be over 180 €/MWh, even prices over 180 €/MWh in France, due to the maximum export capacity.