

# Trading rules for Svenska kraftnät's EPAD-auctions arranged by Svensk Kraftmäklings AB

(Valid from 2024-12-19)

## INTRODUCTION

Affärsverket Svenska Kraftnät, 202100-4284, (Svenska kraftnät), offers EPAD-auctions arranged by Svensk Kraftmäklings AB, 556518-5245, (SKM), with EPAD contracts listed at Nasdaq Oslo ASA in the bidding zones SE2, SE3 and SE4. The auction result is formalised at Nasdaq Oslo ASA under the current exemption for trade (pre-trade transparency) according to Nasdaq Oslo ASA trading rules and clearing (clearing and settlement of Block Trades) are executed according to the clearing rules of Nasdaq Clearing AB.

SKM is a broker of electricity derivatives with permission from the Swedish Financial Supervisory Authority to receive and execute orders regarding financial instruments on behalf of customers.

The transactions will be cleared at Nasdaq Clearing AB and completed at Nasdaq Oslo ASA.

The trading rules are created in consultation between SKM and Svenska kraftnät and can be subject to change. The valid version of the trading rules is available at [www.skm.se](http://www.skm.se) and [www.svk.se](http://www.svk.se). Auction participants are responsible to ensure that they have the latest version of the trading rules.

The trading rules are written in a Swedish and an English version. In case of any dispute or difference between the versions, the Swedish language version shall prevail.

## DEFINITIONS

**Allocated volume.** Volume is allocated in steps of 0,01 MW.

**Auction day.** The calendar day when the auction is executed.

**Auction participant.** Auction participants are members at Nasdaq Clearing AB, direct or indirect, have a Broker Agreement with SKM and have submitted a Broker Appointment Form to Nasdaq.

**Auction schedule.** SKM and Svenska kraftnät publish a predetermined auction schedule on the respective organisation's website with information regarding dates for auctions, products and volumes offered.

**Buy auction.** Auction where a participant/participants buy EPADs from Svenska kraftnät in the bidding zones SE2, SE3 and/or SE4.

**Execution of transaction.** The transaction is completed after clearing at Nasdaq Clearing AB.

**Included bidding zones.** SE2, SE3 and SE4.

**Included bidding zone borders.** SE2-SE3 and SE3-SE4.

**Order volume.** 1 MW or multiples thereof

**Order window.** The period when orders can be submitted to SKM ahead of each auction.

**Price ticks.** Orders are defined in steps of 0,01 €/MWh.

**Products.** Monthly, quarterly and yearly EPAD contracts in SE2, SE3 and SE4 listed at Nasdaq Oslo ASA for clearing at Nasdaq Clearing AB.

**Sell auction.** Auction where a participant/participants sell EPADs to Svenska kraftnät in the bidding zones SE2, SE3 and/or SE4.

## PREREQUISITES FOR PARTICIPATION IN AUCTION

**Membership Nasdaq Clearing AB.** Parties that are members, direct or indirect, at Nasdaq Clearing AB and have an agreement (Broker Agreement) with SKM, can participate in the auctions. In addition, the participant needs to have submitted a Broker Appointment Form to Nasdaq.

**Participation without membership at Nasdaq Clearing AB.** Participation in the auction without direct or indirect membership at Nasdaq Clearing AB is possible if the party can show an agreement with a clearing member (i.e. another legal person) that proves their ability to submit orders in the auction, and that eventual allocated volume to the participant in the auction is cleared at an account of the clearing member.

**Collaterals for clearing.** Each participant in the auctions is responsible for making sure that they have sufficient collateral at Nasdaq Clearing AB at the time of the auctions, to enter into transactions/volumes corresponding to the orders they submit.

## TRADING RULES

**Order types.** Simple orders only.

**Maximum order volume.** Maximum order volume per auction participant in each auction is limited to the total offered volume in the auction. If an auction participant places an order with a total volume that exceeds the volume offered by Svenska kraftnät, the orders that are most beneficial for Svenska kraftnät with respect to price and within the total volume offered by Svenska kraftnät will be included in the auctions.

**Maximum allocated volume.** The maximum allocated volume per market participant in each auction is limited to the total volume offered by Svenska kraftnät in the auction.

**Prerequisite for fulfilled auction.** The auctions are coupled across each respective bidding zone border. For auctions in the neighboring bidding zones (SE2-SE3, SE3-SE4), the criteria that Svenska kraftnät buys to the same or lower price than the price Svenska kraftnät sells for in the adjacent bidding zone, must be fulfilled for the auctions to be completed and the transactions to be entered and executed.

**Prerequisite for allocation of volume.** The auctions are coupled across each respective bidding zone border. In the adjacent bidding zones SE2-SE3 and SE3-SE4 the volume Svenska kraftnät buys in a bidding zone should exactly correspond to the volume Svenska kraftnät sells in the adjacent bidding zone/bidding zones in the respective EPAD contract.

**Direction of Coupled Bidding Zone Borders Resulting in Matched Trades.** If it is possible to match trades according to the trading rules in both directions between two adjacent bidding zones, only one direction will result in allotment. The direction that can allocate the largest volume in the auction will prevail. If an equal volume can be allocated in both directions, the direction that results in the largest price difference in the auction will be chosen for allocation.

**Auction price.** Marginal pricing (pay as clear) is applied in the auction. Svenska kraftnät offers to sell or buy a specific volume of a product to an unspecified price. In the auctions where Svenska kraftnät is the buyer, the sell orders with lowest price will be accepted first and in the auctions where Svenska kraftnät is the seller, the buy orders with highest price will be accepted first. The clearing price in the auction is defined by the price of the order at the margin that fulfills the volume Svenska kraftnät offers in the auction. The volumes in the auctions will be decreased until the matching criteria/condition for volume and prices set by Svenska kraftnät are fulfilled. If there are no orders/bids which fulfill the criteria/condition Svenska kraftnät will not enter into any contract. The cross border capacity not utilized as EPADs may be transferred to upcoming auctions

**Primary allocation principle in the auction.** Price.

**Secondary allocation rules.**

1. Timestamp of order. Orders placed earlier has priority over orders received later during the order window. If two or more orders have the same time stamp, orders that are unedited have priority over orders that have been changed during the order window.
2. Allocated volume will be split proportionally to the volume of the orders at the marginal price if multiple auction participants have placed orders with the same time stamp.

**Timings for submission of orders and determination of auction result.** Participants in the auctions can place orders at the auction day at 08:00 CET the earliest and 10:00 CET the latest when the order window closes. Participants in the auctions are able to cancel or change their order until 10:00 CET.

Auction results will be published at 12:00 CET on the day of the auction.

Publication of the results from the auctions will be available at SKM's and Svenska kraftnät's webpages.

**Clearing of allocated volume.** Clearing of the transactions will be managed by Nasdaq Clearing AB before 12.00 CET on the day of the auction.

**Trade confirmation.** After 16.00 CET at the day of the auction all market participants that were allocated contracts in the auction will receive a confirmation of the contract from SKM.

## FEES

**Brokerage fee.** The brokerage fee for allocated volume in the auction is 0,0075 €/MWh for all auction participants including Svenska kraftnät. For more information about current clearing fees, visit Nasdaq Oslo Asa or Nasdaq Clearing AB.

## SUBMIT ORDER

**Order form.** Order form is available at [www.skm.se](http://www.skm.se). The participants are encouraged to download and fill in the form for the auction/auctions they wish to participate in. The fields to be filled are: Name of the company, trader, risk reduction (Y/N), buy or sell auction, price, volume and product.

For a submitted order to be regarded valid, an order confirmation from SKM is necessary. The confirmation is sent via the same means of communication as the order was received

Incomplete order forms or orders submitted by non-authorized persons may be completely disregarded.

### Order submission.

The order form can be submitted in the following three ways. Order submission via phone should only take place as an exemption.

1. E-mail: Send the form via E-mail to [auction@skm.se](mailto:auction@skm.se)
2. Refinitiv Messenger: Send the form via Refinitiv messenger, SKM Auction, [auction@skm.se](mailto:auction@skm.se)
3. Telephone: Call +46 8 5062 63 66

## CANCELLED OR POSTPONED TRADE

**Cancelled auction/new auction.** A participant that by the time of the auction did not have sufficient collateral or left incomplete information according to the Nasdaq Oslo ASA rules for Block Trades could have all their orders in the auction cancelled.

If such extraordinary circumstances should appear that SKM cannot ensure correct and fair trade, SKM has the right to postpone an auction until the extraordinary circumstances have ceased or SKM are able to ensure that a correct and fair auction can be held. If SKM in such a situation assess that an auction cannot be executed in a correct and fair manner within reasonable time, SKM has the right to cancel an auction. In such cases, the received orders will expire. Information to the participants about postponed or cancelled trade is communicated via the webpages of SKM and Svenska kraftnät.

## COMPLAINTS

The buyer/seller must immediately on the auction day report to SKM any errors or deficiencies that appear in the order information or any other errors or failures/issues in the execution of the auction (complaint). If a complaint is not made immediately on the auction day, the buyer/seller loses the right to request compensation or demand other measures from SKM.

## RESPONSIBILITIES OF SKM

SKM is not responsible for any damage caused by Swedish or foreign legislation, Swedish or foreign action of authority, war event, strike, lockout or other similar circumstance. The reservation regarding strike, blockade, boycott and lockout is valid also in events when SKM is not subject to, or initiator of, such a conflict measure.

Damage that occurred in other cases should not be compensated by SKM if SKM was normally careful. SKM is not responsible for indirect damage if the indirect damage was not caused by severe negligence by SKM.