



RULES ON THE CALL AND REQUEST FOR TENDER FOR THE MARKET MAKER SERVICE ON MIBGAS

Q4 2022

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1. PURPOSE

The purpose of this Call for Tender for the Service of Market Maker is to comply with the mandate of holding a six-monthly call for the provision of the service, receiving the Market Agents' bids for the provision of this service.

The purpose of the Service of Market Maker is to increase the liquidity of MIBGAS through the submission of more orders at the continuous trading stage, whereby those Agents interested in undertaking transactions may find a counterparty more easily.

2. DESCRIPTION OF THE SERVICE

The obligations that are included in the Market Maker service in MIBGAS are the following:

- › The Market Maker undertakes, from the date of entry into force of this agreement, the presentation on its own behalf of offers to buy and sell the defined products, for a quantity greater than or equal to the quantity (minimum quantity) agreed upon and within the maximum range of price separation between the offer of sale and that of purchase (maximum spread prices) defined.
- › The Market Maker may request a "Fast Market" situation. However, the last responsible for the declaration and termination of a "Fast Market" situation will be the Market Operator, who will inform the Market Maker through a communication. This declaration may be urged by the Market Operator or by the Market Maker through an application to the Market Operator.

The declaration of "Fast Market" is established in the Market Instruction "IM 2021/05 – Fast Market" as long as there is no Instruction or equivalent regulation that contemplates a different criterion for the VTP.

- › In case the Minimum quantity offered is greater than the remaining quantity until reaching the Maximum required limit to be matched, the Market Maker will only be obliged to maintain a Quantity on buy and sell orders for said remaining quantity.
- › Any order from the Market Maker that is matched will be replaced before five minutes by a new order that meets the above conditions.
- › If during the performance as Market Maker exceeds the maximum required limit on the quantity to be matched, he will be exempted from submitting new orders during the rest of the session.
- › In cases where the Market Maker has not had a presence on the screen or no last prices have been generated on the products in which the Market Maker provides its service, it will collaborate with MIBGAS to facilitate the last prices and the most competitive bid and ask offers in each product.
- › The Market Market will collaborate with MIBGAS in those cases in which the Market Operator asks them for an opinion on the transactions and prices that an agent has requested to MIBGAS to cancel.

- › The Market Maker shall be exempt from its obligations to submit bids in the following circumstances:
- During three sessions per month, consecutive or not, at the Market Maker's request, provided that it is communicated in advance of the start date of each exemption date, in order to facilitate the operation of the service.
 - During the time a "Fast Market" situation has been declared by the Market Operator.
 - When the Market Maker is in an extraordinary technical situation that has been previously notified to MIBGAS, providing the appropriate documentation of its existence and provided that it has proceeded to immediately initiate the necessary actions to remedy this situation, keeping MIBGAS informed punctually on the progress of the work carried out for its remedy.
 - It will be considered that there is an extraordinary technical situation in cases in which it is demonstrated in a reliable way that there is a situation that affects the communications facilities or infrastructures with MIBGAS, from which the impossibility is derived, on the part of the Market Maker, to make orders and that substantially and materially prevents compliance with the assumed obligations.
 - When the Market Maker has accessed privileged information under the terms established in Regulation (EU) No. 1227/2011 of the European Parliament and of the Council, of October 25, 2011, on the integrity and transparency of the wholesale energy market and until this information is made public. The Market Maker must justify that such exoneration was due to access to privileged information.
 - For the duration of a declaration of a situation of exceptional operation of any of the crisis levels defined in the community regulations or as defined in the Portuguese regulation on Operation Regime in Emergency Situations.

Without prejudice to compliance with the obligations acquired under this agreement, the Market Maker may freely make additional orders to the different products in accordance with the MIBGAS Rules.

The Market Maker will provide the service for the products that have been awarded to him, without prejudice to the fact that other Market Makers may act on those or other products.

In any case, the specific regulations of each product in force at each moment will be the one that regulates the performance characteristics of the Market Maker.

In order to count the number of days that the Market Maker has fulfilled its function, all trading days of the product detailed in Annex III will be taken into account.

3. CONTENT OF THE TENDER.

The agent will complete Annex III detailing the technical and economic conditions, and experience as a market maker in other trading platforms.

The submission of a binding bid by the interested party shall be understood to entail acceptance of all the terms and conditions provided for herein, which shall be an integral part of the Market Maker Agreement on the MIBGAS market arranged between the parties.

3.1. Technical specifications

The technical specifications shall contain the conditions for the provision of the service for each product tendered, as per the table in Annex III. It will set a value for the free parameters of each product, within the specified limits and maintaining the obligations stipulated in the pre-established parameters.

3.2. Monetary terms

Together with the technical specifications for each product, the bidder shall submit a financial evaluation of the service tendered, with the monthly cost.

The bidder may also submit the financial evaluation with the joint cost of the service for a combination of products, in the event they are all included in the provision of the service.

3.3. Experience

The bidder may include references on any market maker services it has rendered on other trading platforms. Agents experience as market makers in other platforms will only be taken into account in case several bidders have been assigned with the same score, without this factor being taken into account as a decisive criterion for the assignment of the service.

4. PROCEDURE FOR BIDS AND THEIR ASSIGNMENT.

4.1. Submission of binding bids

Binding offers are to cover the technical specifications, monetary terms and experience as specified in section 3.

Documents are to be submitted in pdf format via email to cm@mibgas.es before 12:00 CET on 9th September 2022. In addition, the bidder may send a hardcopy to the following address:

MIBGAS S.A.
Dirección de Operaciones. Convocatoria CM.
Alfonso XI, 6. Planta 5.
28014 Madrid

4.2. Analysis of bids and clarifications

MIBGAS will analyse the bids submitted, and may call upon the bidders to provide certain clarifications. Likewise, MIBGAS will answer those questions it is asked by the bidders regarding the terms and conditions of the call for tender, and made before the deadline for their submission.

4.3. Process of evaluation and assignment

The overall evaluation of the offer will be based on the joint assessment of the technical parameters and the economic valuation, being possible, if necessary, the valuation of the participation as market maker of the bidder in other markets.

In order to perform the evaluation, it will be assigned, for each of parameter (spread, volume and price), a maximum score based on the number of offers submitted per product (discarding those that do not meet the requirements and restrictions set in the technical parameters) distributed as follows:

- › In relation to the maximum spread, the highest score will be assigned to the offer with the lowest spread, assigning the rest of the points in descending order, and depending on the distance from the best offer.
- › In relation to the limit for the quantity to be matched per trading session, the highest score will be assigned to the offer with the highest quantity, assigning the rest of the points in descending order, and depending on the distance regarding the best offer.
- › In relation to the price offered, the highest score will be assigned to the offer which presents the lowest price with respect to all the others, assigning the rest of points in descending order, and depending on the distance from the best offer.
- › In case that certain values coincide in the different offers presented, the same score will be assigned for all of them, maintaining the order described in the previous paragraphs.

In the event that the offer presented affects a product which is negotiated during the weekends, an extra point will be added in case the offer does include the participation of the market maker during the weekends.

By default, on the resulting sum of points, the following weighting factors will be applied:

			Weighting factor
CRITERIA	Technical	Spread	2
		Max. limit for the quantity to be matched	1
	Economic	Price Offered	2

MIBGAS may introduce additional objective criteria related to the liquidity of the products and the budgetary limitations or consider different restrictions to those initially set in the event that none of the proposals submitted complies with these restrictions. The aforementioned alteration will be duly justified in the report of the award proposal that will be presented to ERSE.

MIBGAS is entitled to ask for a new version of the binding offers from all the bidders if it deems it necessary to modify the description of the requirements in the light of the bids submitted.

MIBGAS may choose more than one service provider for each product, if it considers the choice is appropriate for achieving the proposed objective more effectively.

MIBGAS may declare the tender null and void for one or more products when it considers that none of the bids received meets the right conditions for the provision of the service.

The reasoned proposal for the award will contain all the objective aspects and the assessments MIBGAS makes to explain its proposal to ERSE, and to support ERSE's final decision.

5. CONTRACTING

5.1. Model of contract.

Once the service of Market Maker has been awarded, MIBGAS will send the contract for the formalization of the agreement between both parties.

5.2. Additional provisions.

The Market Maker will inform MIBGAS of any conflicts of interest that may arise in the pursuit of its business, refraining from undertaking any actions that may undermine the purpose of this contract.

Regarding any matter not expressly regulated in this tender, application is to be made of the MIBGAS rules.

5.3. Duration

The contract will be valid for the Q4 of 2022.

6. PAYMENTS, INCENTIVES AND PENALTIES.

6.1. Monitoring the fulfilment of the service.

MIBGAS shall monitor the fulfilment of the Service of Market Maker, according to the *Verification of Fulfilment* section available in Annex II, identifying the sessions in which there has been a breach of the terms and conditions. On a monthly basis, and before any payment is made, MIBGAS will present the service provider with its corresponding fulfilment report.

6.2. Pricing and terms of payment.

The price will be the one accepted in the award of the bid.

The terms of payment will be those described in the *Market Maker Service Verification Procedure* available in Annex II.

6.3. Penalties.

Penalties will not be applied, but payment will be determined according to the degree of compliance in accordance with the *Market Maker Service Verification Procedure* available in Annex II.

If the degree of compliance is less than that established in the contract, the corresponding amount will be deducted from the agreed amount according to the Monthly Verification Report.

6.4. Incentives.

The Agent that is awarded with the Market Maker service will have the following benefits:

- › Free advertising within the MIBGAS website and public communications.
- › Two free registrations to the training course of MIBGAS (to be chosen by the Agent during 2022).

ANNEX I. MARKET AGREEMENT FOR THE ORGANISED GAS MARKET

On one hand, MIBGAS

On the other hand, the market maker (“market maker”), being identified as follows:

Identification of the market maker

1. Name or company name:.....
2. Tax No.:.....
3. Address:
4. Representation: Mr/Ms....., in representation of, by virtue of the powers and authorisations that are expressly declared to be valid, sufficient, valid and not revoked.

THEY HEREBY DECLARE

- I. Whereas MIBGAS has been appointed the organised gas market operator, pursuing its duties according to the terms and conditions laid down in the rules on the organised gas market.
- II. Whereas the market maker has subscribed the adhesion contract to the rules on the organised gas market, and is interested on pursuing the duties of market maker within the scope of the organised gas market, assuming the rights and fulfilling the obligations stipulated herein.
- III. Whereas this agreement, is considered ancillary to the adhesion contract to the rules of MIBGAS.

Pursuant to the above declarations, the parties identified in the heading agree to subscribe the following agreement according to the following

CLAUSES

One. Purpose of the agreement.

The purpose hereof is the performance by of the duties of market maker under the terms and conditions laid down herein. These duties are considered ancillary to those incumbent upon it according to its status as agent in the rules on the organised gas market.

The definitions, terms, conditions and operating procedures contained in the rules on the organised gas market shall have the same meaning when they are used herein, and shall be of application to the actions and obligations to be undertaken by the market maker by virtue hereof.

Two. Obligations of the market maker.

The market maker undertakes, as of the date of entry into force hereof, to submit in its own name purchase and sales orders for the products specified in Annex III, for a quantity equal to or greater than the quantity specified (minimum quantity) and within the maximum range of the price spread between sale and purchase orders (maximum price spread), as well as to comply with all the conditions laid down in said Annex III hereto.

The Market Maker may request a "Fast Market" situation. However, the last responsible for the declaration and termination of a "Fast Market" situation will be the Market Operator, who will inform the Market Maker through a communication. This declaration may be urged by the Market Operator or by the Market Maker through an application to the Market Operator.

The declaration of "Fast Market" is established in the Market Instruction "IM 2021/05 – Fast Market" as long as there is no Instruction or equivalent regulation that contemplates a different criterion for the VTP.

From the moment of the declaration by the Market Operator, and until the end of the "Fast Market" situation, the Market Maker may extend the hours exempted from trading, so that this period of time will not count for the verification of the Market Maker service, or may extend its conditions for the presentation of bids according to the table shown in Annex III (Fast Market situation).

In the event that the "Fast Market" situation has occurred during all the service duration periods, the market maker will receive 50% of the total amount agreed upon.

Any order issued by the market maker that is matched shall be replaced immediately by a new order that meets the above conditions, provided that in the trading session the overall value of the quantity of the sale and purchase product that the market maker has matched does not exceed the limited quantity specified in Annex II (maximum limit of quantity to be matched per trading session).

The market maker shall issue these orders on the trading days for the corresponding products specified in Annex III, and according to the stipulated terms and conditions.

Without prejudice to the fulfilment of the obligations acquired by virtue hereof, the market maker may freely issue additional orders for the different products according to the market rules.

Three. *Obligations of MIBGAS and applicable payments.*

Without prejudice to the fulfilment of its duties of confidentiality contained in the rules on the organised gas market, MIBGAS shall make the utmost endeavour to provide the market maker with any relevant information as required for the proper pursuit of its duties as market maker, including the arrangement of new market making agreements or the expiry of market making agreements with other market makers.

MIBGAS undertakes to provide such information at its earliest possible convenience and to all the market makers at the same time.

In order to render these services to the market, MIBGAS shall make a monthly payment to the market maker as per the terms and conditions stipulated in Annex II.

Four. *Incentives, penalties and suspension.*

MIBGAS may introduce a system of incentives with the market maker depending on how well it performs its duties. This level of performance shall be assessed according to criteria that are objective, measurable and verifiable, depending on such results as the number of operations undertaken, the overall volume traded, or the volume traded in relation to other market makers, or such like.

MIBGAS shall agree a system of penalties with the market maker for the case of any breach in the provision of the service provided for herein, without prejudice to the possibility of the early discharge of the agreement by MIBGAS.

Payment will be determined according to the degree of compliance in accordance with the Market Maker Service Verification Procedure available in Annex II.

In the event of the suspension of the market maker in its capacity as market agent under the terms provided for in the rules on the organised gas market, this agreement shall also be considered suspended throughout the period that said suspension lasts.

Five. Regulation of extraordinary technical situations

In the event the market maker should find itself in an extraordinary technical situation, it shall inform MIBGAS immediately of that circumstance, providing the appropriate documentary proof of the existence of that situation.

The market maker is in an extraordinary technical situation in those cases in which it can provide concrete evidence to prove there is a situation that affects its premises or infrastructures for communicating with the market, whereby it is unable to issue orders and which substantially and materially impede it from fulfilling the obligations assumed herein.

As soon as this situation arises, the market maker shall inform MIBGAS and proceed to the immediate launch of the necessary actions to remedy this situation, keeping MIBGAS informed on a timely basis of the progress made in the corrective measures being undertaken.

Six. Duration and discharge

This agreement shall enter into force on [day/date/20xx] and shall have a period of effectiveness of.....

Either one of the parties may discharge this agreement with two month's prior notice in writing to the other party.

In the event of the discharge of the adhesion contract to the rules of the organised gas market, this agreement shall expire on the same day as said adhesion contract.

Seven. Cession

Neither of the parties may convey this agreement without the other party's prior written consent.

Eight. Applicable jurisdiction and legislation

Application shall be made hereto of Spanish Law. The parties agree to submit whatsoever disagreement between them to the Courts and Tribunals of the city of Madrid, with express waiver of any other court or tribunal that may be competent.

And, in PROOF OF CONFORMITY, the Parties sign the present Agreement in two copies and to a single effect, at the place and on the date indicated ut supra.

Done in Madrid, on [day/month/year]

ANNEX II. MARKET MAKER SERVICE VERIFICATION PROCEDURE

1. Introduction.

The aim of this procedure is to draw up a single document that systemises the variables that will be taken into consideration when proceeding to the verification of the Service of Market Maker as specified in the contract, in the binding offer, and in the communications made in the negotiation process. Pursuant to the above regarding any matters not expressly provided for in this Procedure, application shall be made of the provisions of the documents mentioned beforehand.

MIBGAS will verify compliance of the Market Maker's service on a monthly basis. The number of days on which these conditions have not been fulfilled will be determined monthly and the monthly payment will be established by discounting these days proportionally.

MIBGAS shall deliver to the market maker providing the service a report detailing the results obtained in application of this procedure.

2. Verification of fulfilment.

The verifications shall be made according to the following criteria and parameters:

Product: ...

Parameter	Metrics	Verification
The maximum price spreads offered.	Less than or equal to ... €/MWh.	Verification that the maximum price spread is less than or equal to ... €/MWh.
The maximum required limit on the quantity to be matched per trading session (quantity as of which it is exempted from that session).	More than or equal to ... MWh/day.	Verification that the Market Maker has traded a total volume, by trading day, of at least ... MWh/day.
Number of trading sessions in which the market maker will be released from its obligation to place orders.	Three sessions per month.	Verification of the number of sessions in which it has not taken part and compliance with the notice period for exoneration.
Presence of the Market Maker.	From ... to ... and from ... to ...	Verification of the mandatory presence of orders during the established time window.
The minimum quantity offered at any given moment for purchase or sale by product.	... MWh/d, divisible.	Verification of whether there is a divisible order with at least this purchase and sale quantity in a visible manner (no use may be made of iceberg orders for fulfilling the duties of market maker).

		In the event that the Minimum Quantity to bid exceeds the quantity remaining until the Maximum Quantity to match is reached, the Market Maker shall only be obliged to maintain at all times a quantity of purchase and sale bids for such remaining quantity.
Time for replacing a matched order.	Less than or equal to five minutes.	Verification of whether the time for replacing orders is less than or equal to five minutes.

3. Payment procedure.

Once the month (M) has ended in which the agent has acted as Market Maker, during the first ten days of the following month (M+1), MIBGAS will send a report to the Market Maker stating whether or not it has complied with the agreed restrictions (and in what proportion). This same report will state the amount that it is to invoice to MIBGAS.

In the middle of the month (M+1) the Market Maker will issue an invoice for that amount addressed to MIBGAS and will send it in PDF format via email to cm@mibgas.es.

At the end of the month (M+1), once MIBGAS has confirmed that the amount is correct, the amount will be paid by bank transfer.

The data the invoice is to feature for payment purposes are as follows:

CIF (Tax Number): ES-A-86500774
 Company name: MIBGAS, S.A.
 Address: Calle Alfonso XI, 6 - 5ª planta. 28014 Madrid (Spain)

4. Application and modifications of the procedure.

This Procedure shall come into force as of the moment of its subscription and shall be applicable from the moment of signing the contract by which the service of the selected Agent as Market Maker is initiated.

This Procedure may be modified in the event of the following contingencies:

- » A change in trading times on the platform.
- » Any other circumstance that directly or indirectly affects the criteria for evaluating the Market Maker's actions described in this Procedure.

ANNEX III. BINDING TECHNICAL AND FINANCIAL OFFER

TECHNICAL OFFER

Product to bid: D+1

In order to avoid the need for the Market Maker to be on screen during weekends and applicable holidays in Portugal, the following operation is proposed:

1. Market Makers shall submit bids for the daily product from Monday to Friday (both included) that are not included in the Weekend product.
2. The market maker will bid the D+1 product, except for the day before the weekend, when it will bid this Weekend product.
3. The following daily product to the Weekend product shall be bid on the previous working day, according to the calendar published by MIBGAS.
4. The day before a public holiday in Portugal the market maker will have to bid the corresponding daily product and will also have to bid the daily product with delivery on the day after the public holiday.

(e.g. if Wednesday is a holiday, on Tuesday it will have to bid product D+1 with delivery on Wednesday and product D+2 with delivery on Thursday)

	Parameter	Restrictions	Proposed value
Free parameters	Maximum price spread offered.	Less than or equal to 1 €/MWh for Day Ahead and Weekend products.	
	The required limit for the quantity to be matched per trading session (matched quantity as of which the Market Maker is exempted in that session).	Greater than or equal to 1 GWh/day for Day Ahead and Weekend products.	
Pre-set parameters	Number of trading sessions in which the market maker is exempted from its obligations regarding the submission of orders.	3 sessions per month.	-

	<p>% of the trading period in which the market maker is exempted from its obligations regarding the submission of orders.</p>	<p>20% of the negotiation session (9:35-18:00).</p> <p>40% of the continuous trading period in sessions where the GTG has announced balancing actions in an interval of more than 2 hours</p> <p>During the announced balancing actions of the GTG with hourly detail, and not exceeding 2 hours, the service provider will be exempted from acting in that time interval, maintaining the exemption in the remaining 20% of the time.</p>	-
	<p>The minimum quantity ordered at each moment of purchase or sale per product.</p>	<p>100 MWh/d, divisible, for Day Ahead and Weekend products, in each purchase and sale offer.</p>	-

“Fast Market” situation:

From the moment of the declaration of a "Fast Market" situation by the Market Operator, and until the end of the "Fast Market" situation, the Market Maker may widen the spread of its offers according to the following table:

Product	Maximum bid spread (normal conditions)	Maximum bid spread (Fast Market condition)
Daily and Weekend		

FINANCIAL OFFER

Product	Amount offered (€/month)
Daily and Weekend	

MARKET MAKER EXPERIENCE

Experience description

SIGNATURE:

DATE:

MERCADO IBÉRICO DEL GAS

Alfonso XI, 6. 28014 Madrid (España)
www.mibgas.es | T (+34) 91 268 26 01