Opportunities for electric energy trading on the basis of the JSC «KOREM» trading platform.

(Kazakhstan operator of the electric energy and power market)

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Regulatory documents

- **Law of the Republic of Kazakhstan «on electric power industry »;**

- **Organization rules of electricity centralized bidding;**

- **Instructional lines for centralized spot-bidding of electricity in "day ahead" regime;**

- **Instructional lines of the trading operator for the participant of centralized bidding.**

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Main functions of the company

- **Organization and conduct of electricity spot-bidding;**
- **Organization and conduct of electricity centralized bidding for the medium-term (week, month) and long-term (quarter, year) periods;**
- **ensuring, within their jurisdiction, the entities of the wholesale electricity market with information on indicative prices for electricity generated by centralized bids and other market information;**
- **Organization and conduct of financial settlements on transactions concluded on spot-bidding;**

- ***Since 2018, organization of auction selling for the project selection for the construction of renewable energy sources in Kazakhstan and the bidding on the electric power market.***

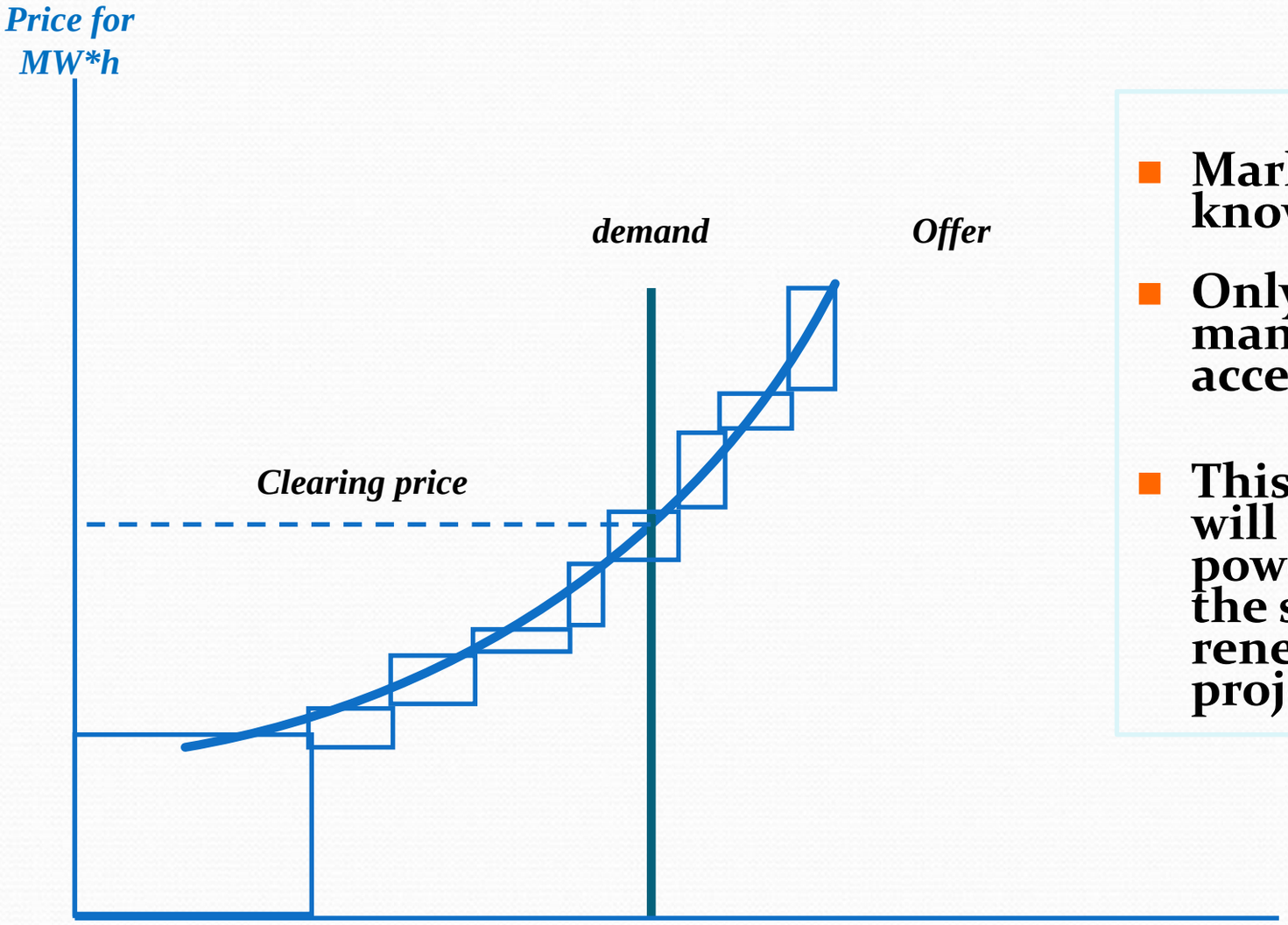
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Basic principles

- **bidders could be an entities of the wholesale market ;**
- **JSC «KOREM» is the bidding organizer and does not buy or sell electricity;**
- **methods of bidding - a two-way bidding and a method of continuous counter trades;**
- **obligatory guarantee (insurance) of the liability of the bidding Participants in the deals concluded on spot- bidding;**
- **minimum sale/purchase volume - 1 MW.**

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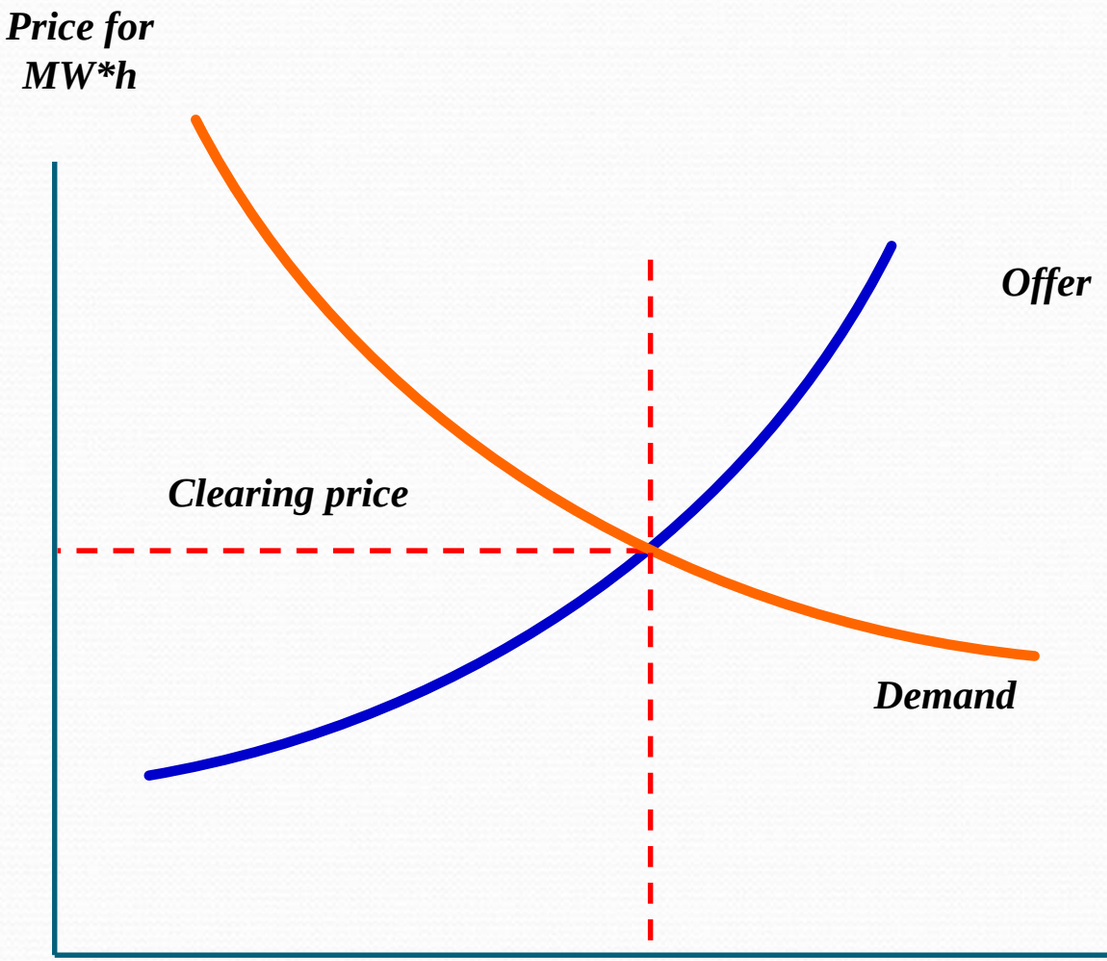
One-way auction



- Market demand is known(forecast)
- Only the bids from manufacturer are accepted
- This pricing method will be applied in the power market and in the selection of renewable energy projects

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Two-way auction

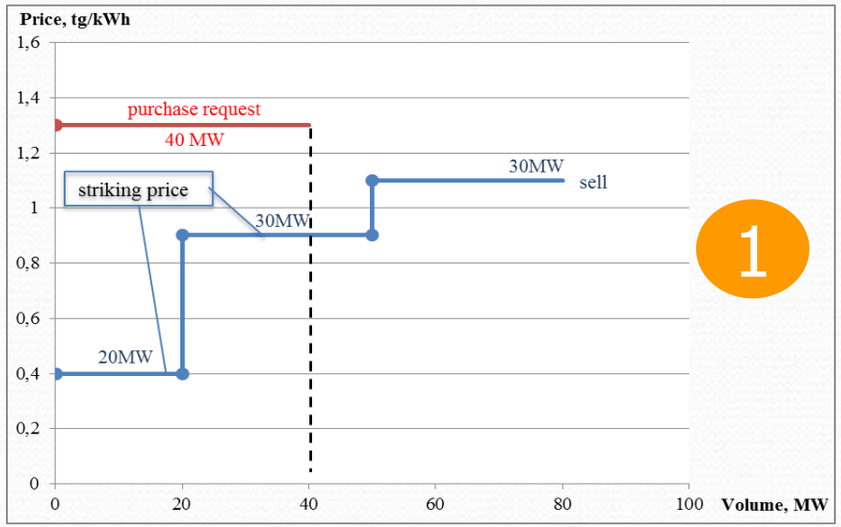


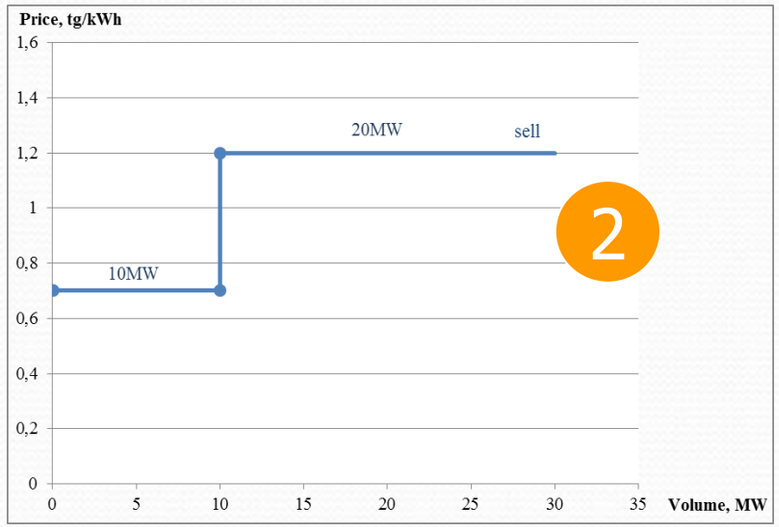
- Voluntary participation
- Bids are accepted for both sale and purchase
- Bids portfolio:
  - On generation;
  - On consumption;
  - On adjustment of volumes under bilateral contracts

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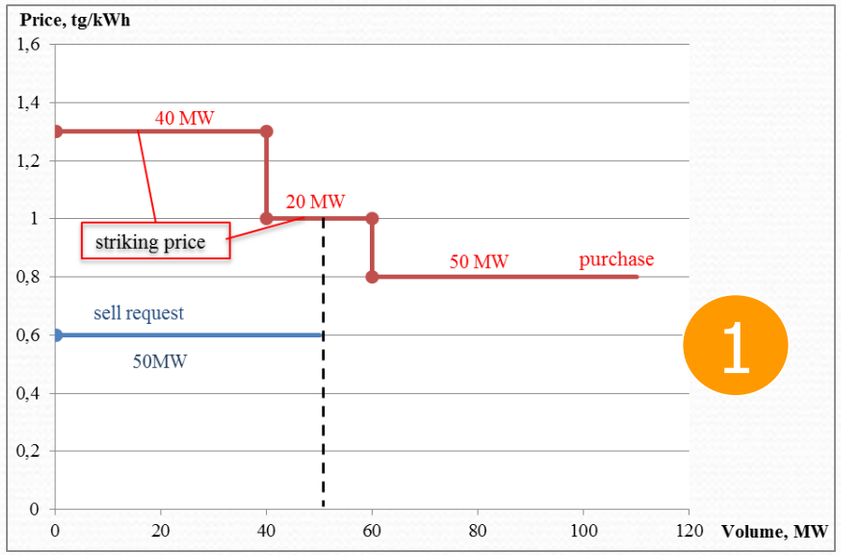
Method of continuous counter trades

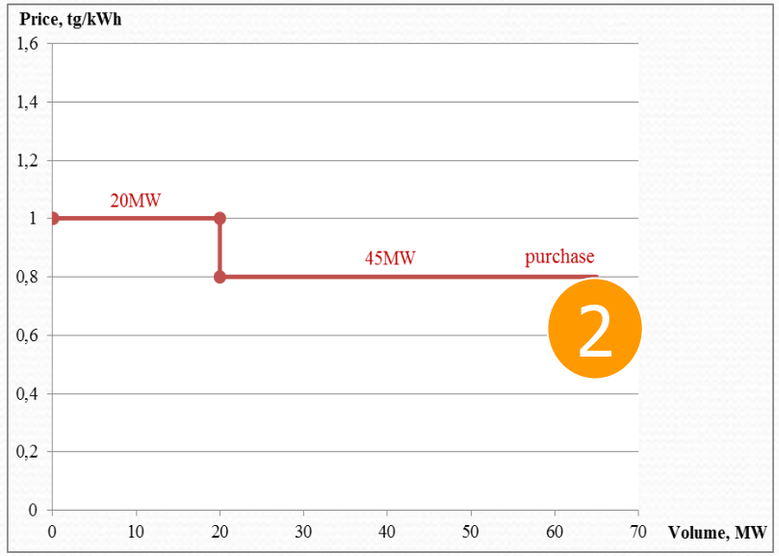
Satisfactory purchase requests





Satisfactory sale requests

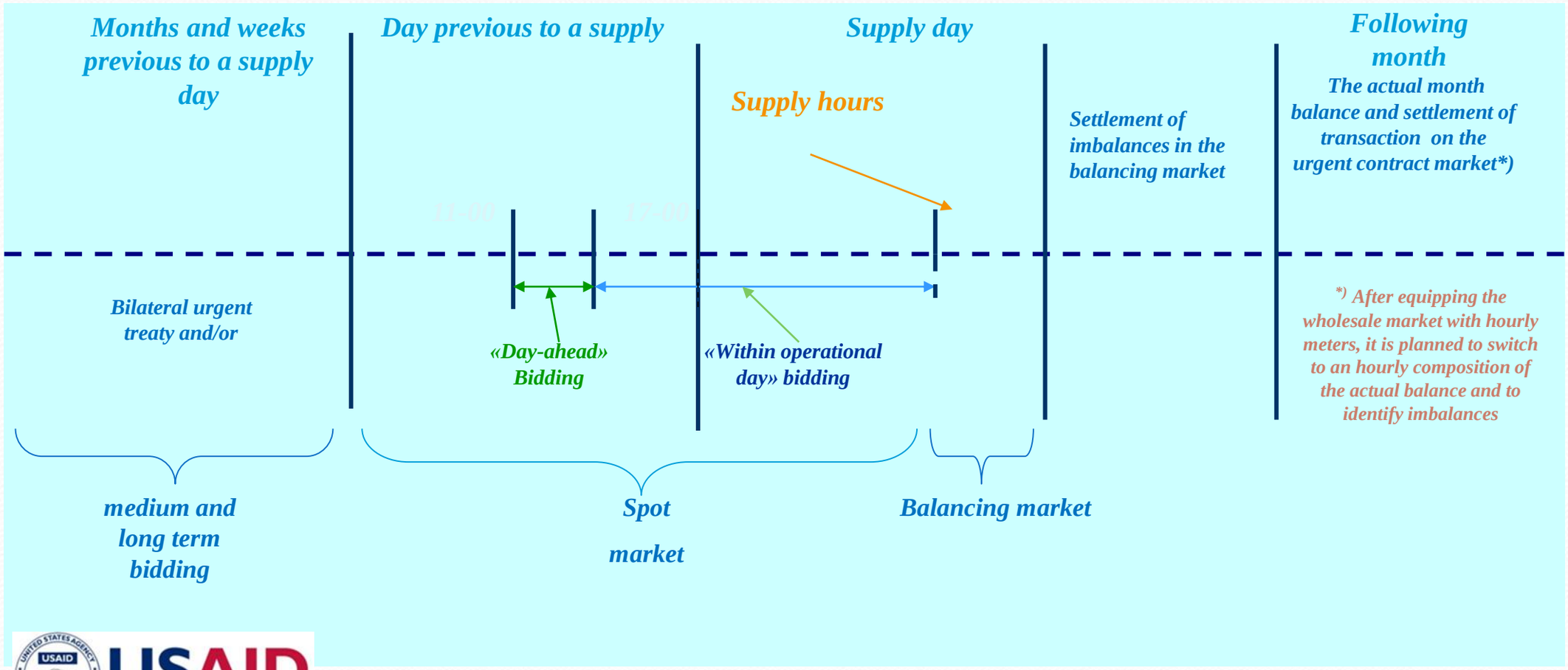




- Two-way auction
- Bidding are held continuously throughout the trading session.
- Purchasers and sellers see completely (except for the names of the purchaser and the seller) the content (volumes and prices) of all submitted bids for bidding.
- For each transaction, the individual price is determined.

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Centralized bidding in a electricity consumption/supply schedule



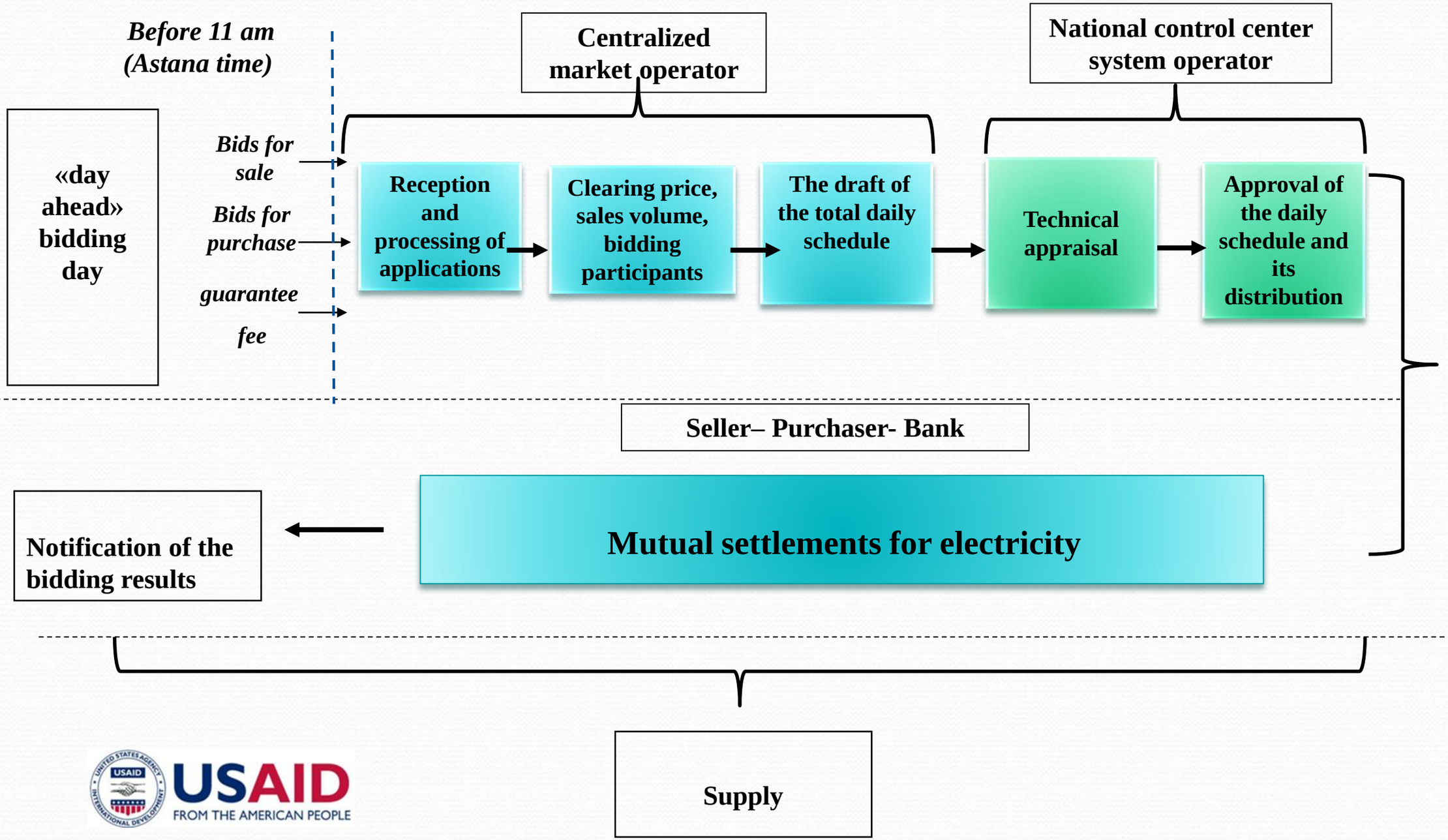
Trade system

- a complex of hardware and software tools that allows participants to purchase and sell electricity remotely through Internet

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- spot-bidding in "day ahead" regime;

«Day ahead» bidding scheme



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Procedure for bids applying

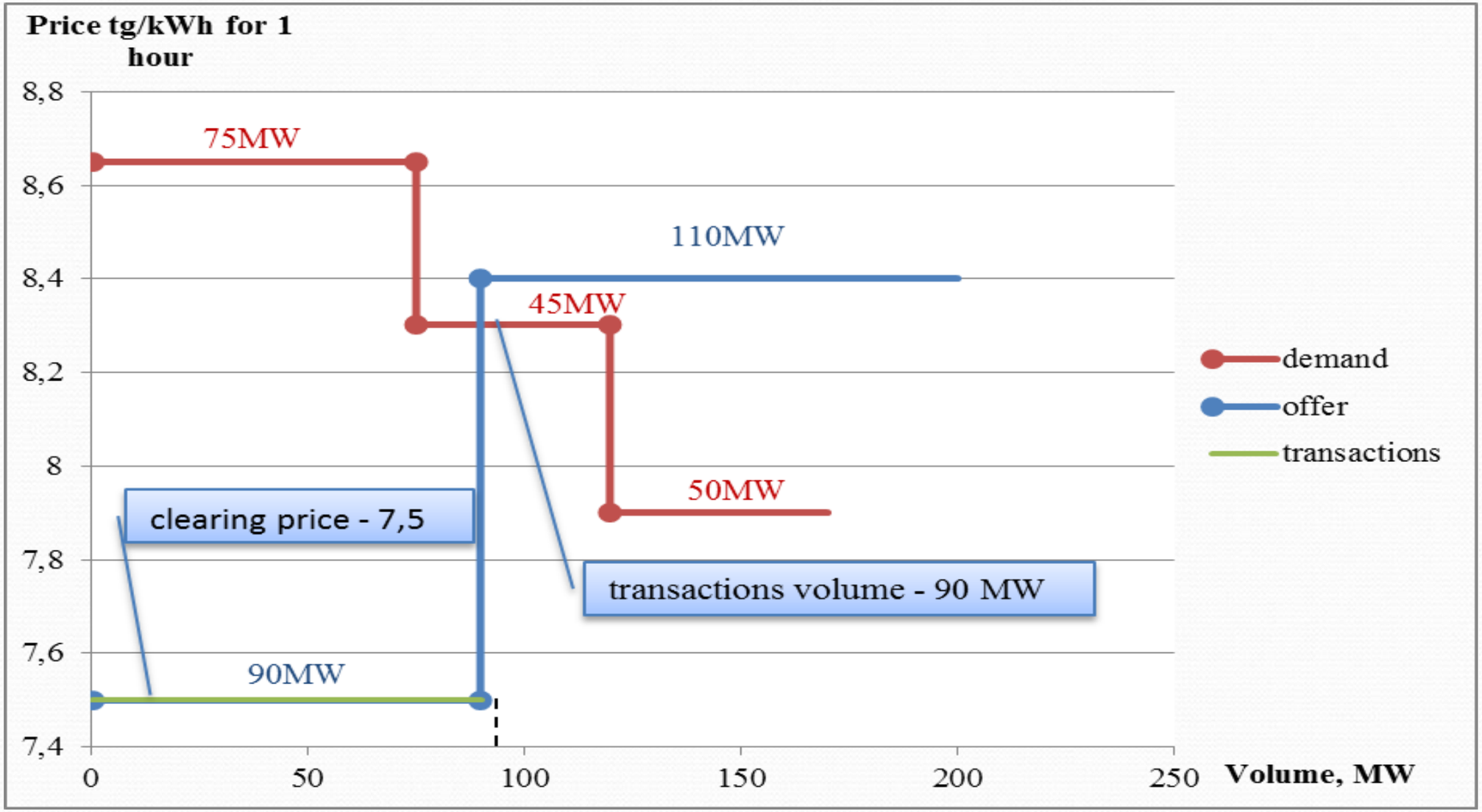
- **Bids for the purchase and sale of electricity are filled up to 11:00 (Astana time) to the day prior to the operational. Bid can be filled for up to 7 days in advance;**
- **Bids can be canceled in a timely manner;**
- **Offering a bid means a consent to conclude a deal for the purchase or sale of electricity in accordance with the bidding Rules;**
- **Any bidder can apply for both purchase and sale of electricity;**
- **Before offering a bid, guarantee money should be paid to the authorized bank (JSC«Kazkommertsbank»).**

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- **Means of bids transfer:**
  - **Internet;**
  - **Fax.**
- **In the purchase bid the hourly values are indicated:**
  - **maximum acceptable purchase price;**
  - **nominal purchase volume;**
  - **minimum allowable purchase volume.**
- **In the sale bid the hourly values are indicated :**
  - **minimum acceptable sale price;**
  - **nominal sale volume;**
  - **minimum allowable sale volume.**

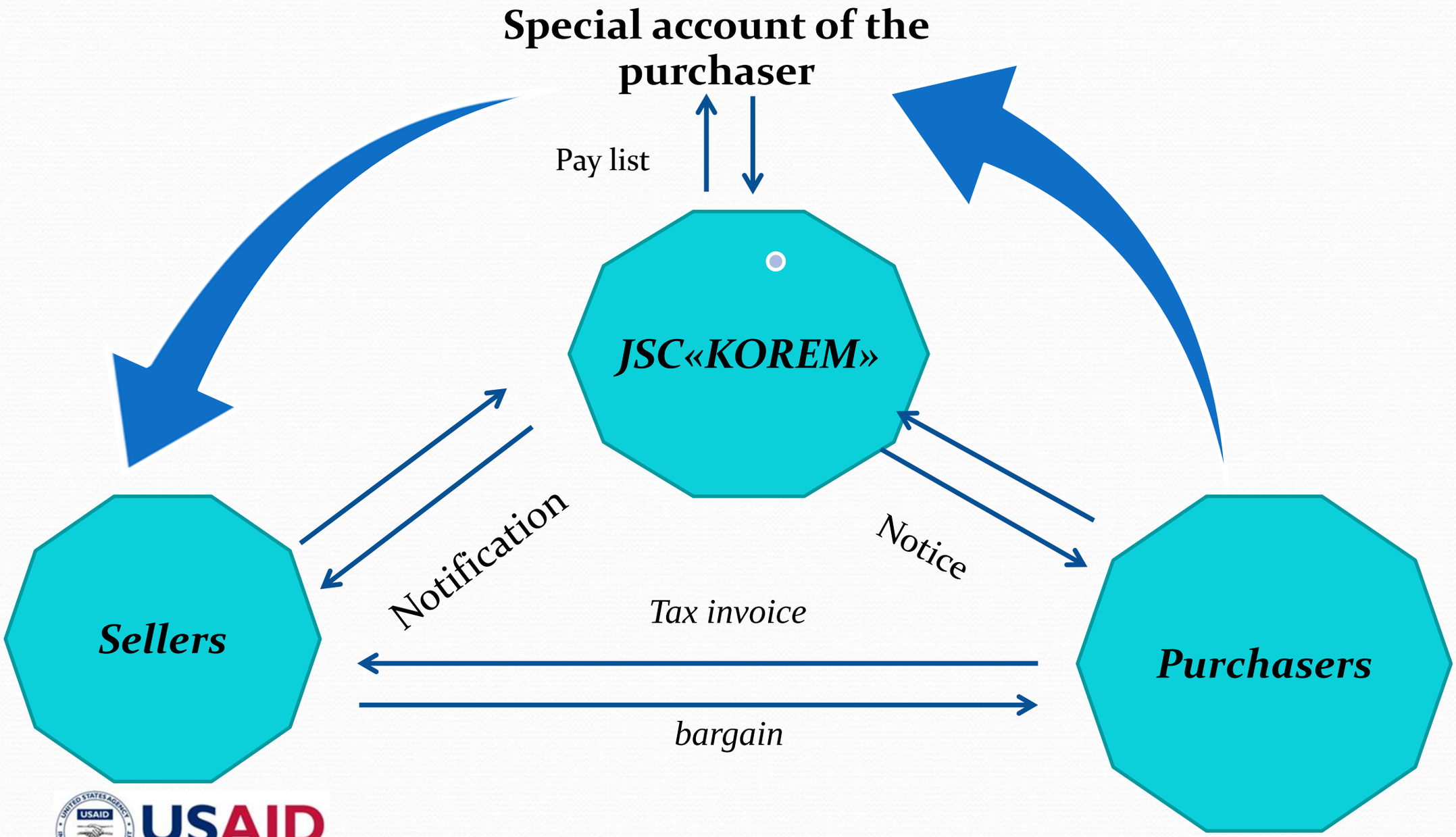
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Determination of clearing price



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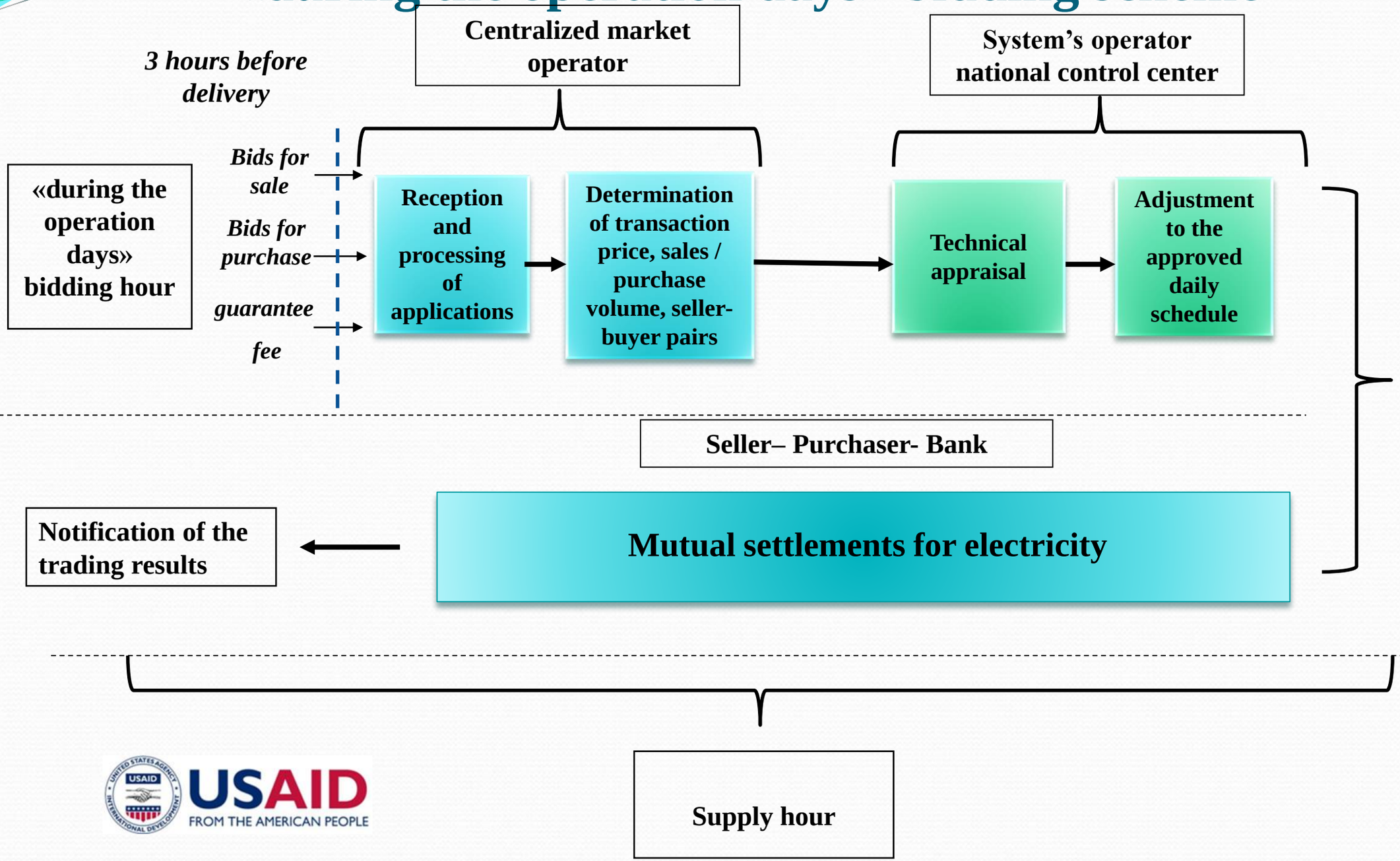
Mutual settlements for bargains at bids



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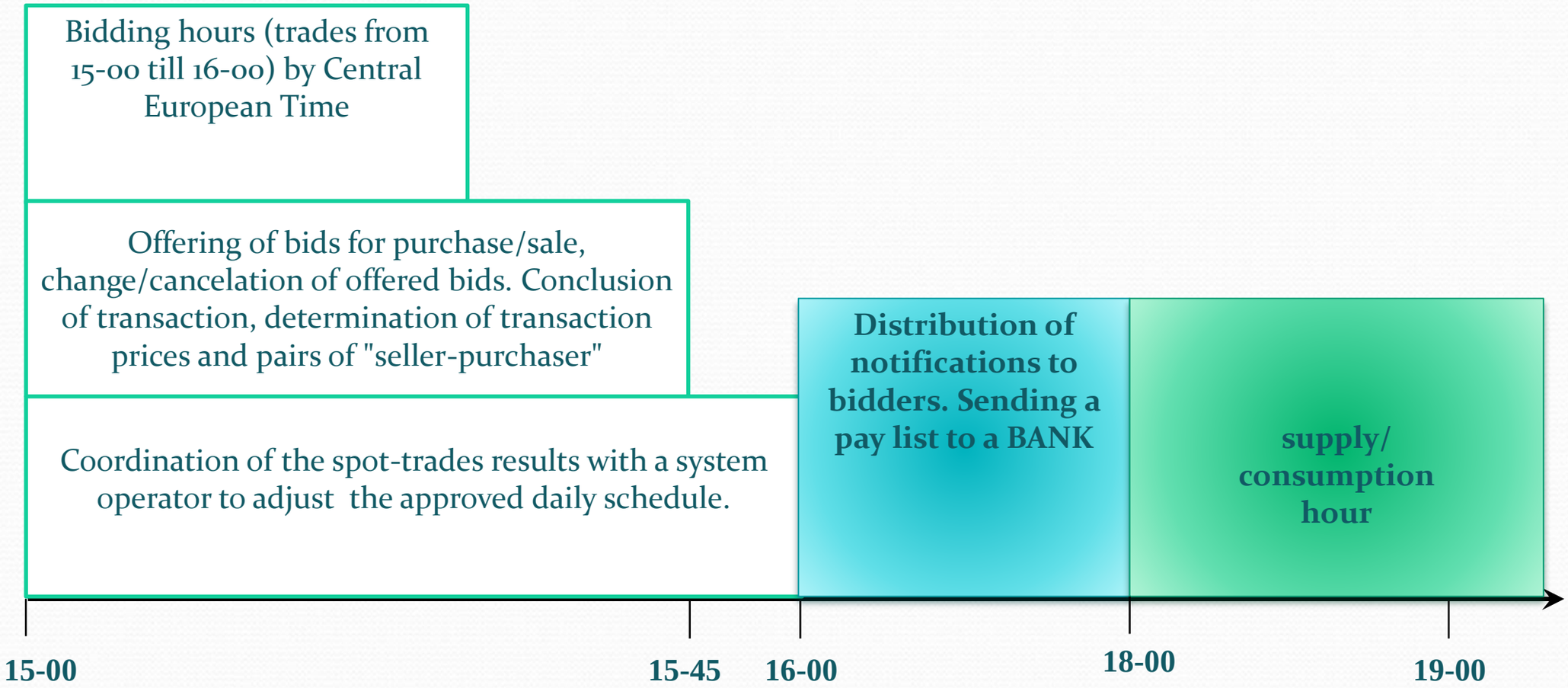
- spot-bidding during the operation days;

«during the operation days» bidding scheme



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Time-limit for spot-bidding during the operation days



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Procedure for bids applying

- **Bids for the purchase and sale of electricity are accepted in three hours before the start of supply;**
- **Bids can be canceled in a timely manner;**
- **Offering a bid means a consent to conclude a deal for the purchase or sale of electricity in accordance with the bidding Rules;**
- **Before offering a bid, guarantee money should be paid to the authorized bank.**

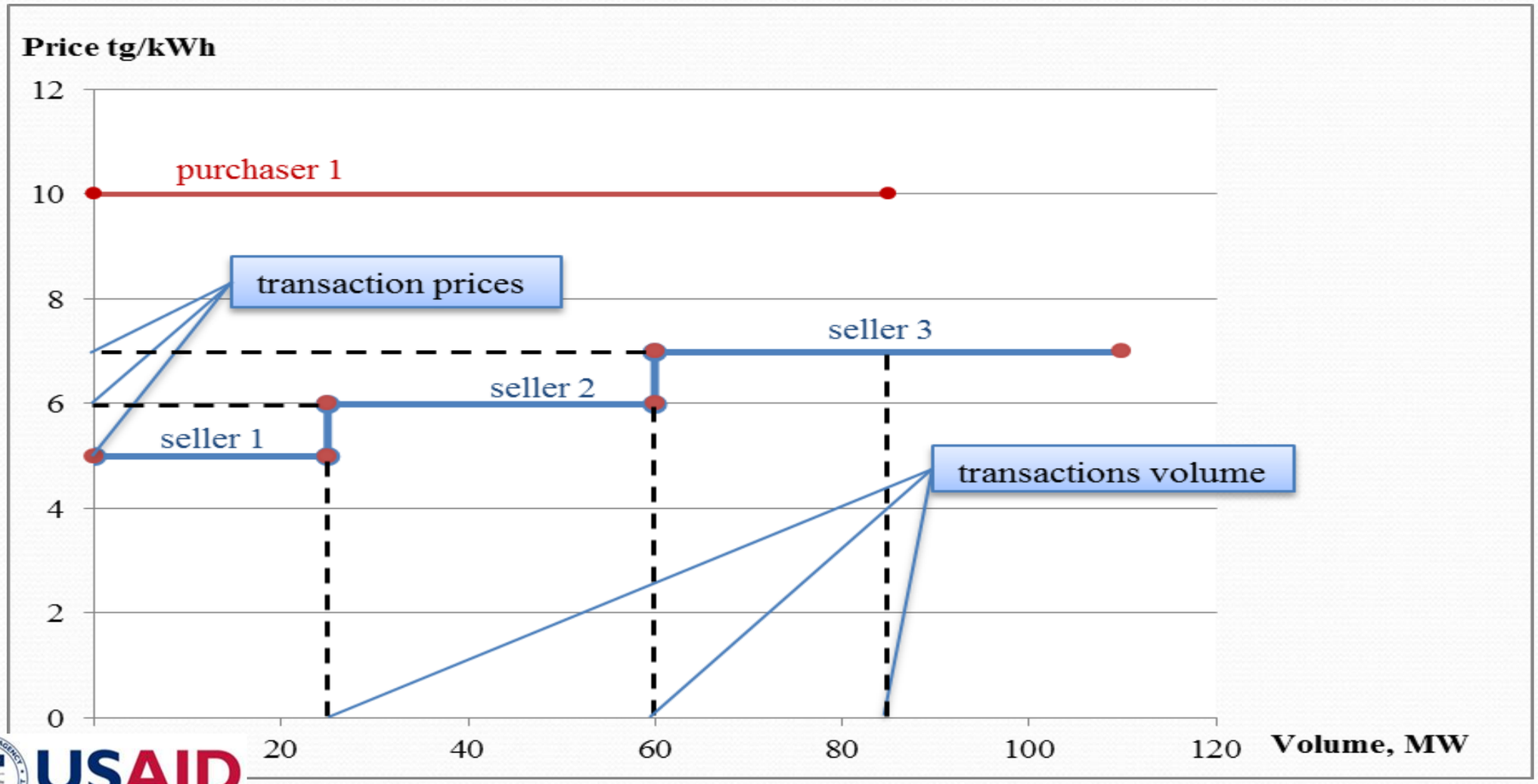
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- **Means of bids transfer:**
  - **Internet.**
- **In the purchase bid the hourly values are indicated**
  - **maximum acceptable purchase price;**
  - **nominal purchase volume;**
  - **minimum allowable purchase volume**
- **In the sale bid the hourly values are indicated :**
  - **minimum acceptable sale price;**
  - **nominal sale volume;**
  - **minimum allowable sale volume.**

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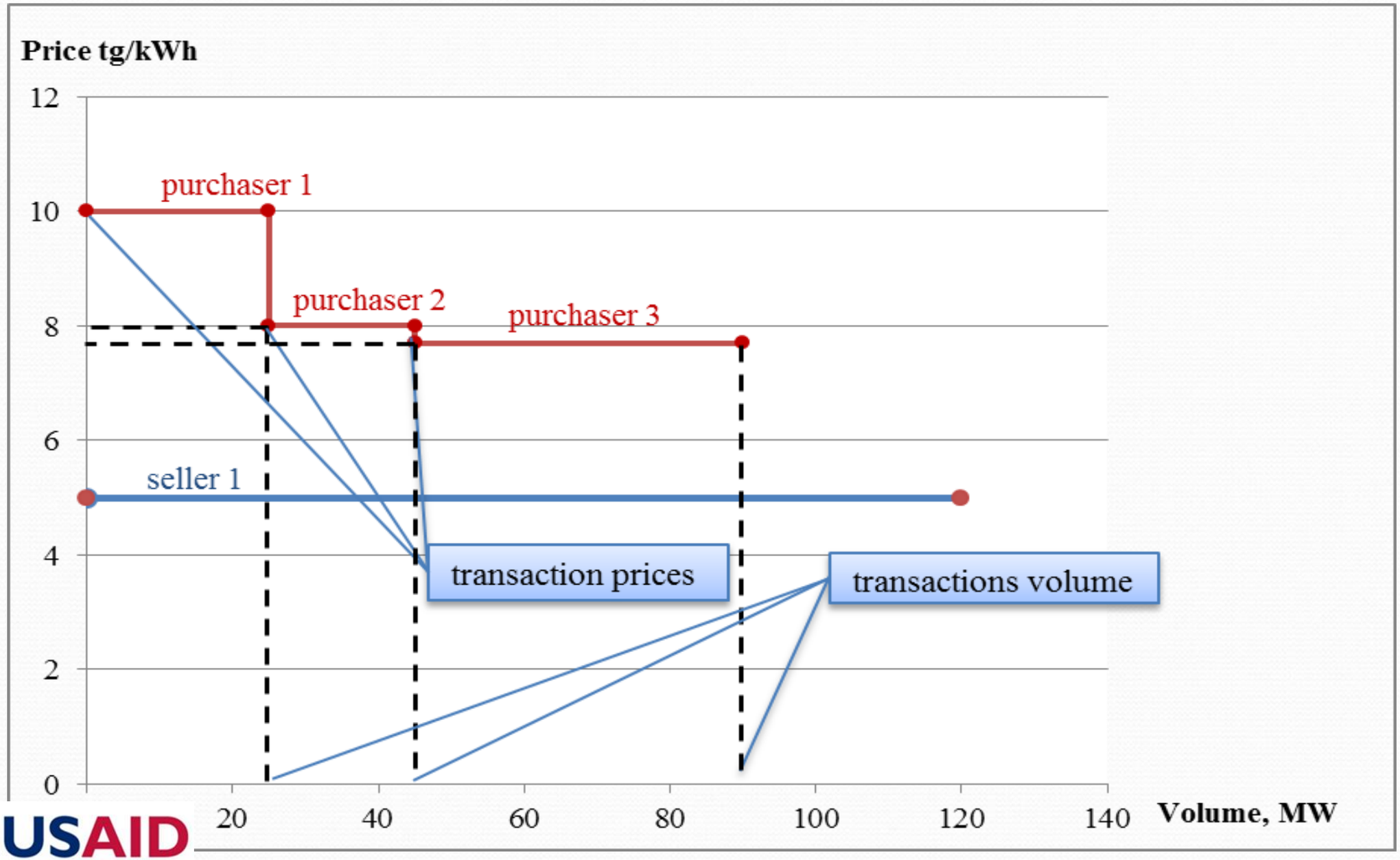
Way of a price determination (continuous counter trades)

Option 1



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Option 2



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- Electricity bidding for the medium and long term

Types of trades

By delivery time:

- **“on a year ahead”**
- **“on a quarter ahead”**
- **“on a month ahead”**
- **“on a week ahead”**

By electricity type

- Basic(on an steady schedule)
- Peak(from 19 to 23 o’clock)

Bidding schedule

Type of contract	Term of contract	Time of bidding
Annual	Calendar year	on Wednesdays, Thursdays and Fridays of the first working week of October
Quarterly	3 calendar months	on Wednesdays, Thursdays and Fridays of the first working week of November, February, May, August
Monthly	1 calendar month	on Wednesdays, Thursdays and Fridays of the second working week of the month preceding to the supply month
Weekly	1 calendar week	on Mondays and Tuesdays of the week preceding to the week of supply

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Bidding scheme

1 bidding hour

Bidding is conducted according to the schedule of JSC KOREM
from 9:30 till 11:30 – first bidding session.
price determination – a two-way auction method

9:30



Opening of the bidding



Offering a bid on purchase/sale of electricity, viewing general information



During the bidding hours participants may modify and/or delete previously filled bids.



Bids on basic and peak electricity are supplied apart.

11:30



Blocking the reception of bids



Price calculation



Determination of pairs "seller-purchaser"



Sending notifications of the bidding results to bidders

Bidding results are visible to the participants after the close of a bidding hours. As a result of bidding, participants independently conclude a direct bilateral agreement. Participants have no right to change the delivery period, volume and price for the electricity in the contract.

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2 bidding hour

From 14:30 to16:30 – Second bidding hour.
Price determination – method of continuous counter trades

14:30



Opening of the bidding



Offering a bid on purchase/sale of electricity, viewing general information



During the bidding hours participants may modify and/or delete previously filled bids.



Bids on basic and peak electricity are supplied apart.



During the bidding hours there is a determination of transaction price and formation of "seller-purchaser" pairs

16:30



Blocking the reception of bids

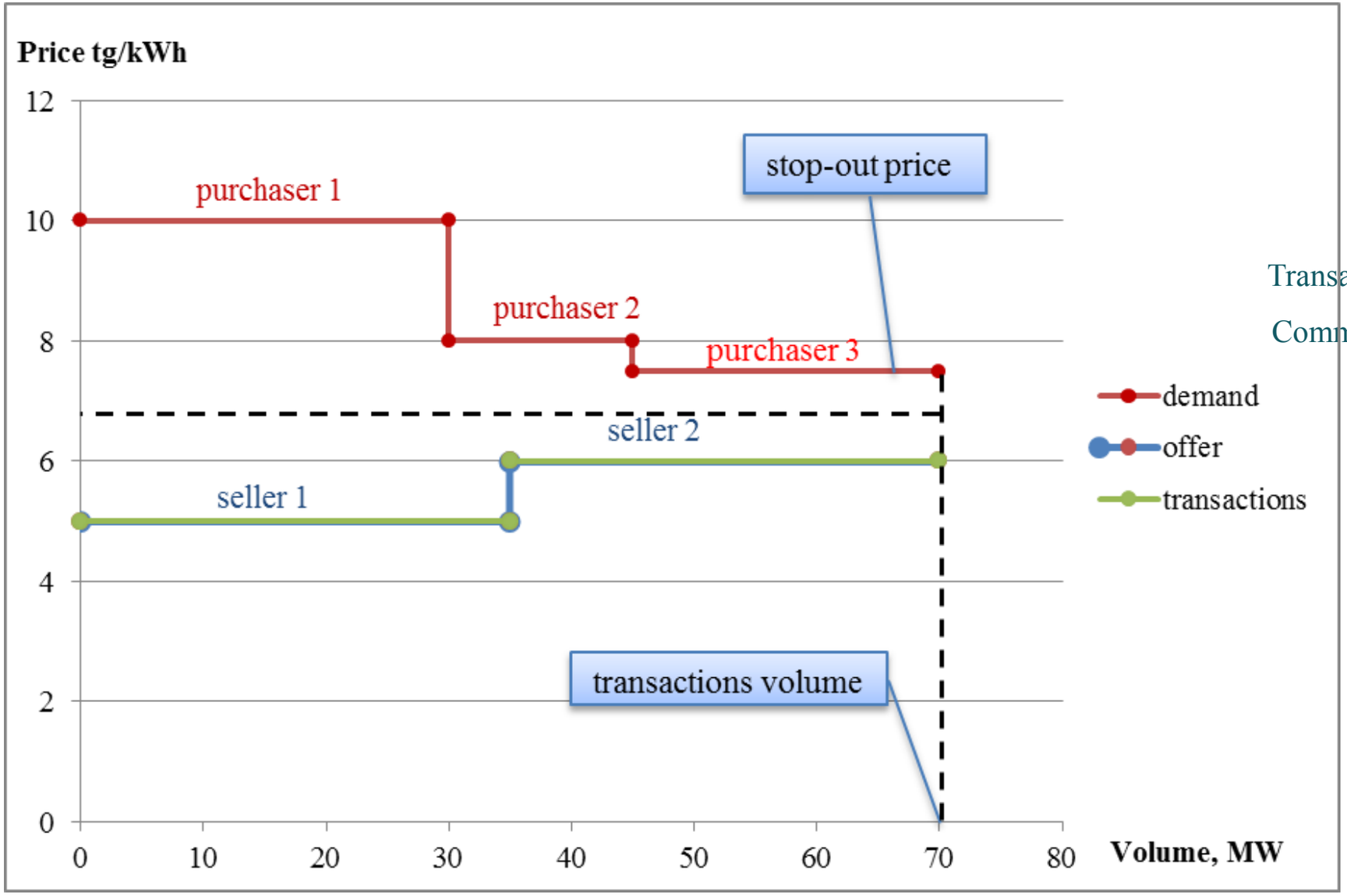


Sending notifications of the bidding results to bidders

Bidding results are visible to the participants throughout the bidding hours. As a result of bidding, participants independently conclude a direct bilateral agreement. Participants have no right to change the delivery period, volume and price for the electricity in the contract.

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Price determination:
supply and demand schedules do not overlap (option 1)

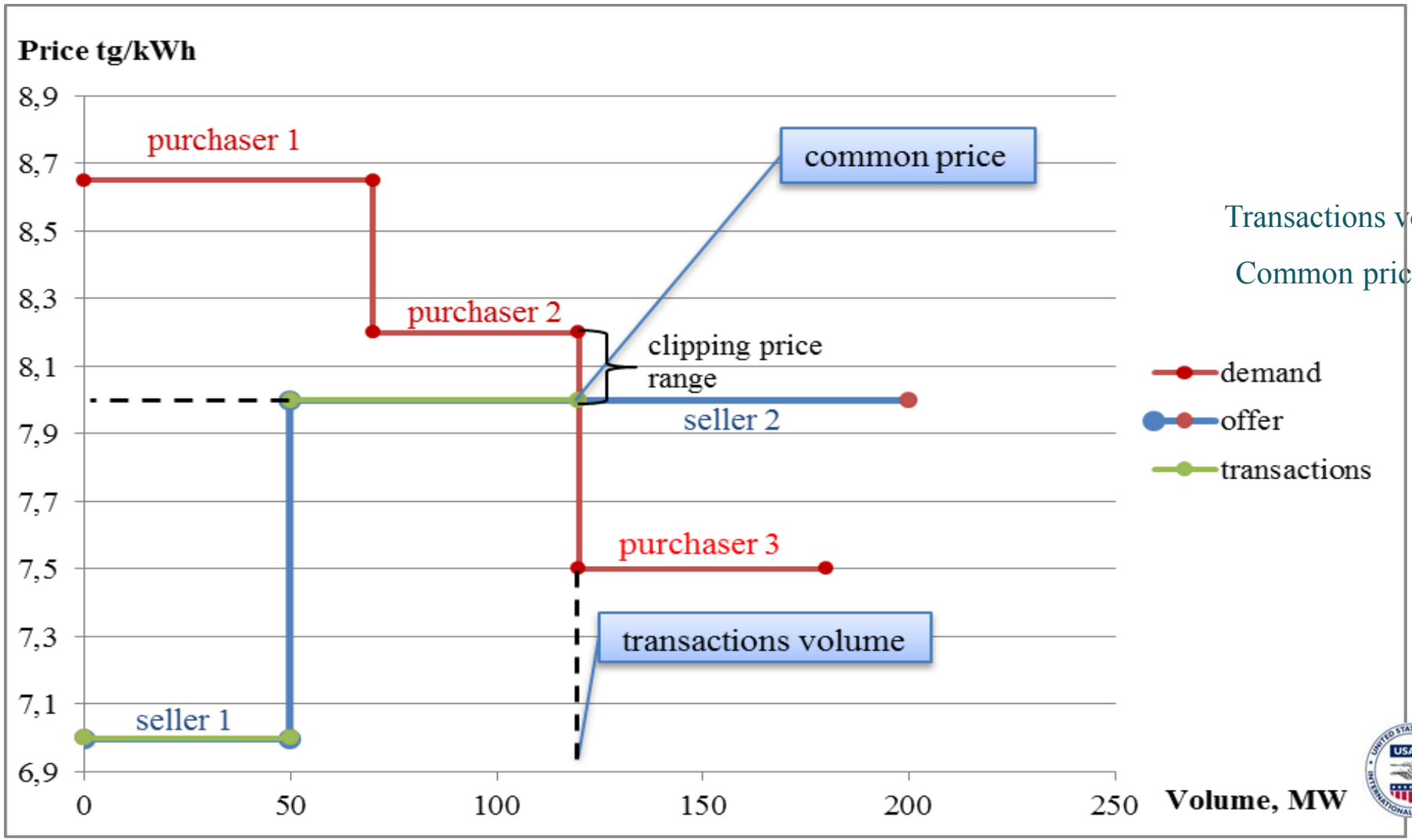


Transactions volume – 70 MW

Common price– 7 tg/kWh

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Price determination:
supply and demand schedules overlap (option 2)



Transactions volume– 130 MW

Common price– 8 tg/kWh

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Examples of price determination by the method of counter trades (2 bidding hour)

Option 1

Purchase					Sale				
Title	Time of bidding	Volume, MW	Min. hourly volume, MW	Price, tg/kWh	Title	Time of bidding	Volume, MW	Min. hourly volume, MW	Price, tg/kWh
Purchaser 1	15:01:20	15	1	7	Purchaser 1	15:05:25	30	1	7
Purchaser 2	15:02:07	9	2	7.1					

Option 2

Purchase					Sale				
Title	Time of bidding	Volume, MW	Min. hourly volume, MW	Price, tg/kWh	Title	Time of bidding	Volume, MW	Min. hourly volume, MW	Price, tg/kWh
Purchaser 1	15:20:18	70	1	7	Purchaser 1	15:10:05	80	80	7
					Purchaser 2	15:15:11	55	25	6.9

Any questions???

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