



# GLOSSARY

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Issued by Nord Pool Spot

## Glossary Nord Pool Spot

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| <b>Area Price</b>                | Whenever there are grid congestions, the Elspot area is divided into two or more price areas. Each of these prices are referred to as area prices.   |
| <b>Balancing market</b>          | A market system for maintaining the operational balance between consumption and generation of electricity in the overall power system. Also called regulating power market.  |
| <b>Bidding area</b>              | The area for which a bid is posted. There are at least six bidding areas: Sweden, Finland, Denmark East, Denmark West, and at least two Norwegian areas.   |
| <b>Bilateral contract</b>        | A contract between two parties, as opposed to a trade on the exchange.   |
| <b>Block bid</b>                 | The block bid is an aggregated bid for several hours, with a fixed price and volume throughout these hours. The purchase/sale is activated if the average price over the given time period is lower (for a purchase bid) or higher (for a sales bid) than the bid price. |
| <b>Clearing customer</b>         | Responsible for settlement, but their trading and clearing representative performs the trade.  |
| <b>Cross border optimization</b> | Cross border optimization (CBO) was a service offered by Nord Pool Spot to improve efficiency of the cross border trade between Jutland and Germany until the German - Danish market coupling was introduced.  |
| <b>Curtailment</b>               | Curtailment of the bids in Elspot will take place in a situation where the aggregated supply and bid curves within a price area do not intersect.  |
| <b>Delivery hour</b>             | The hour when the power is produced and consumed   |
| <b>Direct participant</b>        | A direct participant trades on their own behalf and are responsible for settlement.  |
| <b>EDIEL</b>                     | A data exchange system used in the Nordic electricity market for the needs of the power sector (for example data transfer relating to Elspot bidding, balance settlement, trading reports and plans)   |
| <b>Elbas</b>                     | Nord Pool Spot's Physical Intra Day power market - currently available in Finland, Sweden, Denmark, Norway, Germany, and Estonia. Trading can be conducted up to one hour before delivery, using Elbas' continuous trading system.                                       |

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| <b>Elsport</b>                   | Nord Pool Spot's physical day-ahead market for Norway, Sweden, Finland, Denmark, and Estonia.   |
| <b>Estlink</b>                   | HVDC interconnector between Finland and Estonia.  |
| <b>Flexible hourly bid</b>       | The flexible hourly bid is a sales bid for a single hour with a fixed price and volume. The hour is not specified, but instead the bid will be accepted in the hour with the highest price in the calculation, given that the price is higher than the limit set in the bid.                |
| <b>Historical data access</b>    | The Nord Pool Group gives access to long-term (often 10+ years) historical physical and financial trading and also Nordic power system data via a ftp-server. That service is free of charge for all direct members in any Nord Pool Group market and available via subscription to others. |
| <b>Hourly bid</b>                | The hourly bid is the basic type of Elspot market order. Each participant selects the range of price steps in the hourly bid individually. The bid may consist of up to 62 price steps in addition to the current ceiling and floor price limits set by Nord Pool Spot.                     |
| <b>"Illogical" hourly bids</b>   | When buying more volume with increasing prices or selling more volume with decreasing prices.   |
| <b>Implicit capacity auction</b> | Implicit auction is the common term for both market coupling and market splitting.  |
| <b>Kontek cable</b>              | HVDC interconnector between Zealand and Germany   |
| <b>Kontiskan</b>                 | HVDC interconnector between Sweden and Jutland  |
| <b>Market coupling</b>           | Market coupling is a process where a co-operation between two or more power exchanges ensures that during every hour of operation all the available trading capacity is utilised with power flowing towards the high price area.  |
| <b>Market splitting</b>          | With market splitting one power exchange ensures the right cross-border power flow by establishing production surpluses in the power exchange's low-price areas, and production deficits in the power exchange's high-price areas.  |
| <b>Maximum price</b>             | A technical upper limit of the price. Currently the max. prices are 2,000 EUR/MWh, 21,000 NOK/MWh, 16,500 DKK/MWh and 24, 000 SEK/MWh.  |

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| <b>Minimum price</b>                     | A technical lower limit of the price. Currently the min. prices are -200 EUR/MWh, -2,100 NOK/MWh, -1,650 DKK/MWh and -2,400 SEK/MWh,.  |
| <b>Off peak 1</b>                        | Off peak 1 refers to the average price of the time period from midnight to 8am.  |
| <b>Off peak 2</b>                        | Off peak 2 refers to the average price of the time period from 8pm to midnight.  |
| <b>Optimization of Elspot capacities</b> | In addition to the capacities between the Elspot areas there are also internal bottlenecks in the system that limits the maximum flows that can be allowed. To optimize the use of the system Nord Pool Spot uses both capacities on individual interconnectors and sum limitations for several interconnectors affecting the bottlenecks in the price calculation.  |
| <b>Peak</b>                              | Peak refers to the average price of the period from 8am to 8pm. Off peak 1 refers to the average price of the time period from midnight to 8am and off peak 2 refers to the average price of the time period from 8pm to midnight.   |
| <b>Price area</b>                        | A price area is one bidding area or a constellation of bidding areas with common price. The number of price areas can differ from hour to hour. The minimum number of price areas is one, which occurs when all bidding areas have the same price. On the other hand, the maximum number of price areas equals the number of bidding areas. This occurs when there are grid congestions between all bidding areas.                   |
| <b>RSS feed</b>                          | RSS files provide news updates (urgent market messages, exchange information, press releases and operational messages) from Nord Pool Spots website in a simple form for your computer. You read these files in a program called an aggregator, which collects news from our website and provides it to you in a simple form. Click 'more' in the column to the right in order to download the correct aggregator for your computer. |
| <b>Ramping</b>                           | The HVDC connections between Jutland and Norway / Sweden are subject to specific ramping restrictions imposed by the system operators. The restrictions imply that trade plans between Jutland and other Nordic synchronous systems cannot be changed with more than 600 MW from one hour to the the next. Nord Pool Spot must limit the flow on these interconnectors if it violates the ramping limit.                             |
| <b>SESAM</b>                             | Trading system used by Nord Pool Spot for auction trading of physical delivery power contracts.  |

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| <b>Skagerrak cable</b>                     | HVDC interconnector between Norway and Jutland  |
| <b>System price</b>                        | The System price is for each hour determined by the intersection of the aggregated supply and demand curves representing all bids and offers for the entire Nordic region.  |
| <b>Trading and clearing representative</b> | Trades on their own behalf and on behalf of their clearing customers. Responsible for settlement of their own trading   |
| <b>Trading capacity</b>                    | The maximum amount of power that can flow from one Elspot area to another   |
| <b>Trading currency</b>                    | The currencies in which the participants can trade. Trading currencies in Elspot are NOK, DKK, SEK and EUR, while Elbas has only EUR as trading currency.   |
| <b>Transmission System Operator (TSO)</b>  | The TSOs are responsible for security of supply within their area. TSOs in the Nordic area are Fingrid (Finland), Energinet.dk (Denmark), Svenska Kraftnät (Sweden) and Statnett (Norway).                        |
| <b>Urgent Market Messages (UMM)</b>        | Urgent Market Messages (UMM) refers to the system and applicable rules and agreements which ensure that market participants and TSOs within the Nordic region continually disclose “price sensitive information”. |
| <b>Øresund</b>                             | AC interconnector between Sweden and Zealand.   |