

Ukraine Energy Market Observatory

Assessment 2/23

Analysis of the amendments to NEURC Resolution No 332 related to Financial Guarantees in the Electricity Balancing Market, and the Recommendations of the Antimonopoly Committee of Ukraine

Introduction

The Energy Community Secretariat (“the Secretariat”) has been informed about changes to the regime applicable to financial guarantees in the Ukrainian electricity balancing market as approved by the Ukrainian energy regulatory authority (“NEURC”), as well as related recommendations of the Antimonopoly Committee of Ukraine (“AMCU”).¹ NEURC approached the Secretariat with a letter on the same subject.

Background

In spring/summer 2022, there were a number of cases in the electricity balancing market of Ukraine when certain market participants provided PJSC Ukrenergo (“the TSO”), in its capacity as Settlements Administrator and Balancing Market Operator, bank guarantees as a means of financial security (collaterals). The banks providing such guarantees later defaulted on their obligations, which in turn led to debts for the TSO.

From March 2022 until mid-July 2022, the banks Bank Allians, Megabank, Commercial Industrial Bank and Bank for Investment and Savings refused to honour their payment obligations towards the TSO under bank guarantees given on behalf of market participants in the electricity balancing market in the amount of almost UAH 1.694 bln (~EUR 43 mln).

In September 2022, the Market Rules’ provisions on financial guarantees of balance responsible parties were amended by NEURC’s Resolution 923, which amended NEURC’s Resolution 332 of 25.02.2022. The latter governs electricity market performance during martial law. The amendments of Resolution 332 introduced by Resolution 923 were neither publicly consulted nor consulted with AMCU.

Resolution 923 stipulates that collaterals in form of bank guarantees for settlement of imbalance costs may be issued by system important banks only (“SIBs”). SIBs are designated by the National Bank of Ukraine (“NBU”). NEURC explains that the decision was meant to stop the increase of debts in the electricity market. Resolution 923² references to formal letters from the TSO stating that: *“Debts to TSO have grown from those market participants who use bank guarantees as means of financial security due to non-performance on such guarantees by certain banks in cases when market participants fail to pay their obligations. This creates debts in the balancing market to TSO.”*

¹ <https://amcu.gov.ua/npas/pro-nadannya-rekomendacij-shchodo-privinennya-dij-yaki-mistyat-oznaki-porushennya-zakonodavstva-pro-zahist-ekonomichnoyi-konkurenciyi-ta-usunennya-prichin-viniknennya-ci-h-porushen-i-umov-sh-4>

² <https://www.nerc.gov.ua/storage/app/uploads/public/62f/240/fca/62f240fcaeb8b985115738.pdf>

Upon complaint by an electricity market trader, AMCU provided to NEURC recommendations on the subject of financial guarantees.³ In particular, AMCU recommended that collaterals for imbalance settlements should be aligned with competition law, and more specifically, that not less than 50% of financial security should be provided in cash, while the remaining 50% should be provided by a bank guarantee issued by any financial institution.

The table below summarizes the development:

Market Rules ⁴ on Financial Guarantees for Balance Responsible Parties (principle) (of 14.03.2018 #307)	Resolution 332 ⁵ of amending re Financial Guarantees (of 09.08.2022 #332)	AMCU Recommendations on Financial Guarantees (of 08.12.2022 No. 6-rk)
<ul style="list-style-type: none"> ▪ Provided in a form of a bank guarantees or cash for the total amount of market participant's obligations in the balancing market; ▪ Proportion bank guarantee/cash not defined; ▪ Banking institution in which the state directly or indirectly owns more than 75% of the bank's authorized capital, or a commercial banking institution that has a long-term credit rating on the national scale not lower than "uaAA". If banks of foreign banking groups do not have a rating on a national scale, the rating of the parent foreign banking group from one of the rating companies Fitch, Moody's, S&P must be no lower than the enhanced investment class (A or higher). 	<ul style="list-style-type: none"> ▪ Provided in a form of a bank guarantees from system important banks as designated by the National Bank of Ukraine, or in cash for the total amount of market participant's obligations in the balancing market; ▪ Proportion bank guarantee/cash not defined; ▪ TSO has the right to refuse a market participant from accepting a bank guarantee under the agreement on the settlement of electricity imbalances, if the financial institution that issued it is: a) not included by the National Bank of Ukraine in the list of system important banks; b) has failed to fulfill its obligations under the relevant bank guarantee and/or is reflected in the list of banks that have failed to fulfill its obligations published on the TSO website. 	<ul style="list-style-type: none"> ▪ Not less than 50% provided in cash for the total amount of market participant's obligations in the balancing market; ▪ The other part of the financial security is covered by bank guarantees issued in any financial institution.

On 28 December 2022, NEURC initiated a meeting to discuss the recommendations of AMCU with market participants.⁶ In the meeting, market participants did not support the approach proposed by AMCU, whereas the TSO supported AMCU's views. The main concerns expressed by market participants assume that AMCU's recommendations limit competition in the electricity market by affecting the liquidity of larger players (especially generators as providers of physical

³ <https://amcu.gov.ua/news/amku-nadav-nkrekp-rekomendaciyi-shcho-stosuyutsya-bankivskih-garantij-u-sferi-vregulyuvannya-nebalansiv-elektroenergiyi>

⁴ <https://zakon.rada.gov.ua/laws/show/v0307874-18#Text>

⁵ <https://zakon.rada.gov.ua/rada/show/v0923874-22#Text>

⁶ <https://www.nerc.gov.ua/news/28-grudnya-2022-roku-vidbudetsya-narada-z-pitannya-obgovorennnya-rekomendacij-antimonopolnogo-komitetu-shchodo-zabezpechennya-finansovih-garantij>

reserves), and push smaller players out of the market. Another concern relates to different treatment of different market participants. In particular, according to NEURC Resolution 332, Universal Service Suppliers (“USS”) are not obliged to provide financial guarantees..

Assessment

NEURC Resolutions 332 and 923

According to Article 3 of the Law on the Antimonopoly Committee of Ukraine (“the AMCU Law”), the main tasks of the Antimonopoly Committee of Ukraine include:

- exercising state control over the observance of legislation on the protection of economic competition on the basis of equality of economic entities before the law and priority of consumer rights,
- prevention, detection and termination of violations of legislation on the protection of economic competition, promotion of fair competition, control over the creation of a competitive environment and
- protection of competition in the sphere of state procurement.

The AMCU Law tasks AMCU to provide recommendations to authorities which have to be taken into consideration mandatorily “... regarding the termination of actions or inaction that contain signs of violations of the legislation on the protection of economic competition, and elimination of the causes of occurrence of these violations and the conditions that contribute to them”. By contrast, the AMCU Law does not envisage that AMCU adopts secondary legislation regulating specific sectors of the economy. That is the prerogative of NEURC in accordance with Article 2 of the Law on the Electricity Market (“the EML”). This includes rules for the functioning of the balancing market and the ancillary services market.

However, under Article 2 of the EML, draft Market Rules as well as “*other regulations that might impact competition*” to be adopted by NEURC are subject to consultations with AMCU. The lack of approval does not constitute no formal obstacle to the adoption of market rules.

The existing Market Rules, adopted by NEURC’s Resolution 307 (Section VI, Article 6.1, part 6.1.9., paras 1) and 2)) stipulate that financial guarantees for the imbalance settlement agreement shall be provided to the TSO in a form of cash or a financial guarantee issued by a bank. This provision of the Market Rules was affected by NEURC’s Resolution 332 as amended by Resolution 923, which introduced the “SIB” criteria.

The adoption of Resolutions 332 and 923 have evidently been adopted in a fast-track procedure, without public consultation and without consulting the authorities to be involved according to Ukrainian legislation, namely Article 15 of the Law on NEURC. The Secretariat takes into account the special circumstances and the consequences of the Russian war of aggression against Ukraine, including on the liquidity of market participants, as well as the specifics of the financial markets in Ukraine under these conditions. Yet they seem not to justify a deviation from the principles of due process and sound administration in cases concerning the manner of how collaterals for imbalance costs are being effected. This is even more so as the two Resolutions in question amend the Market Rules de facto, albeit not formally, and impact not only for market participants’ liquidity but also competition on the electricity markets.

Collaterals paid in cash vs through bank guarantees

Directive 2019/944 does not fix any of the possible types of collaterals but requires that market rules, including with respect to balancing responsibility, treat all market participants in a non-discriminatory manner, transparently and proportionately and do not put a burden on them to enter the market. Article 3 of the Directive 2019/944 provides that Contracting Parties shall ensure:

- a) *that no undue barriers exist within the internal market for electricity as regards market entry, operation and exit;*
- b) *a level playing field where electricity undertakings are subject to transparent, proportionate and non-discriminatory rules, fees and treatment, in particular with respect to balancing responsibility, access to wholesale markets, access to data, switching processes and billing regimes and, where applicable, licensing.*

These criteria are to be assessed and applied by the national authority in charge, in this case NEURC. While the Secretariat cannot without further information assess compliance in this respect, it notes the following at this point:

- Transparency of the Resolutions in question is affected by procedural flaws outlined above. The lack of consultation also affects the quality of the adopted act, as the involvement of all stakeholders concerned is an important source for assessing the proportionality of any measures taken.
- The fact that market participants are treated differently, as according to Resolution 332, the USS are not obliged to provide financial guarantees may be discriminatory, unless there are objective circumstances justifying their exclusion from this obligation.
- Under the proportionality requirement, any rules set by NEURC need to be designed in a manner that the least intrusive solution is applied to achieve the desired outcome.

The objective of imposing collaterals is evidently to ensure that market participants actually pay imbalance costs to the TSO. The principle of balancing responsibility requires from market participants to be financially liable against the TSO for the imbalances they are causing in the electricity system. To ensure the TSOs', and by that, balancing market's financial liquidity, collaterals are widely used as a tool to secure full and timely payments from balance responsible parties for their imbalances.

In assessing the proportionality of solutions involving cash payments and/or bank guarantees, a variety of factors need to be taken into account by NEURC.

On the one hand, any collateral imposed may not be excessive. More specifically, a fixed ratio of cash payments and bank guarantees may deter entry to and participation in the electricity markets only to the least possible extent. A combination of tools of financial guarantees provision may give market participants more flexibility and provide for non-discriminatory treatment of "large" and "small" participants. The historical provisions of the Market Rules adopted by NEURC's Resolution 307 of 2018 as regards criteria for banks, whose guarantees are accepted by the TSO corresponds to that.

On the other hand, however, the ratio of cash payments and bank guarantees needs to be effective to ensure the liquidity of the TSO. To assess the effectiveness, NEURC should in particular take into account the history of defaulting on guarantees as well as the state of the financial sector in Ukraine and the capacity of banks to honour guarantees, which may be affected by the economic strains resulting from war. In this respect, it is likely that the situation in Ukraine differs from other examples in Contracting Parties and Member States (summarized below). Not taking into account these differences may amount to a breach of the proportionality principle.

European practice

It is to be noted that the current practice in different EU Member States and Contracting Parties as regards cash payments vs. bank guarantees includes cases where there are no specifications or limitations stipulated in the respective Market Rules. Market Rules usually determine the requirements to collaterals, including rules on how to calculate them and types of financial guarantees accepted by the TSOs. Usually, the specifics of cash account deposits and criteria for the financial institutions whose guarantees are to be accepted by the TSO (related to bank ratings according to established credit rating agencies) are included. Usually they allow for several types of financial guarantees: bank guarantee and cash deposit, giving the market participant the right to choose between them or use them both at the same time if they in total cover the amount of collaterals required.

To ensure financial liquidity of the TSO some countries (e.g. Czech Republic, Poland, Serbia, Romania) require some minimum amounts of requirements for guarantees to the TSO in a form of cash or bank guarantee. They are further displayed in the annex. In Serbia, for instance, market participants may choose only one type of financial guarantee for a given period (cash or bank guarantee). In the Czech Republic, the market operator has a risk management methodology to manage financial securities that includes different types of financial guarantees with the possibility to receive a discount in case of excellent financial standing, but also requires at least 10% of the collateral to be provided in cash on the deposit of the market operator (in the event that this 10% of the total financial security provided should be more than CZK 20 million, the participant must provide at least CZK 20 million in the form of cash).

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Annex

Country/ organisation	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
UA, UEEEX	Bilateral contract (commercial and special sessions)	CMU Resolution NO.499 of 05.06.2019 ⁷	<p>Types: guarantee deposit paid to the account of the organizer of the auction, opened in a bank designated by the organizer of the auction.</p> <p>For initiator:</p> <ul style="list-style-type: none"> - In special sessions: 2% of the total value of the bids for the seller;⁸ - In commercial sessions: 2% of the total value of the bids <p>For participants of auction:</p> <ul style="list-style-type: none"> - in accordance with the rate/amount of the guarantee deposit indicated by the initiator in its bid (but not more than 25% of the total cost of the bid) 	-
Kosovo*, KOSTT (TSO)		Market Rules ⁹ and Market Rules Procedure on Security Cover ¹⁰	<p>Procedure defines:</p> <p>4.1.1. Acceptable forms of Security Cover:</p> <p>(a) cash [In Euros, deposit in a specific escrow account];</p> <p>(b) irrevocable bank guarantees;</p>	<p>Provided in the Procedure (see Schedule 2).</p> <p>Price applied for the calculation the security cover (details are in the Procedure, p.3):</p>

⁷ <https://zakon.rada.gov.ua/laws/show/499-2019-%D0%BF#Text>

⁸ Not applied for special sessions for RES (p.40-46 of the Procedure) and special sessions on the sale of packages of lots under bilateral contracts (p. 47-54 of the Procedure)

⁹ https://www.kostt.com/Content/ViewFiles/MarketOperatorOfKosovoEnergy/The_Market_Rules_ver.3.0_2019.pdf

¹⁰ https://www.kostt.com/Content/ViewFiles/MarketOperatorOfKosovoEnergy/Market_rules_procedure_on_Security_Cover.pdf

Country/ organisation	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
			<p>4.1.2 Nothing limits the number or type of Security Cover instruments.</p> <p>Requirements to the Bank are defined in p. 4.3.3 of the Procedure and are the rating of [B+] with one or more of the established credit rating agencies: Moody's, Standard & Poor's or Fitch Ratings.</p>	<p>3.1. Security Imbalance Price defined for 1st month of operation of the Balancing Mechanism;</p> <p>For next months the MO calculates simple average Imbalance Prices for each Settlement Period, and if this price is higher than the Security Imbalance Price, the MO may consult with the Regulator – if to replace the applied Security Imbalance Price by a price newly calculated.</p>
PL, PSE (TSO)	x-border capacity allocation	<p>Principles of providing and tendering monthly transmission capacities on the PSE SA and NEK Ukrenerg interconnection unilaterally organized by PSE SA in 2023¹¹.</p>	<ul style="list-style-type: none"> • irrevocable, unconditional and payable on first demand bank guarantee, issued by the bank with the current rating assigned by the rating agency, at BBB level or higher, • an irrevocable and unconditional insurance guarantee issued by insurer with a current rating assigned by a rating agency, BBB level or higher, • cash deposits to the bank account of PSE S.A. marked. <p>PSE S.A. honors ratings given by the following rating agencies:</p>	

¹¹https://www.pse.pl/documents/20182/859410687/20221118_Zasady_przetargow_ZAM_DOB_2023.pdf/338927c3-73ba-4e1d-a160-e01d6a6b2a5a?safeargs=646f776e6c6f61643d74727565.

Country/ organisati on	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
			<ul style="list-style-type: none"> • S&P • Moody's Investors Service Ltd • Fitch ratings 	
PL, PSE (TSO)	Imbalanc e responsi bility	Balancing Conditions ¹²	<p>(1) Monetary, by transfer to the TSO's bank account; interest on funds increase the amount of the collateral submitted.</p> <p>(2) An irrevocable and unconditional bank guarantee issued by the bank o current rating assigned by the rating agency at BBB level or higher.</p> <p>(3) Irrevocable and unconditional insurance guarantee issued by an insurance company with a current rating assigned by the agency rating of BBB or higher.</p> <p>(4) A blank promissory note with a promissory note declaration issued by URB and guaranteed by an entity with a current rating assigned by rating agency, BBB or higher.</p>	<p>2.2.1.2.1.1. Participant of the Balancing Market with a current rating on BBB level or higher is exempt from submission of security for the proper billing for energy on the Balancing Market.</p> <p>2.2.1.2.1.4. If the participant referred to in point 2.2.1.2.1.1., during the implementation of the Agreement, not longer than 12 previous calendar months, failed to pay its liabilities towards the TSO in a timely manner, then he is obliged to submit without requesting the TSO security for settlements for energy on the Balancing Market.</p> <p>All other Participant of the Balancing Market (except TSO/DSO and Power Exchange) is responsible for its own calculation</p>

¹² <https://www.pse.pl/documents/20182/0251e54a-7609-4b47-9ce6-73ac360b558d?safeargs=646f776e6c6f61643d74727565>

Country/ organisation	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
				and submission of the Collateral in the amount guaranteeing the collateral settlements on the Balancing Market, but not less than PLN 500,000.00.
RS, EMS (TSO)	Imbalance responsibility	Market Code ¹³	<p>3.8.7. Payment security instruments are: a) For BRP, which is headquartered in the Republic of Serbia:</p> <ul style="list-style-type: none"> - bank guarantee issued by bank headquartered in the Republic of Serbia; - special purpose (guarantee) deposit issued by bank headquartered in the Republic of Serbia. <p>b) For BRP which has no headquarters in the Republic of Serbia:</p> <ul style="list-style-type: none"> - bank guarantee issued by foreign bank; - special purpose (guarantee) non-resident deposit in the bank headquartered in the Republic of Serbia. <p>3.8.8. The transmission system operator, distribution system operator, the operator of a closed distribution system and market operator or legal entity which carries on behalf of market operators in accordance with the Law, as the BRP, are not required to provide payment security instrument. 3.8.9. BRP can choose one of the payment security instrument in accordance with the Market Code. The payment security instrument, in accordance with the law governing execution and security, is not subject to forced collection.</p>	<p>The risk value in case of non-fulfilment BRP obligations (see chapter 3.8 of the Market Code)</p> <p>3.8.6. Based on the determined risk value, the value of the appropriate payment security instrument is determined, which cannot be less than EUR 1,000,000.00, nor more than EUR 5,000,000.00 in case that the value of Nmax is less than EUR 5,000,000. If Nmax is greater than or equal to EUR 5,000,000.00, the maximum value of the payment security instrument is equal to three times the value of Nmax.</p>

¹³ http://ems.rs/media/uploads/2022/Market-Code_%20English%20version%20Unofficial%20Translation%20-%20clean.pdf

Country/ organisation	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
			<p>3.8.9. BRP can choose one of the payment security instrument in accordance with the Market Code. The payment security instrument, in accordance with the law governing execution and security, is not subject to forced collection.</p> <p>3.8.10. BRP is entitled to change the type of payment security instrument once in a calendar year. Previous payment security instrument shall be valid until the newly selected payment security instrument became active.</p> <p>3.8.14. Bank guarantee for the BRP headquartered in the Republic of Serbia, shall be issued by a commercial bank headquartered in the Republic of Serbia with a NBS license, and bank guarantee for the BRP headquartered abroad shall be issued by a foreign commercial bank.</p> <p>3.8.15. The bank guarantee should be irrevocable, unconditional, payable at first demand, without objection, valid for up to one calendar year (until 31 December of the current year).</p>	
GB, Elexon (Balancing settlement code administra tor)	Imbalanc e responsi bility	Balancing Settlement Code ¹⁴	<p>2.1 Provision of Credit Cover</p> <p>2.1.1 An Imbalance Party may on any Business Day provide Credit Cover by delivering to the FAA on behalf of the BSC Clearer:</p> <p>(a) a Letter of Credit or Approved Insurance Product valid for an initial period of not less than 3 months, and/or</p>	Section M: Credit cover and credit default

¹⁴ <https://bscdocs.elexon.co.uk/bsc/bsc-section-m-credit-cover-and-credit-default>

Country/ organisation	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
			<p>(b) cash which will be credited by the FAA on behalf of the BSC Clearer to the Reserve Account.</p> <p>2.1.2 An Imbalance Party may from time to time (by giving notice to the FAA) alter the amounts provided (as Credit Cover) between different Letters of Credit and/or Approved Insurance Products and/or by way of Letter of Credit, Approved Insurance Product and cash, provided that (but without prejudice to paragraph 2.3.1) the amount of the Credit Cover provided by the Imbalance Party is not thereby reduced.</p> <p>By any United Kingdom clearing bank(s) or any other bank(s) which has (have) a long term debt rating of not less than single A by Standard & Poor's Corporation, Moody's Investors Service, Inc., Fitch Ratings Limited or such other bank(s) as the Panel may approve, and which shall be available for payment at a United Kingdom branch of the issuing bank. A single A by Standard & Poor's Corporation or Fitch Ratings Limited shall satisfy these requirements if appended with a '+' or '-'. A single A by Moody's Investors Service, Inc. shall satisfy these requirements if appended with a '1', '2' or '3';</p>	
RO, Transelectrica (TSO)	Imbalance responsibility	Operational procedure constitution, update and use of financial guarantees on	<p>Financial Guarantee:</p> <p>a. in the form of a Bank Guarantee Letter of payment issued in favour of C.N.T.E.E. Transelectrica S.A. on account in the original, issued by a commercial bank on the territory of Romania.</p> <p>b. payment into the guarantee account opened by C.N.T.E.E. Transelectrica SA.</p>	7.2.4 The financial guarantee established by the Party Responsible for Balancing/Participant in the Balancing Market cannot be less than 50,000 lei;

Country/ organisation	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
		the balancing market ¹⁵	<p>7.2.2. The Letter of Bank Guarantee is the document by which a guarantor Bank endorsed by the National Bank of Romania irrevocably and unconditionally undertakes to pay at the written request of C.N.T.E.E. Transelectrica S.A. any amount up to the competition with the maximum guaranteed and must cumulatively meet the following conditions:</p> <p>a) to be irrevocable and immediate;</p> <p>b) to expressly state that it is issued in favour of C.N.T.E.E. Transelectrica S.A.,</p> <p>c) be valid for at least 12 months;</p> <p>d) to be expressed in monetary form, respectively lei, at the value established by C.N.T.E.E. Transelectrica S.A. based on this Procedure.</p>	<p>8.1.6 After any month for which market participant realized is greater than 100,000 lei, TEL:</p> <p>a) calculate the GF value equal to the 2VMLG value, according to point 8.2.1 The updated GF value cannot be less than 100,000 lei;</p>
HU, MAVIR (TSO)	Imbalance Responsibility	Commercial Rules and General Terms and Conditions of MAVIR Ltd ¹⁶	<p>The instruments accepted as performance guarantees are as follows:</p> <ul style="list-style-type: none"> • cash deposit, • government securities, • bank guarantee, • government guarantee. <p>• Depository proof of the performance guarantee:</p>	3e97de4b-5797-c60d-20c5-8ad1b3ff85f6 (mavir.hu)

¹⁵

<https://www.transelectrica.ro/documents/10179/2682334/PO+Constituirea%2C%20actualizarea+%C5%9Fi+utilizarea+Garan%C5%A3iilor+Financiare+pentru+Participantii+la+piata+de+echilibrare/aecab1ab-9462-47fe-b635-08b8b2ca4195>

¹⁶ [Mérlegkör menedzsment - MAVIR - Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zrt.](#)

Country/ organisati on	Market segment	Document by which it is defined	Types of financial guarantee	Specific provisions as regards provision of collaterals
			<p>In case of t cash deposit, BRP shall provide:</p> <ul style="list-style-type: none"> • HUF 15 million (if market participant is BRP for itself), • HUF 50 million (if market participant is BRP for the balancing group) 	
CZ, OTE ¹⁷ (market operator)	DAM, IDM, Imbalanc e settleme nt	The basic principles of the OTE risk management methodology for the electricity market ¹⁸	<p>Credit risk management tools, i.e. the way in which individual market participant cover the necessary financial security for all types of financial risks towards the Market Operator, are:</p> <ul style="list-style-type: none"> • deposit of funds in the Market Operator's account in CZK; • an irrevocable bank guarantee issued in CZK by a bank or its branch in the Czech Republic with a current long-term rating of at least BBB+ (S&P, Fitch) or Baa1 (Moody's). <p>Minimum amount of financial security provided in the form of cash deposited in the Market Operator's account is 10% of the total financial security provided, but no more than 20 million CZK.</p> <p>In the event that this 10% of the total financial security provided should be more than CZK 20 million, the market participant must provide at least CZK 20 million in the form of cash.</p>	Based on parametric price for positive and negative deviations (section 3.1 of the principles of risk methodology).

¹⁷ Organize short term markets and imbalance settlement

¹⁸ https://www.ote-cr.cz/cs/risk-management/elektrina/files/RM_OTE_elektro.docx