



## Iran Energy Exchange (IRENEX) at a Glance



**Iran Energy Exchange**



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## ۱-۱ Iran Energy Exchange (IRENEX)

The geo-economic situation of Islamic Republic of Iran and its rank as one of the world's largest oil and gas producers, plus its outstanding infrastructure in electrical power and other energy resources has made the existence and expansion of an energy exchange inevitable in Iran.

Iran Energy Exchange operates with the aim of organizing, listing, supervising and easing the trade of energy carriers and energy carrier based securities, providing non-discriminatory and fair access of trading platforms to members, cooperation and coordination with financial institutions, companies, organizations and establishment of energy markets trustees such as ministries of Petroleum, Energy, Industry, Mine and Trade and the companies of National Iranian Oil Co., National Iranian Oil Refining & Distribution Co., National Iranian Petrochemical Co., Tavanir, Iran Grid Management Co., Iran Water Resources Management Co. and Environmental Protection Organization and also performing other duties assigned in the company statute. Iran Energy Exchange was established on July 7, 2012 with the license of the Supreme Council of Securities & Exchange as the fourth official exchange of the country and as a public stock company under the supervision of the Securities & Exchange Organization.

According to Iran Energy Exchange's activities, its stockholder combination has been announced by the Securities & Exchange Organization as 60 percent financial institutions, 20 percent practitioners of power and oil industries and 20 percent the public, which also has the limit of 2.5 percent for each applicant. The initial capital of the company was considered 200 billion Rials and the company officially launched its trades on March 09, 2013 with power, tar and coal commodities.

Iran Energy Exchange is a self-disciplined commodity exchange which has the possibility of trading physical energy carriers (including oil, gas, electricity and etc.) and commodity based securities. In this exchange, as similar to other exchanges, many buyers and suppliers are present which make possible the achievement of equilibrium prices of energy carriers with their interaction through a competitive atmosphere.

There are three initial instructions in Iran Energy Exchange:

- Listing of Commodity & Commodity-based Securities Instruction
- Commodity & Commodity-based Securities Trades Instruction
- Registration and Deposit of Commodity & Commodity-based Securities and the Settlement and Clearing of Trades Instruction

These instructions create the foundations of every contract and trade executed in IRENEX.

IRENEX consists of three markets which are the physical, derivatives and subsidiary markets. In the physical market, listed commodities, and in the derivatives market, commodity based securities are traded on the exchange.

Single-shipment and off-grade commodities can be traded on the subsidiary market. The physical market itself has three panels of power, oil & gas and other energy carriers. The derivatives market has three panels in which specific contracts are traded. These contracts include: Parallel Salam Contracts, Futures Contracts and Options Contracts. Also each panel has two rings, domestic and international. On the physical market, trades are conducted in the form of spot, credit, salam or premium discovery contracts.

Market	panels	Ring
Physical	Electricity	Domestic & international
	Oil & gas	
	Other energy carriers	
Derivatives	Standard parallel Salam contract	
	Future contract	
	Option contract	
Subsidiary market		

Based on this, all energy carriers, provided that the supplier has a reliable reputation in the listed commodity’s market, have the possibility of fair price discovery considering the volume of supply and if the commodity has no limitations regarding the legal pricing and monopoly of supply or demand. Furthermore commitments stated in the Listing of Commodity & Commodity-based Securities Instruction must be presented by the applicant, all of which must be approved by the Listings Council or Supply Committee of IRENEX as a “main” or “similar” commodity.

On the physical market of IRENEX, based on the number of suppliers on a certain symbol, the trades are done in one of the following methods: Auction, All-Electronic and Wholesale Supply.

Trades on the derivatives market are also done by the all-electronic method.

The company components are 1) Public Meetings 2) Board of Directors 3) CEO

4) Inspector/Auditor.

#### ۱-۱-۱ Resources of IRENEX:

- Over 60 brokerage companies with the license to trade in IRENEX.
- Over 20 oil & gas refineries as suppliers
- More than 10 chemical plants and several coke making and tar refining companies.
- More than 44 private and public power plants with the overall possible supply capacity of 8327 megawatt in each hour.
- 39 electricity distribution companies as buyers (all distribution companies).
- Over 20 electricity retailers licensed by the Energy Ministry.

- Listing and trade of more than 100 commodity-suppliers and contracts.
- All-electronic trading platform specially designed for physical and derivatives markets.
- All-electronic platform for registration, deposit and settlement of trades.

### Benefits of listing and trade on Iran Energy Exchange

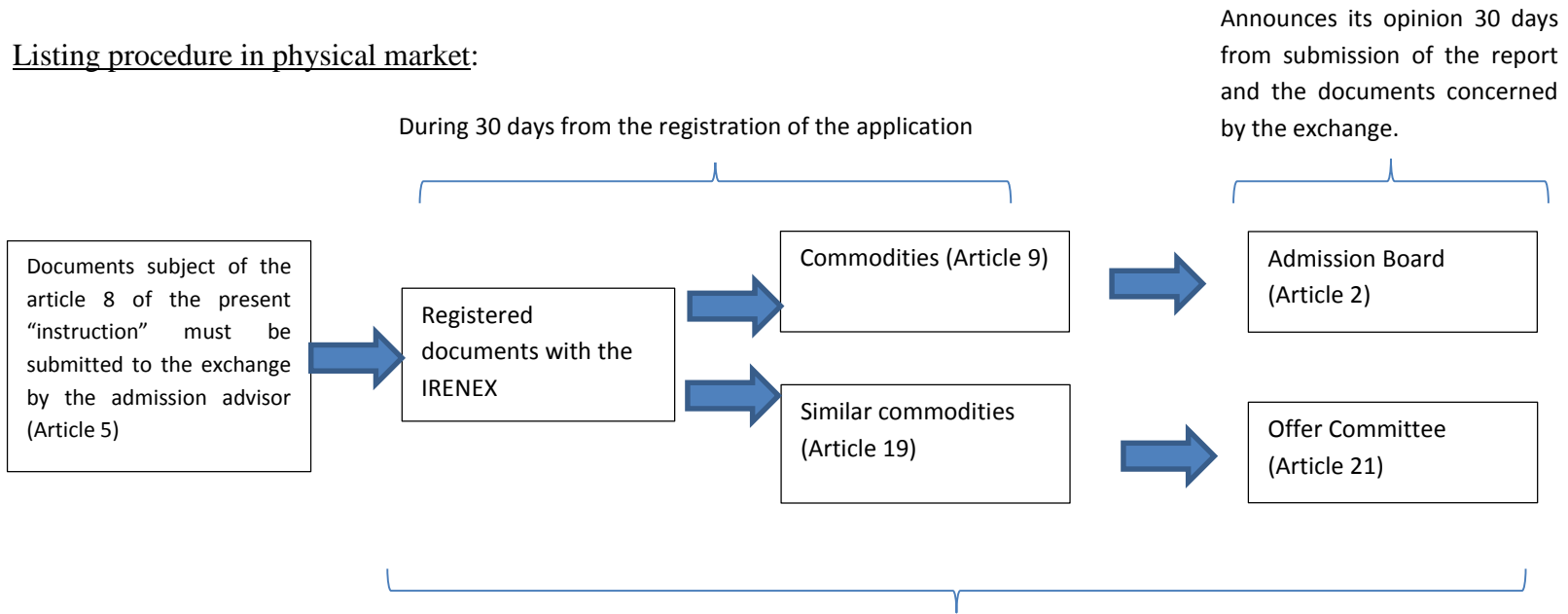
- Tax exemption: According to article 6 of ‘The Development of New Financial Instruments Law’, 10 percent of the tax on income resulting from the sales of commodities listed and sold on commodity exchanges is relieved from tax.
- Immunity from the formalities of tenders and auctions: According to article 17 of “The Development of New Financial Instruments Law” and clauses of yearly budget laws, selling and purchasing of commodities listed on commodity exchanges which trade based on the rules and regulations of these exchanges, do not need to hold auctions, tenders and other formalities of sort, through ministries, government, public and executive organizations.
- Privilege of marketing and supply in the domestic and international rings through the network of brokerage members and trading platforms of IRENEX.
- Possibility of providing required commodities by the means of a transparent and fair mechanism in IRENEX.
- Financing and managing the risk of suppliers and buyers by financial instruments in IRENEX.
- Risk hedging and procurement for diverse time periods.
- Reducing trade costs for customers compared to deals made regardless of the exchange (including costs of closing a contract, marketing and etc.).
- Reducing risks associated with trades such as failure to fulfill obligations by the counterparties and etc.
- Presence of standardized and defined contracts also guaranteeing the standard and quality of commodities traded on the exchange.
- Possessing a comprehensive regulatory framework for listing, trade, registration, deposit and clearing and settlement of commodities and commodity based securities.

### ۱-۲ Listing procedures in IRENEX

The listing of products and other financial instruments takes place under the supervision of Iran Energy Exchange Listing Council and according to the Listing of Commodity & Commodity-backed Securities Instruction.

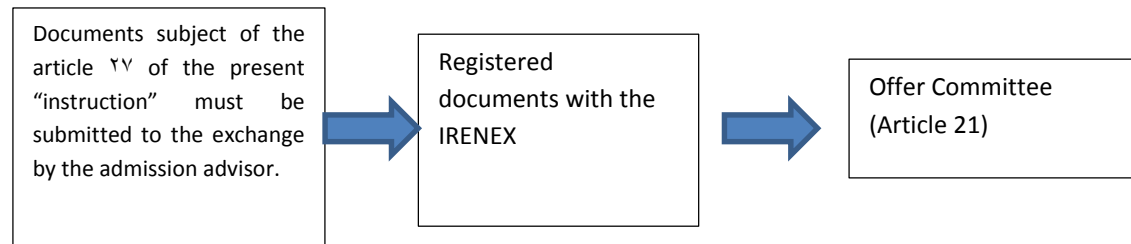
Based on Listing of Commodity & Commodity-backed Securities Instruction application for admission and listing together with the documents subject of the article 8 of the present “instruction” must be submitted to the exchange by the admission advisor and be registered with the exchange.

Listing procedure in physical market:

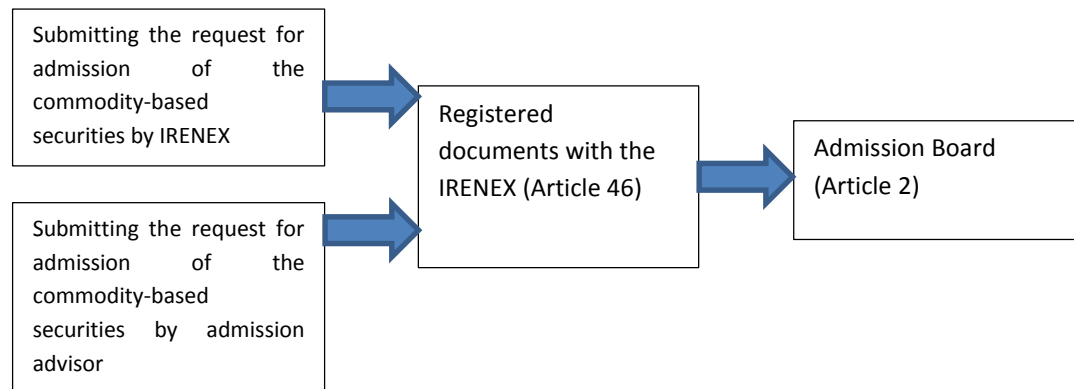


"Offer committee" shall, during no later than 7 working days as of completion of documents, notify the advisor whether or not it agrees with the listing and offer of commodity on the exchange.

Listing procedure in Subsidiary market:



Listing procedure in Derivatives market (Commodity-based Securities):





## ۱-۱ Markets and trading procedures in IRENEX

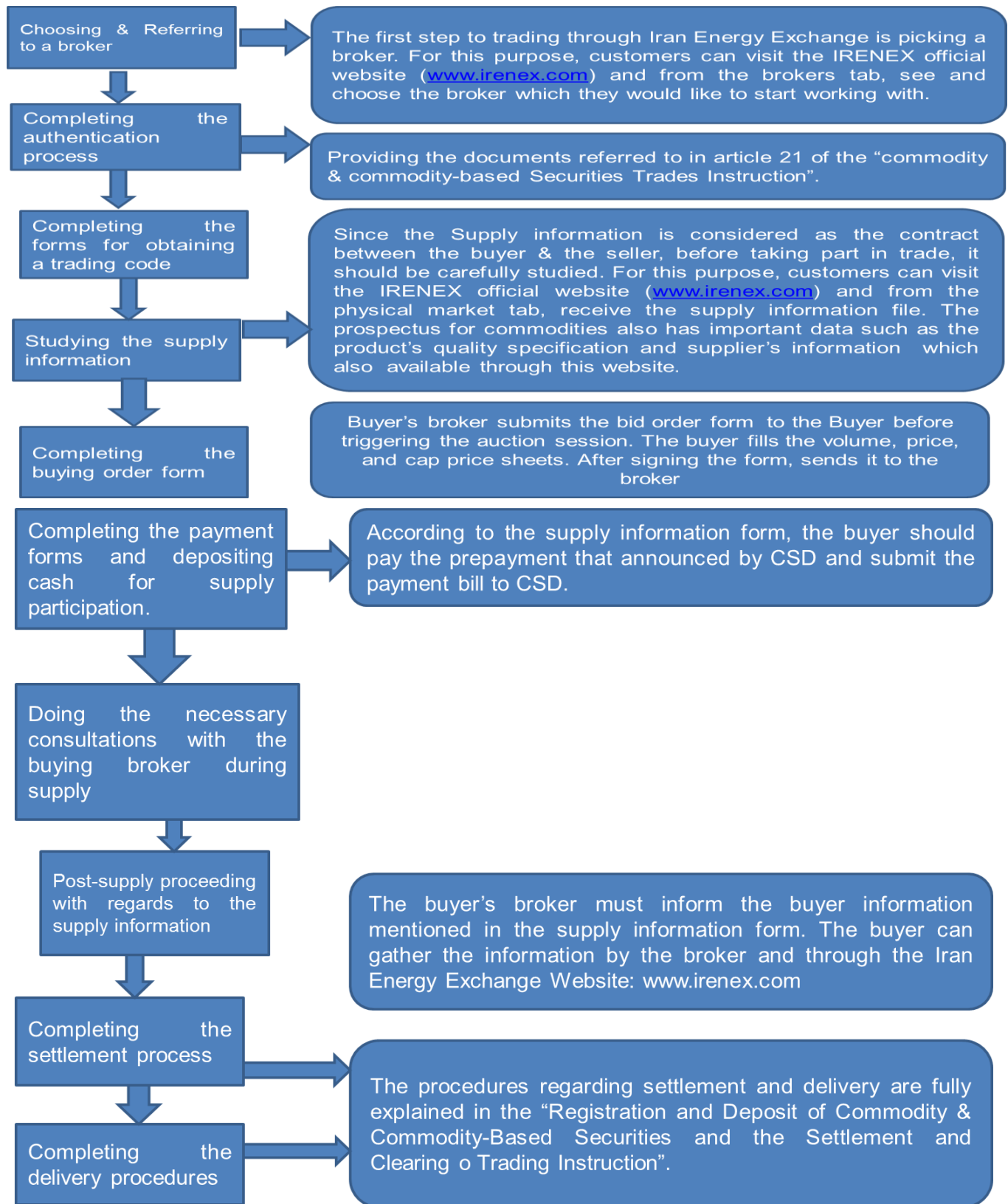
### ۱-۱-۱ Physical market

IRENEX markets are categorized into 3 segments including physical, derivatives and subsidiary markets. Based on the fact that the product is sold for domestic or export purposes, markets are divided into domestic and international rings. The physical market is a place for spot pricing of energy carriers. On the physical market a wide variety of energy carriers are listed and standardized for supply and trade, all of which lead to physical delivery. This market includes 3 subdivisions as “electric power”, “oil and natural gas” and “other energy carriers” (e.g. LPG, coal, coal tar, naphtha, fuel oil, solvents, light fuel oil and etc.).

Different contracts are engineered to be tradable on the physical market, some of which are as follows:

- **Cash Contracts:** The delivery of the underlying product and its payment are done immediately. The term immediately, defined in the settlement instruction of Energy Exchange, is three business days after the trade date, for the maximum settlement allowance and three business days after the settlement period for delivery of the product in the domestic ring. For international ring the settlement period is five business days after trade date.
- **Credit Contracts:** The delivery is made upon trade whereas the payment is referred to a time in the future. The settlement procedures of these types of contracts are fully explained in the settlement instruction.
- **Salaf(Salam) Contracts:** The Salaf contract is an agreement which is set between two parties, where the buyer prepays the amount of transaction at the date of trade and the seller is committed to deliver the commodity in a specified time in the future. This kind of contract can be an instrument for financing producers and on the other hand the buyers could benefit a discount compared to the cash contracts.
- **Differential Contracts:** The Differential contract is an agreement upon which buyers and sellers of a commodity agree on a premium or discount with respect to a specific reference (This reference could for example be a well-known price assessment organization or publication). The parties promise to trade in a specified time in future according to the final price (which is equal to the absolute value of reference price plus the differential discovered on the exchange market). The payment procedure for this type of contract should be explained in detail in the supply information of the product.

Executive procedures for obtaining a trading code and participating in the physical market supplies of Iran Energy Exchange:



As explained earlier in the flowchart, the first step to start trading through Iran Energy Exchange is picking a broker. The attached file (table 1) contains those brokers who are eligible to trade in Iran Energy Exchange. Customers can choose one of the brokers, get in touch with them and start trading. All the next steps will be managed by the brokers.

Note that the table will be updated due to changes in the information banks.

Brokers' name	Address	Contact Point	Phone	Cellphone	Email	Fax
<b>Aban Brokerage</b>	No. 2113, Valiasr St, Tehran, Iran.	Mr. Mostafa Haghighi Mehmandari	+982188556060 +982142151 +982185510			
<b>Ati Saz Bazar Brokerage</b>	No. 196, Keshavarz Blvd, Tehran, Iran.	Mr.Peyman Darabi	+982142179106	+989124632316		
<b>Arad Iranian Brokerage</b>	No. 16, Roodsar St, Hafez Ave, Tehran, Iran.					
<b>Ordibehesht Brokerage</b>	No. 4, 21st St, Khaled Eslamboli St, Tehran, Iran.	Mr.Seyed Mohamad Seyedpoor Aghayi		+989125702815		
<b>Aftab Derakhshan khavaremiyaneh Brokerage</b>	No. 5, Riyaz Alley, Anzali St, Taleqani St, Tehran, Iran.					
<b>Eghtesad-e-Bidar Brokerage</b>	No. 17, Salman Pak Ave, Nejatollahi St, Tehran, Iran.					
<b>Agah Brokerage</b>	Agah Bldg, Pirooz Dead End, Africa Blvd, Tehran, Iran.	Mr.Hojatnia	+982182154470			
<b>Aminavid Brokerage</b>	No. 49, W Qobadiyan St,					

## Iran Energy Exchange (IRENEX) at a glance



Brokers' name	Address	Contact Point	Phone	Cellphone	Email	Fax
	Valiasr St, Tehran, Iran.					
<b>Isatis Pooya Brokerage</b>	Mina Bldg, Kamran Saleh St, Hafez Ave, Tehran, Iran.	Mr. Mostafa Sadeghianzadeh	+983535263547			
<b>Ayandeh Negar-e-Kharazmi Brokerage</b>	No. 16, Bozorgmehr St, Valiasr St, Tehran, Iran.					
<b>Eghtesad-e-Novin Bank Brokerage</b>	No. 4, 19th St, N Falamak St, Eyvanak Blvd, Tehran, Iran.	Ms.Samaneh Sadeghi		+989106794937	Samaneh330@gmail.com	
<b>Ansar Bank Brokerage</b>	No. 59, W Taban St, Africa Blvd, Tehran, Iran.	Mr. Behzad Mohamadi Vaighan		+989143143420	bmahmuodi@gmail.com	
<b>Ayandeh Bank Brokerage</b>	No. 327, Motahhari St, Tehran, Iran.	Mr. Farzad Heybati	+982142764181	+989127117233		
<b>Pasargad Bank Brokerage</b>	No. 4, 23rd St, Baharan St, Argentina Sq, Tehran, Iran.	Mr. Peyman Haji Babaei	+982142392713	+989126501512		
<b>Tejarat Bank Brokerage</b>	No. 4, Rahimi St, Valiasr St, Tehran, Iran.	Ms.Najafi	+982188555338			
<b>Tose-e-Saderat Bank Brokerage</b>	No. 104, Motahhari St, Tehran, Iran.	Mr. Mohammad Khabarizad	+982188102623			
<b>Refah Kargaran Bank Brokerage</b>	No. 22, W 2th Boostan Alley, Fakhar Moghadam St, Dadman Blvd, Tehran, Iran.	Mr. Mohammad Masoudi	+982143648 (142)	+989127732821		
<b>Saman Bank Brokerage</b>	No. 446 & 448, Taleqani St, Tehran, Iran.	Mr. Arash Mahabadi Pour				

## Iran Energy Exchange (IRENEX) at a glance



Brokers' name	Address	Contact Point	Phone	Cellphone	Email	Fax
<b>Sepah Bank Brokerage</b>	No. 42, 8th St, Khaled Estamboli St, Tehran, Iran.	Ms. Behnoosh Khani Hamed	+982188556415			
<b>Saderat Bank Brokerage</b>	No 62.1, Elhami St, Kaveh Blvd, Sadr Highway, Tehran, Iran.	Mr. Mahmood Sfandari Soloklo		+989128190719		
<b>Industry and Mine Bank Brokerage</b>	No. 3, 2nd Pajoheshgah Alley, Ahmad Qasir St, Tehran, Iran.	Mr. Hamed Zolfaghari	+982188511535(211)	+989122572069		
<b>Karafarin Bank Brokerage</b>	No. 8, Saba Blvd, Africa Blvd, Tehran, Iran.					
<b>Keshavarzi Bank Brokerage</b>	Brokers' Bldg, 23th St, Baharan St, Tehran, Iran.	Ms. Marzieh Karimi	+98218658 (308)	+989126894574		
<b>Maskan Bank Brokerage</b>	No. 86, Kaj Abadi St, Africa Blvd, Tehran, Iran.	Ms. Mino Moinadini	+982175439252			
<b>Mellat Bank Brokerage</b>	No. 1, 23rd St, Khaled Eslamboli St, Tehran, Iran.	Mr. Meysam Radmehr	+982142116000 (2777)			
<b>Iran Melli Bank Brokerage</b>	No. 2, Rafi Alley, 4th St, Khaled Eslamboli St, Tehran, Iran.	Mr. Farshad Sartipi	+982184359270			
<b>Bahonar Brokerage</b>	No. 16, 15th St, Ahmad Qasir St, Tehran, Iran.					
<b>Bahman Brokerage</b>	No. 32, 7th St, Yousef Abad, Tehran, Iran.					
<b>Bourse Bimeh</b>	No. 56, Rad Afzoon	Mr. Ali	+982188481725	+989125255112		

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Brokers' name	Address	Contact Point	Phone	Cellphone	Email	Fax
<b>Iran Brokerage</b>	(4/1) St, Bisotun St, Tehran, Iran.	Bakhshandeh				
<b>Pars Ideh Bonyan Brokerage</b>	No. 138, Keshavarz Blvd, Tehran, Iran.	Ms. Leila Mohammadi	+982188976544	+989127363984		
<b>Parsian Brokerage</b>	No. 24, 8th Alley, Qaem Maqam-e-Farahani St, Tehran, Iran.					
<b>Pegah Yavaran-e-Novin Brokerage</b>	Bldg No. 637, In front of Iraq Embassy, Valiasr Sq, Tehran, Iran.	Mr. Amir Eyni Namin	+982188852398			
<b>Pishgaman-e-Behparvar Brokerage</b>	No. 448, Taleqani St, Tehran, Iran.	Ms. Atefeh Haghghi Nia		+989121222726		
<b>Novin Investment Bank Brokerage</b>	No. 23, Gol Azin St, Africa Blvd, Tehran, Iran.	Mr. Khashayar Dadmanesh	+982186791160	+989122041669		
<b>Tadbirgar-e-Sarmayeh Brokerage</b>	No. 18.1, Parham Bldg, 35th St, Zagros St, Argentina Sq, Tehran, Iran.	Mr. Mohammad Karimi	+982188196820 +982188196825	+989129320369		
		Mr. Seyyed Amirmahdi Hashemi		+989123210060		
<b>Tadbirgaran-e-Farda Brokerage</b>	No. 73, 23rd St, Gandhi St, Tehran, Iran.	Ms.Niloofar Fasahat	+982182428(420)	+989126722797	fasahat@tfbroker.com	
<b>Tavazon-e-Bazaar Brokerage</b>	No. 5, E 5th Alley, Seoul St, Tehran, Iran.	Mr.Mohamad Rohi	+982188623487			
<b>World Capital Development Brokerage</b>	No. 5, Riaz Alley, Anzali St, Tehran, Iran.	Mr. Hassanali Besharat Ehsani		+989123256014		

## Iran Energy Exchange (IRENEX) at a glance



Brokers' name	Address	Contact Point	Phone	Cellphone	Email	Fax
<b>Tose-e Farda Brokerage</b>	No. 7, W 7th, ,Seoul St, Tehran, Iran.	Mr. Mohammadreza Tusi	+982188215704	+989121999648		+982188873381
		Ms. Maryam Amoutaghi	+982188228717	+989133277031		
<b>Hafez Brokerage</b>	No. 9, Babak Bahrami St, Valiasr St, Tehran, Iran.					
<b>Khobregan-e-Saham Brokerage</b>	No. 27, 21st St, Gandhi St, Tehran, Iran.					
<b>Investors' Guide Brokerage</b>	No. 463, Ghazae Atigh Alley, N Palestine St, Tehran, Iran.	Mr. Seyyed Habib Mousavi	+982188805524			
<b>Razavi Brokerage</b>	No. 48, Hafezi St, Farahzadi Blvd, Tehran, Iran.		+982127631201			
<b>Sepehr-e-Bastan Brokerage</b>	No. 24, Ordibehesht Alley, S Motahhari St, Darya Blvd, Paknezhad Blvd, Tehran, Iran.					
<b>South Star Brokerage</b>	No. 17, Qazian Alley, Anzali St, Tehran, Iran.					
<b>Sarmayeh &amp; Danesh Brokerage</b>	No. 20, Kamran Saleh St, Hafez Ave, Tehran, Iran.	Mr. Seyyed Mostafa Nameni	+982142548 (165)	+989127330235		
<b>Sahm Ashena Brokerage</b>	No. 27, ABCO Bldg, Yaqubi 8th St, After Kaj Sq, Saadat Abad Blvd, Tehran, Iran.	Mr. Pedram Armat	+982122078612 (218)	+989121049669		+982122073072
<b>Seavolex</b>	No. 20, Hosseini St,	Ms.Sharareh		+989128473163		

## Iran Energy Exchange (IRENEX) at a glance



Brokers' name	Address	Contact Point	Phone	Cellphone	Email	Fax
<b>Brokerage</b>	After Valiasr Sq, Tehran, Iran.	Jahangiri Afshar				
<b>Sina Brokerage</b>	No. 12, Bonyad Alavi Bldg, Golabi St, Karim Khan Zand Blvd, Tehran, Iran.	Ms. Farnaz Badpar	+982188949726			
<b>Shahr Brokerage</b>	1402nd Unit, 2nd Office Floor, Tehran Noor Complex, Valiasr St, Tehran, Iran.	Mr.Masoud Sharifi Khatir	+982188228136	+9891224370825		
<b>Saba Jihad Brokerage</b>	No. 38, Sarparast St, Bozorgmehr St, Valiasr St, Tehran, Iran.	Mr. Alireza Abdolhamidi	+982163486165			
<b>Farabi Brokerage</b>	No. 12, 11th St, Asad Abadi St, Tehran, Iran.					
<b>Kalaye Khavar- e-Miyaneh Brokerage</b>	No. 14, 5th Dead End, Mir Emad St, Motahari Ave, Tehran, Iran.					
<b>Mobin Sarmayeh Brokerage</b>	No. 442, Taleqani St, Tehran, Iran.	Mr. Mohammadali Mohammadi	+982142972 (222)			
<b>Modabber-e- Asia Brokerage</b>	No. 826, Hoveyzeh St, Shariati Ave, Tehran, Iran.					
<b>Mofid Brokerage</b>	No. 51, Corner of N Didar, Africa Blvd, Tehran, Iran.	Mr.Amir Yosefi	+982187221473			
<b>Mehr Afarin Brokerage</b>	No. 17, 6th St, Khaled Eslamboli St, Tehran, Iran.	Mr. Shahin Cheraghi				



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Brokers' name	Address	Contact Point	Phone	Cellphone	Email	Fax
<b>Namad Shahedan Brokerage</b>	No. 467, Corner of Hourzad Alley, Hafez Ave, Tehran, Iran.					
<b>Nahayat Negar Brokerage</b>	No. 51, Corner of Ettehad Alley, Sheykh Bahayi St, Tehran, Iran.					
<b>Noandishan-e-Bazaar-e-Sarmayeh Brokerage</b>	Bldg No. 26, Beyhaqi St, Argentina Sq, Tehran, Iran.	Mr.Amirreza Heydari Noori		+989123090973		

## ۱-۲ Electricity market of IRENEX

The Islamic Republic Power Pool (IRPP) is an hourly day-ahead market that has operated since October 2003. It is managed by Iran Grid Management Company (IGMC) which is a state company. The market design resembles the original pool market that was initially put in place during the liberalisation of the England and Wales market in 1990. Despite undeniable advantages of power pool model, the existence of some weak points leads to the establishment of energy exchange in Iran. The main reasons which justify the establishment of power exchange in Iran are as follows:

- law requirements for establishing the power exchange,
- problems regarding cash payments to power plants,
- impossibility of financing producers in the current electricity market,
- impossibility of selling electricity in different time horizons,
- inability to cover (hedge) the risk of price change for the producers and consumers,
- consumers inability to purchase electricity for different time horizons ,

All of the aforementioned reasons led to the establishment of Iran Energy Exchange (IRENEX) and designation of Power Parallel Salam (PPS).

Power in IRENEX is traded in two markets:

- ۱- Derivatives market: in derivatives market, Power Parallel Salam (PPS) contracts are traded and this market includes two subdivision:
  - Wholesale market (Discos could purchase electricity from this market)
  - Retailer market (large consumers and retailers could purchase electricity from this market)
- ۲- Physical Market: large consumers and retailers can sell or buy electricity from this market.

## ۱-۳ Power Parallel Salam

PPS was the first derivative contract which was listed in the Iran Energy Exchange Listing Council.

The underlying asset of this contract is power package (Real Power) equivalent to one “kWh” in each hour of the “Consumption Period” in the “Delivery Period”.

Currently, the initial suppliers of these contracts are generation companies or power plants and real consumers (such as Discos, Retailers and large consumers) are buyers of these contracts.

It is worth mentioning, it is planned that in the next steps, investors and non-physical customers be able to buy and sell PPS contracts. It is also planned that in the near future, neighboring countries consumers and generators be able to trade in the Iran energy exchange.

After initial public offering of PPSs, the buyers can resell the PPS till the contract maturity. The last buyer of a PPS is permitted to physically consume the electricity and the first issuer of that contract is obliged to inject power to the Iran's national power grid in the contract maturity.

Based on the load curve (consumption regime) in Iran's power system, PPS contracts can be categorized as base load, low load, medium load and peak load contracts. These periods specify the "Consumption Period" of contracts.

The starting and the end hours of each aforesaid period are announced annually by the "Ministry of Energy".

Based on the "Delivery Period", these contracts can be also divided to daily, weekly, monthly, quarterly and yearly contracts. So, based on the demand and delivery periods, there are 20 different types of contracts. For example if a Disco buys hundred weekly peak load PPS contract, it is permitted to consume hundred MW in each hour of the peak load period of a specific week.

There is also some buy limit (Cap) for each consumer which is technically determined by the IGMC and currently there is not any daily price limit for these contracts. So, the interaction of the supply and the demand side in the market discovers the price of this significant energy carrier.

Pre-opening, opening and continuous trading are three different steps of the transaction mechanism of PPSs.

Due to the current specification of PPS, all contracts in their maturity periods are settled physically so the cash settlement is not possible. It should be mentioned that due to the nature of these contracts, buyers should pay all the transaction values in advance.

It is worth mentioning; each contract has a unique trading symbol which indicates “Delivery Period”, “Consumption Period”, destination market (domestic or international) and the date of the first day of delivery period.

Daily, weekly and monthly PPS trading symbols are opened thirty days prior to the beginning of the delivery period and will be closed three days before the beginning of the “Delivery Period”. So, all of these trading symbols can be traded from the initial public offering till three days before the beginning of the “Delivery Period”. Currently, the information of all approved transactions is sent to IGMC for handling of the physical delivery.

Similarly, quarterly PPS trading symbols are opened a season prior to the beginning of the delivery period and will be closed three days before the beginning of the “Delivery Period”.

In the first day of the delivery period, generators inject their sold amount of power to the national power grid and consumers deliver the bought amount of power from the national power grid and IGMC as Iranian Power System Operator manages the delivery of power from sellers to buyers.

The other characteristics of PPSs are shown in the following tables.

**Contract Specification: Power Parallel Salam (PPS) - wholesale market**

**Table 1**

No	Title	Description
1	UNDERLYING ASSET	<b>Power package (Real Power) equivalent one “kWh “ in each hour of the “Consumption Period” in the “Delivery Period”</b>
2	SPECIFICATIONS OF UNDERLYING ASSET	<b>50± .2 Hz (The nominal frequency of Iran’s National Power Grid) and Standard Voltage levels of Iran’s National Power Grid National Power Grid</b>
3	NAME AND SPECIFICATIONS OF PRIMARY SUPPLIERS	<b>All listed suppliers in IRENEX (According to the IRENEX Customer’s listing procedure)</b>

4	CONSUMPTION PERIOD	The number of consumption hours in each day of the delivery period
5	DELIVERY PERIOD	The number of days of the delivery period
6	CONTRACT SIZE	The number of power packages (electrical energy) in each contract which is equivalent to the number of hours of the “consumption period” multiplied by the number of days in the “delivery period”
7	TRADING SYMBOL	A unique symbol for each contract
8	METHOD OF INITIAL PUBLIC OFFERING (IPO)	Single price auction
9	INITIAL PUBLIC OFFERING PERIOD (IPO)	Opening day of the trading symbol
10	Trading Period of Contract	From the opening of each Trading Symbol till 3 days before the beginning of the Delivery Period
11	Contract Maturity	The end of the Delivery Period
12	Place of delivery	Iran’s National Power Grid
13	Currency	I. R. Rial
14	Tick Size	1 Rials
15	Transaction Fees and Commissions	According to the approved fees by Iran’s Securities and Exchange Organization (SEO)
16	Buy Limit (Cap) of each Customer	<p><b><u>Customers with Special Transaction Code (Connected to Transmission and Sub-Transmission power system):</u></b> According to the announced data of IGMC (Iranian Power System Operator)</p> <p><b><u>Customers with Public Transaction Code (Connected to Distribution power system):</u></b> According to the announced data of Regional Distribution Company</p>
17	The requirements for Physical delivery	<p><b>Distribution/Retailing License for Distribution Companies (DISCOs) and Retailing companies (RETAILCOs)</b></p> <p><b>The Electrical Connection Contract and the last issued bill by the regional power supplier for End-Users</b></p>
18	Daily Price Limit	Without Limit

19	Prepayment	<b>100% of the value of each contract</b>
20	Trading Hours	<b>9:30 to 10:00 A.M. Pre-Opening 10:00 to 12:00A.M. Continuous trading</b>

Table 2

Consumption Period name	Number of hours
<b>BASE LOAD</b>	Starting from ۰۰:۰۰ to ۲۴:۰۰ According to Iran's official time
<b>PEAK LOAD</b>	Start and end time of Peak Load in each Delivery Period According to Declaration of the IGMC
<b>MEDIUM LOAD</b>	Start and end time of Medium Load in each Delivery Period According to Declaration of the IGMC
<b>LOW LOAD</b>	Start and end time of Low Load in each Delivery Period According to Declaration of the IGMC

## ۱-۴ Large consumers market:

Large consumers such as industrial consumers are key electricity consumers in Iran and consume about ۱۲۵ billion kWh annually. Large consumers participate in power market and purchase electricity from generation companies. As mentioned previously, large consumer can participate in derivatives market (Power Parallel Salam (PPS) - retailer market) and physical market in IRENEX.

Physical Market for large consumer launched in July 2, 2017 based on Council of Ministers and Power Ministry rule and regulations (2016-2017). Power large consumers with over 5MW demand are eligible to participate in this market.

In physical market and derivatives market large consumers can buy the electricity in transparency, efficiency and healthy competitive atmosphere. Some of The benefits of large consumer participation in IRENEX power market are:

- Reduce the electricity cost (purchasing electricity with lower prices than power tariffs)
- Priority in electricity consumption and exclusion from peak power consumption management
- Participation in power price discovery
- Increasing bargaining power
- Improve planning for power consumption
- ...

In this market, large consumers can purchase electricity for day, week, month, season or a year. Tradings electricity in physical and derivatives market have some differences such as:

- In Derivatives market (Power Parallel Salam (PPS)) standardized contracts are traded but power physical market is bilateral agreements between a buyer and a seller and contracts conditions are negotiable.
- In derivatives market, contracts maybe traded in secondary market, but in physical market it's not possible.
- Contracts in derivatives market must settle all in cash, but in physical market, there are some other different payment mechanisms.

## ۱-۵ IRENEX & Financing the Energy Sector

Financing has always been a critical issue especially in developing countries and a proper choice of financing strategy is known to be one of the most sensitive subjects for enterprises. Many instruments have been introduced in Iran's capital market over the past few years, some of which have been more attractive to investors. But a new instrument has been implemented in the world of financing through commodity exchanges, which is promised to have more desirable outcomes. This new instrument is SPS contract. Based on the contract specifications, the settlement is either physical or in cash. This means that the investor who owns the contract on the exercise date has the right to request the underlying commodity or to settle a predetermined amount in cash. It will ensure a suitable financing mechanism and will give the investors a considerably liquid secondary market to resell if needed. The successful initial offerings and the dynamic secondary markets for fuel oil, power and Gasoline SPS contracts has attracted many requests for further issuance through IRENEX.