



Corporate Report

Report 2014

cmie

Index

1. Board of directors

1.1. Board of directors

2. Steering committee

2.1. Steering committee

3. The economic, energy and environmental scenario

3.1. The global economy

3.2. Concerning energy and the environment

3.3. Toward an internal electricity market in the EU

4. Omie's business

4.1. About our company

4.2. Operating the Iberian electricity market

4.3. Our business in figures

4.4. Committed to Europe

4.5. Our corporate culture

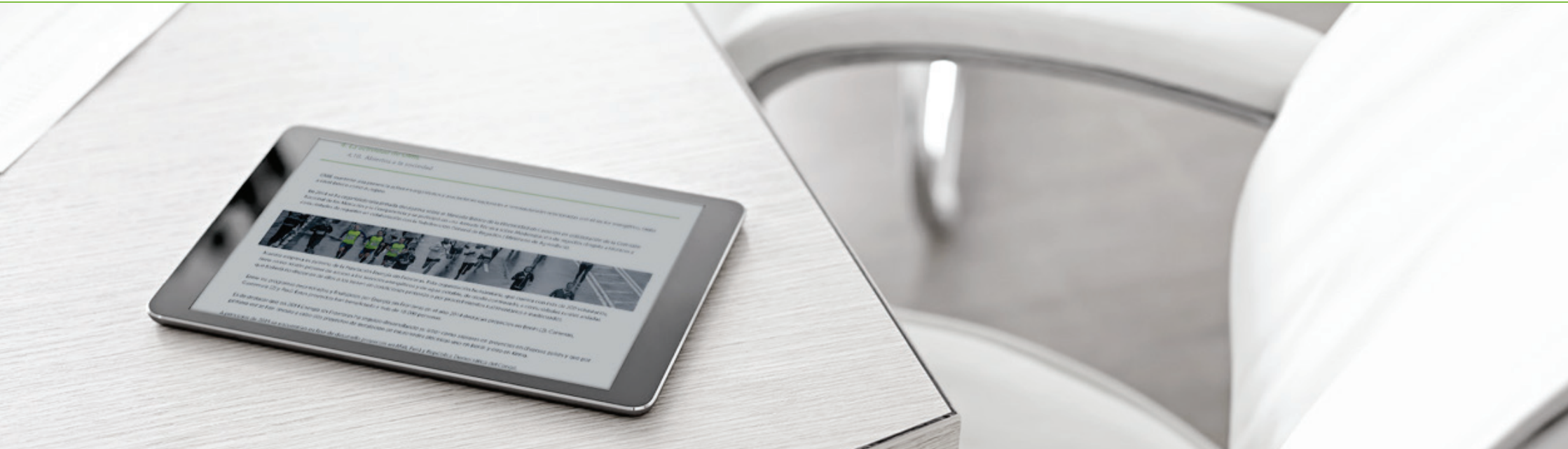
4.6. At the cutting edge of technology

4.7. First-rate human resources

4.8. Dialogue with stakeholders

4.9. Training activities

4.10. Open to society



1. Board of directors

1.1. Board of directors

1. Board of directors

1.1. Board of directors



José Carvalho Netto
Chairman

Pedro Mejía Gómez
Vice Chairman

Board Members

ABENGOA.S.A.
Ana Raquel Díaz Vázquez

EDP-ENERGÍAS DE PORTUGAL, S.A.
Carlos Alves Pereira Mata

ENDESA GENERACIÓN PORTUGAL, S.A.
Adolfo de Rueda Villén

E.ON España, S.L.U.
Javier Anzola Pérez

GAS NATURAL SDG, S.A.
Rosa Sanz García

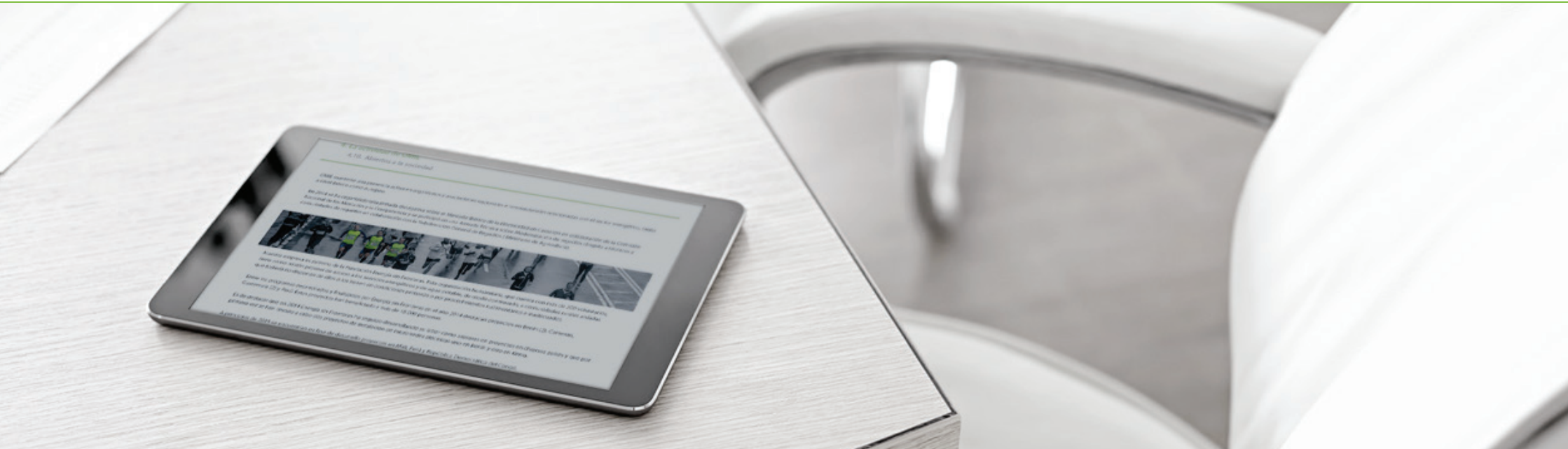
IBERDROLA GENERACIÓN S.A.U.
Gregorio Relaño Cobian

PARCAIXA, SGPS, S.A.
Paulo Henriques

REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. (REN)
María José Clara

Secretary (Non-Board Member)
Rafael Ramos Gil

Vice-secretary (Non-Board Member)
Pedro Raio Félix



2. Steering committee

2.1. Steering committee

2. Steering committee

2.1. Steering committee



José Carvalho Netto
Chairman

Pedro Mejía Gómez
Vice Chairman

Directors

Settlement and Billing
Carlos Francisco Gamito Calvo

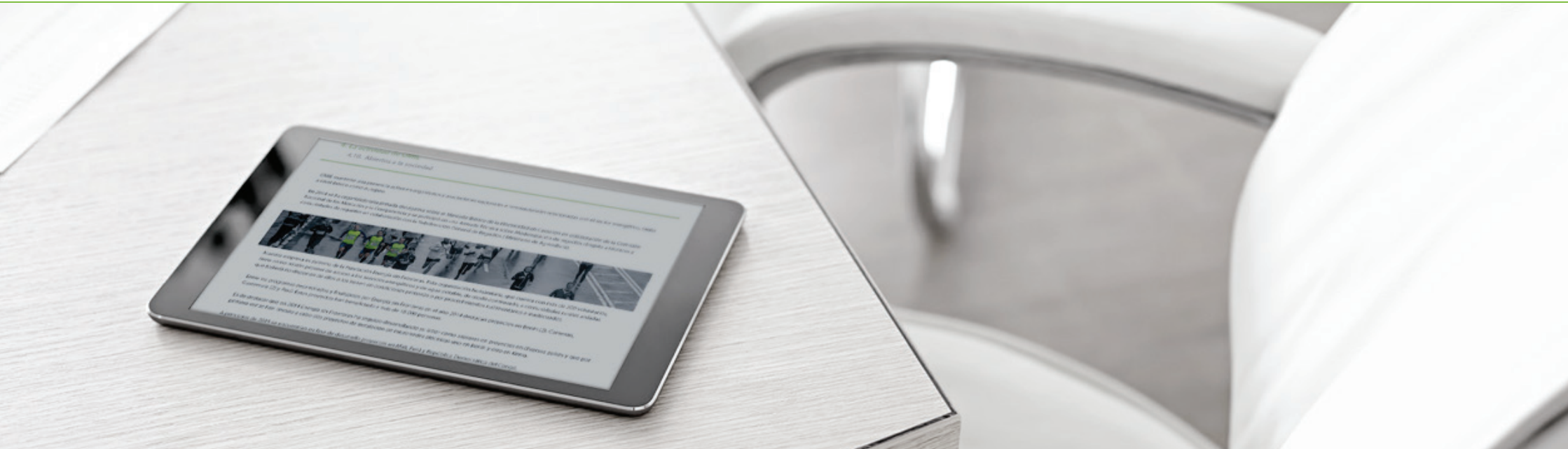
Market Operations
José Javier González Fdez.-Castañeda

Corporate Management
Luis Miguel López Otero

Information Systems
Pedro Basagoiti Satrústegui

Office of the Chairman and CEO
Rafael Gómez-Elvira González

Legal Affairs
Rafael Ramos Gil



3. The economic, energy and environmental scenario

- 3.1. The global economy
- 3.2. Concerning energy and the environment
- 3.3. Toward an internal electricity market in the EU

3. The economic, energy and environmental scenario

▶ 3.1. The global economy



There are currently mixed signs as regards growth in the global economy. On the one hand, the fall in oil prices is driving growth in consumer countries, yet on the other, it is reducing the revenue of oil-exporting countries, which are importing less, with a lower rate of investments in both the advanced economies and in the emerging ones. This situation has become especially apparent in those countries that have opted for fracking.

According to data provided by the International Monetary Fund (IMF), the global economy grew by 3.3% in 2014. This rate was not evenly distributed throughout the year, as there was a sharp acceleration in the final months, in which the United States improved on its initial forecasts, while growth in the eurozone was lower than expected. Another advanced economy that held global growth back in 2014 was Japan, which even slipped back into recession in the year's third quarter.

These differences in growth in the more advanced economies have strengthened the dollar against Europe's currencies, while depreciating those of most emerging countries. These latter economies, furthermore, have seen hikes in their interest rates and risk premiums.

The IMF forecasts a global growth rate of around 3.5% for 2015, although it has announced that growth in emerging countries will slow this year. Among other countries, China has chosen to cool its economy and push through reforms that address the imbalances caused by years of strong growth, and Russia has seen a significant reduction in its growth forecasts due to the collapse of oil prices and the sanctions imposed by the US and EU.

Since September 2014, the price of oil has continued to fall, even by more than 55% in the first quarter of 2015. This fall is due to the weakening demand for energy, especially in emerging countries, and to the decision made by OPEC countries to maintain their production levels regardless of what might happen to the supply forthcoming from other oil-producing countries.

 The IMF forecasts a global growth rate of around 3.5% for 2015, although it has announced that growth in emerging countries will slow this year

3. The economic, energy and environmental scenario

3.1. The global economy

Despite this positive factor for global growth, there are other issues of concern to international organisations, such as the unequal growth across the advanced economies, differences in monetary policy, and the difficulties in maintaining their levels of growth encountered by certain emerging countries, which until only recently had been the powerhouses of growth worldwide.

Stagnation in Europe

The forecast for the eurozone in 2015 is for 1.2% growth. Although this figure reflects improved growth in this region’s economy, up on the 0.8% recorded in 2014, it is not yet strong enough to create as much employment as is required, especially in certain Member States.

There is ongoing concern in Europe over the lack of investments, the ageing population, the scarce improvement in competitiveness and, in short, a long-term outlook for lower growth than in other regions throughout the world.

With a view to accelerating growth, increasing investment, stabilising inflation and finally restoring health to the financial market, new economic policies have been implemented in Europe, such as the European Central Bank’s programme of quantitative easing, the programme of fiscal consolidation and the investment plan launched by the European Commission.

Spain and Portugal return to growth

The economies of these two countries on the Iberian Peninsula came out of recession in 2014 and have seen an improvement in their growth expectations, albeit informed by different factors.



The Spanish economy grew by 1.4% in 2014, while the figure for Portugal was 0,9% over the same period, following years of shrinkage and severe adjustments. The two countries have improved their economic conditions and reduced the imbalances they caused. There has been a relaxation in the efforts made in consolidation, and this has led to an improvement in their general economic circumstances.

In Spain’s case, growth has been founded mainly on household spending due to greater confidence, a rise in employment, and the fall in oil prices. By contrast, the export sector has seen a downturn in growth following years of improvement, reducing the growth in our economy by 0.8% in 2014, according to the European Commission¹, although it is expected to once again make a positive contribution over the medium term, in step with a rise in competitiveness. For its part, the public deficit continues to fall (5.7% in 2014), whereby it meets the target set by Brussels, but still remains above the target the Spanish government had set itself (5.5%). The forecast for 2015 is that the deficit will not exceed 4.5% of GDP.



The economies of these two countries on the Iberian Peninsula came out of recession in 2014

3. The economic, energy and environmental scenario

3.1. The global economy

Portugal, with more moderate growth, continues with its recovery based on foreign exports, which will gradually be replaced by domestic demand and private investment as the driving forces for growth. As in Spain's case, the Portuguese economy is being favoured by falling oil prices, although the fact that the country's industrial fabric involves investment by companies from emerging economies may mean it will depend on how these countries perform. On the other hand, Portugal is continuing to balance its books in public spending, with this year's deficit amounting to 4.5%, five decimal points above the target agreed with the EU and the IMF, with the aim being to reduce this figure to 2.7% in 2015.

Both countries have improved their situation, but there is still a need for reform to rebalance their structural deficit and reduce government debt, which in Spain in 2015 will amount to 101.5% of GDP, according to the predictions made by the European Commission, and will exceed 124% of GDP in Portugal's case. Unemployment, which is one of the Commission's more pressing concerns, has an improved outlook in Spain, although it will not drop below 20% until 2017. In the Portuguese case, unemployment is expected to drop in 2015 to 13.5% of the working population.

¹ European Economic Forecast, Winter.



3. The economic, energy and environmental scenario

▶ 3.2. Concerning energy and the environment



In its 2014 annual report, the International Energy Agency (IEA) has expressed worries over the current state of affairs and, in particular, over the present uncertainty worldwide. The IEA is greatly concerned over current oil prices and over their possible repercussion, if these levels remain unchanged, on investment projects under way, as well as on the financing of new projects in prospection and the production of hydrocarbons, which could be shelved.

The IEA's outlook predicts global GDP growth of an accumulative 3.4% per year until 2040, albeit with a downward adjustment of growth in almost all the world's regions over that period, especially China.

With regard to the demand for energy, the IEA foresees a 37% growth in demand for the 2012-2040 period, at a yearly rate of 1.1%. According to this outlook, the increase in demand worldwide will be slower than previously predicted, falling from an annual growth rate of more than 2% over the two decades prior to 2012, to 1.3% over the 2012-2025 period, and then dropping to 1% per year over the 2025-2040 period.

In terms of electricity, the global demand for electricity is expected to increase by 80% over the 2012-2040 period. This increase will be driven

 The global demand for electricity is expected to increase by 80% over the 2012-2040 period

by non-OECD countries, such as China (33%), India (15%), and South-east Asia (9%) and the Middle East (6%).

Fossil fuels continue to be the main source for generating electricity, although their share will fall from 68% in 2012 to 55% in 2040. According to the Agency's forecasts, the share of renewable energies in the generation of electricity worldwide will rise from 21% in 2012 to 33% in 2040, and the subsidies for these energies will increase from 121 billion dollars to 230 billion dollars in 2030, whereupon the figure will drop to 205 billion in 2040.

The investments in the electricity sector through to 2040 will amount to around 21 billion dollars, 40% of which will be used to improve transport and distribution networks.

3. The economic, energy and environmental scenario

3.2. Concerning energy and the environment

Competitiveness and investments in new power generation facilities are the IEA's main concerns. Nevertheless, at a time when there is no clear view of the horizon in terms of these investments or the power generating technologies that will prevail in the future, the IEA seems to leave the door open to drastic reviews of its predictions over the coming years.

The Environment

At the United Nations Climate Change Conference (COP20) held in Lima in December 2014, the nations individually undertook to submit targets for the reduction of emissions by 31 March 2015.

The new global agreement in the fight against climate change that is to be subscribed at the Paris Summit this coming month of December, and which will replace the Kyoto protocol, is the most ambitious goal of recent years. It involves bringing all the nations onboard, for the first time, in the pursuit of the targets for reducing emissions that will sweep away any resistance to the pledges that have been made up until now by the main contaminating powers and by developing countries.

High hopes have been placed on the Paris summit. Some experts are optimistic in their belief that involving all the nations in what are initially modest targets constitutes a first step in a process that may be speeded up over the coming years. We should remember that, at the time of writing, and according to current plans and forecasts already approved by governments, the IEA is considering a scenario involving a rise of 20% in emissions by 2035, which would raise the average global temperature by 3.6°C over the long term, well above the 2°C that the UN's panel of experts refers to as the tipping point; a threshold that once crossed would have a devastating impact on the planet.

Another milestone has been the agreement subscribed in November 2014 between the United States and China during the Asia-Pacific summit. This agreement stipulated that by 2025 the United States is committed to reducing its emissions of greenhouse gases (carbon dioxide) by between 26% and 28% with regard to its 2005 levels. In turn, China will continue increasing its emissions until they peak sometime around 2030, which is when they will start to be reduced. This is the first time that Beijing has set a timeframe for reducing its emissions.



3. The economic, energy and environmental scenario

▶ 3.3. Toward an internal electricity market in the EU



The year 2014 has witnessed the materialisation of one of the more significant milestones in European energy policy as regards the internal market, with the coupling of Europe's northwest and southwest daily markets (NWE and SWE).

Towards the end of 2014, the implementation of what is referred to as Multi-Regional Coupling (MRC) already brought together the market and system operators of 17 European countries. Over the coming years, MRC will continue spreading to all the other EU countries, pursuant to the European Council's agreement of February 2011. This has meant that February 2015 witnessed the coupling of the borders with Italy, and plans are afoot for the coupling in the not too distant future of the regions in Eastern Europe, such as the 4M MC project (Czech Republic, Slovakia, Hungary and Romania).

↳ Towards the end of 2014, the implementation of what is referred to as Multi-Regional Coupling (MRC) already brought together the market and system operators of 17 European countries

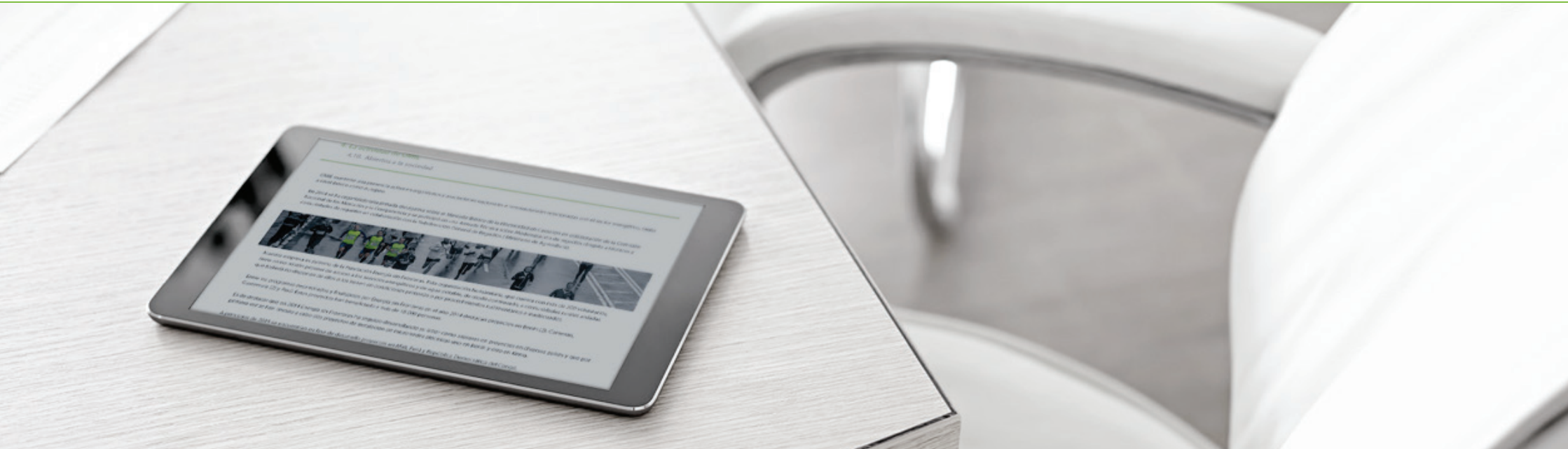
↳ MIBEL fully coupled with NWE in May 2014

The daily market on the Iberian Peninsula (MIBEL) has been the first one outside the NWE region to join the new European mechanism. MIBEL fully coupled with NWE in May 2014, using the new European algorithm (EUPHEMIA) for matching supply and demand. EUPHEMIA is designed to maximise social welfare as the sum of the surplus of producers and consumers in all the price-coupled areas. The new mechanism guarantees the optimised use of the capacity available at the interconnection with France through an implicit allocation of this capacity in the same manner as was already being applied to the interconnection with Portugal and among other European countries.

These projects involving the interregional integration of wholesale markets are backed by European associations and institutions as an effective way of integrating and consolidating the internal electricity market, providing advantages for both agents and end consumers.

The progress made in market integration projects has gone hand-in-hand with the formal process of drawing up a network code on capacity allocation and congestion management, which was approved by the European Commission and the Member States through a committee procedure, and is now subject to a final review process by the European Parliament and the Council.

Among other aspects, the network code on capacity allocation and congestion management (CACM) will pave the way for the complementarity of a continuous intraday market at interconnections with little liquidity within this time horizon, with markets governed by implicit auctions for the interconnections between pricing areas with greater liquidity; this is expected to provide a definitive boost for the project involving the continuous intraday market in which OMIE was one of the first-movers.



4. Omie's business

- 4.1. About our company
- 4.2. Operating the Iberian electricity market
- 4.3. Our business in figures
- 4.4. Committed to Europe
- 4.5. Our corporate culture
- 4.6. At the cutting edge of technology
- 4.7. First-rate human resources
- 4.8. Dialogue with stakeholders
- 4.9. Training activities
- 4.10. Open to society

4. Omie's business

▶ 4.1. About our company

Electricity is a vital utility in the everyday life of households, and essential for business operations. At OMIE, we manage the wholesale electricity market, where market agents trade the amounts they need (MWh) at publicly stated and transparent prices.

OMIE manages the entirety of the markets (daily and intraday) for the whole of the Iberian Peninsula, and its operating model is the same as the one applied by many other European markets.

Taking part in the market involves an electronic platform that is easy to access via the internet, which permits the simultaneous participation of a large number of agents and the management of a high number of bids for the purchase and sale of electricity over a short period of time. OMIE also carries out the invoicing and settlement of the energy traded on these markets.

OMIE manages the entirety of the markets (daily and intraday) for the whole of the Iberian Peninsula, and its operating model is the same as the one applied by many other European markets.

Our company strives daily to provide our customers with an ever better service and our shareholders with increasingly higher value.

OMIE in detail

The company OMI-Polo Español S.A. (OMIE) is regulated by the Santiago International Agreement, regarding the implementation of an Iberian electricity market (MIBEL) between the Kingdom of Spain and the Republic of Portugal, and subject to Spanish legislation.

OMIE belongs to the Operador del Mercado Ibérico (Iberian Market Operator) business group, whose corporate structure is shown in the following graphic.

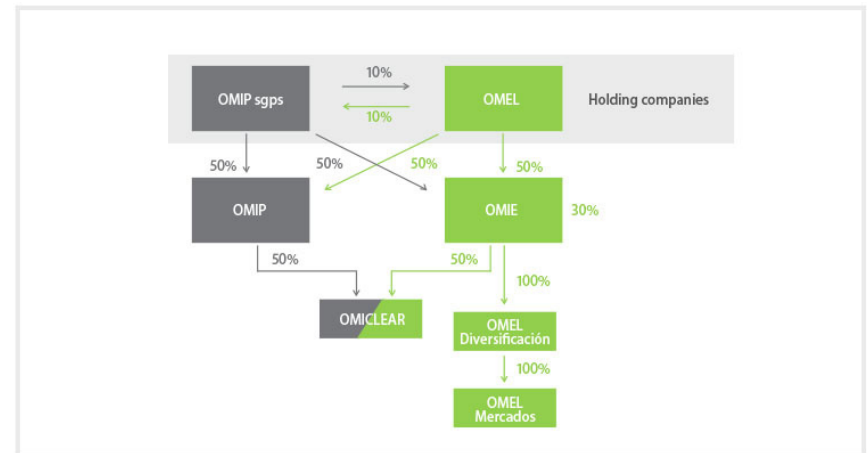


Figure 1. OMI corporate structure

Half of OMIE's stock is owned by the Spanish company OMEL, with the other half held by the Portuguese company OMIP SGPS, S.A.

As the electricity market operator, OMIE is regulated by Spain's Law 24/2013, on the Electricity Sector and by, among others, Decree 2019/1997, of 26 December, which organises and regulates the electricity generation market.

4. Omie's business

4.1. About our company

MIBGAS

The company MIBGAS, S.A. was incorporated towards the middle of June 2012, with its stock shared equally between the holding companies OMIP SGPS and OMEL. Its corporate purpose is to operate as a wholesale market operator for natural gas on the Iberian Peninsula. Since it began trading, work has progressed intensively on developing this initiative, which has meant that sound progress has been made in the arrangement of a gas market for South-West Europe.

 Towards the end of 2014, the Spanish government initiated the parliamentary procedure for the creation of an organised gas market in Spain


Towards the end of 2014, the Spanish government initiated the parliamentary procedure for the creation of an organised gas market in Spain through a reform of the Law on Hydrocarbons. The shares in this market operator are held by OMEL (20%), OMIP SGPS (10%), and by the technical managers of the systems in Spain (ENAGAS) and Portugal (REN) with 20%, with the remaining 50% being held by other companies that may each hold a maximum interest of 5%.



4. Omie's business

▶ 4.2. Operating the Iberian electricity market

The price of electricity is very important for society at large. In particular, the creation of the EU's Internal Electricity Market began towards the middle of the 1990s, with the aim being to pass on the benefits of the liberalisation of the energy sector, involving better prices and services, to households and businesses alike.

 Trading on the daily market in 2014 accounted on average for 74.2% of the energy consumed on the Iberian market

This was the scenario that gave rise to the steady introduction of organised markets throughout the length and breadth of Europe.

OMI-Polo Español S.A. (OMIE) is the company responsible for managing the daily and intraday spot electricity market in Spain and Portugal. The firm also manages the billing and settlements for the energy purchased and sold in the aforementioned electricity markets.

There are currently 835 agents operating in the market. Market agents may be the producers of electricity, including the producers of energy generated by renewables, cogeneration and wastes, retailers, those consumers who so wish, the representatives of selling agents and the representatives of purchasing agents.

Participation in the market is carried out through a simple computer system using the internet, enabling the simultaneous participation of a large number of agents. The system also makes it possible to manage a substantial amount of purchase and sale bids within a short period of time, along with the preparation of their corresponding economic settlements.

In addition, OMIE has two subsidiaries for organising the auctions for energy products, OMEL Diversificación and OMEL Mercados, respectively.

The operation of the daily and intraday markets

The Iberian electricity market consists of the forward markets managed by OMI-Polo Portugués, SGMR (OMIP) and the daily market and intraday markets managed by OMIE. The following graphic illustrates the time sequence for the markets and processes involved.

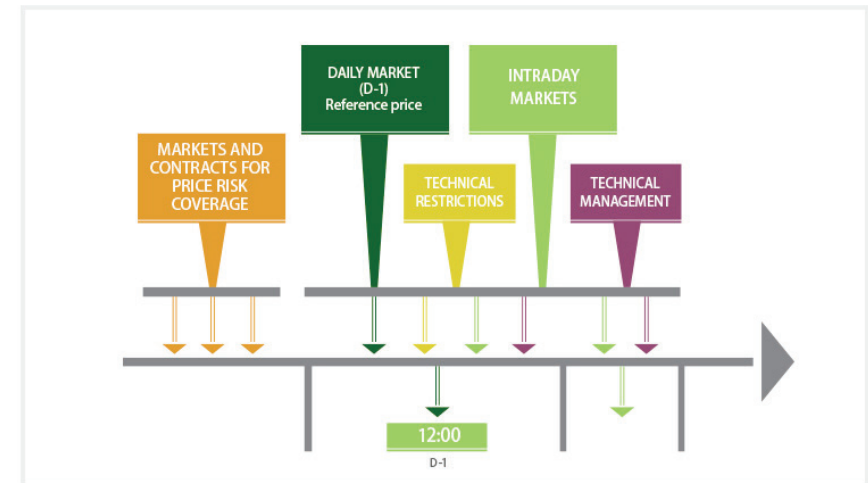


Figure 2. Time sequence of MIBEL markets and processes

The daily market is the main electricity trading market on the Iberian Peninsula, and it operates everyday throughout the year. The bids for the purchase and sale of electricity for a specific day may be placed up to 12 noon on the preceding day, as this is the deadline for the submission of bids. These bids are then processed in OMIE's IT system (SIOM), and the bids are matched in conjunction with all the other operators of coupled markets². OMIE then discloses the

4. Omie's business

4.2. Operating the Iberian electricity market

prices and the amount of energy sold and purchased for each one of the hours on the following day. Trading on the daily market in 2014 accounted on average for 74.2% of the energy consumed on the Iberian market.

Once the daily market has closed, and through 12:45 p.m. the next day, six balancing (or intraday) markets are held to enable purchasers and sellers to submit bids for the purchase and sale of electricity in order to adjust their generation and consumer schedules to their latest needs forecasts in real time. The intraday markets in 2014 traded on average 15.5% of the total energy managed in the daily market.

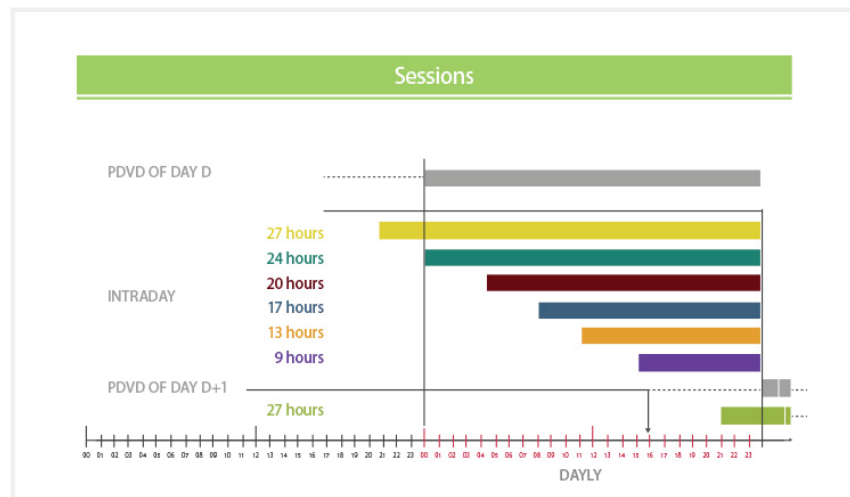


Figure 3. The MIBEL intraday market. Time horizon of the six sessions

The next step involves settling with the agents of the energy traded in the different markets. This settlement and the corresponding invoice are made available to the agents on a daily basis. The use of a digital certificate guarantees confidentiality and enables each agent to access their settlements and invoicing.

Each calendar week's collections and payments are made on Wednesday and Thursday of the following week.

² Since 4 February 2014, the bids on the Iberian market are matched by means of the EUPHEMIA algorithm developed jointly by the market operators within the project called PCR (Price Coupling of Regions). This algorithm calculates the price at each one of the supply areas defined in the European system that are involved in the project, and allocates the flows between areas. The sum of the markets that jointly match the daily market with this algorithm accounts for over 75% of the demand for electricity in Europe.

4. Omie's business

► 4.3. Our business in figures

The turnover in the electricity market managed by OMIE in 2013 amounted to 12,960 million euros and the figure for energy was 259 TWh. Over 102,000 invoices were issued.

The year saw the holding of 365 sessions in the daily market, and 2,190 in the intraday market. Close to 13.9 million transactions were handled over the course of the year.

At year-end 2014 there were 835 agents operating on the market, 568 of which were producers and 267 purchasers. 210 of the latter were retailers (6 of them last resort retailers) and 57 direct consumers.



Figure 4. OMIE in figures

4. Omie's business

► 4.4. Committed to Europe

This involvement in European market integration projects is one of OMIE's priority lines of actions.

A single energy market will improve competitiveness, guarantee the lowest prices across markets, reinforce the security of the supply, and allow a greater presence of renewable energies in the European energy system.

Within this context, in February 2014 OMIE synchronised its market with North-West Europe (NWE), and since 13 May 2014 OMIE has been fully coupled with this region. In a further step in this ambitious project of European integration, referred to as Multi-Regional Coupling (MRC), February 2015 saw the coupling between Italy and Slovenia.

In February 2014 OMIE synchronised its market with North-West Europe (NWE), and since 13 May 2014 OMIE has been fully coupled

Likewise, November 2014 witnessed the regional coupling of the markets in the Czech Republic, Slovakia, Hungary and Romania (4M MC). As with the other regions already coupled in Europe (MRC), these regions use PCR (Price Coupling of Regions), for which OMIE was one of the initial developers. The coupling of 4M MC with MRC is scheduled for 2016.

The successful coupling of Europe-wide daily markets is expected to be followed, foreseeably in 2017, by the launch of a pan-European platform for intraday cross-border trade. This trading platform will provide agents with greater flexibility, and render it feasible to

integrate a larger amount of unmanageable production, especially involving renewable energy sources.

Within this context, a partnership agreement was signed in 2014 between the European market operators, APX, Belpex, EPEX SPOT, Nord Pool Spot and OMIE, which will allow implementing a continuous trading platform for interconnections within the intraday horizon that is compatible with auctions in those markets with greater liquidity.

As regards the market on the Iberian Peninsula, the liquidity of the intraday market in MIBEL is very important for the system's proper operation, and the volume traded in it is higher than all the other markets in the EU.

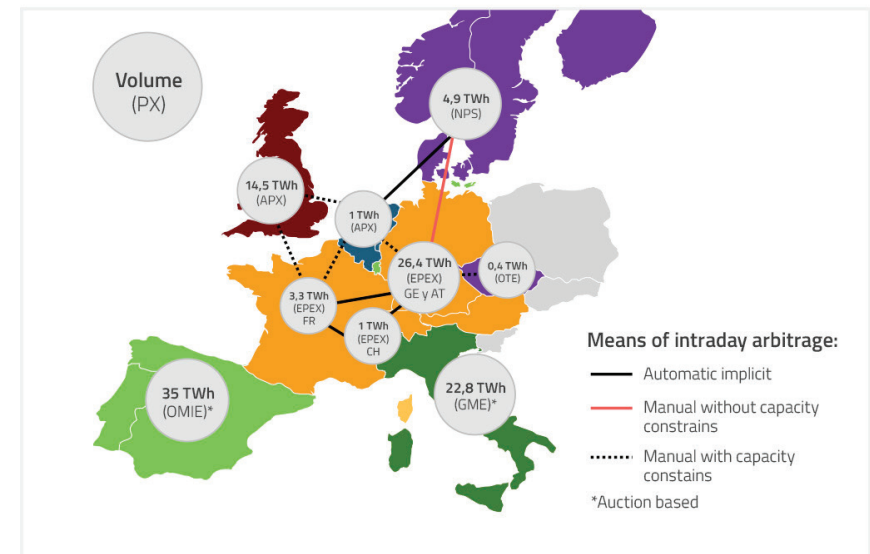


Figure 5. Intraday electricity trading across Europe's markets

4. Omie's business

4.4. Committed to Europe

Finally, work has continued in 2014 on the Europe-wide implementation of Regulation No. 1227/2011 on Wholesale Energy Market Integrity and Transparency (REMIT). This regulation came into force at the end of December 2011, and lays down the requirements for avoiding market manipulation and the use of privileged information.



In 2014, OMIE has cooperated on the pilot project for the implementation of a reporting and monitoring system in Europe by the Agency for the Cooperation of Energy Regulators (ACER)

In 2014, OMIE has cooperated on the pilot project for the implementation of a reporting and monitoring system in Europe by the Agency for the Cooperation of Energy Regulators (ACER). Now that the rules have been approved for the implementation of REMIT, OMIE has already begun the procedures for its recognition as a Registered Reporting Mechanism (RRM), in order to provide agents with reporting services as of 7 October 2015, pursuant to the provisions of EU regulations.



4. Omie's business

▶ 4.5. Our corporate culture



OMIE's corporate culture, geared towards providing society with a reliable and efficient service, is based on the principles of independence, transparency and objectivity that inform all the company's operations and are the inspiration for the Code of Conduct approved by the company's board of directors, which came into force on 15 May 1998.

The electricity market managed by OMIE is essentially somewhere for the agents involved to buy and sell under conditions of equality. They are all treated in exactly the same way, being governed by the same rules, and they all trade the energy that has been matched on the market at the same price, regardless of their size or nationality.

In turn, the conditions of confidentiality and transparency laid down by the regulations regarding the operations of an organised market serve the purpose, on the one hand, of upholding the necessary condition of anonymous contracting for those involved and, on the other, of ensuring the full transparency of all the operations undertaken by the agents once the regulatory timeframes have elapsed. This means that for a maximum period of three months as of the end of a market session all the data corresponding to that session are public.

This way of operation allows us to present ourselves as a very open institution in terms of providing information, maintaining a

transparency regime in our activity, and to widely disseminate the results of our work and activities.

OMIE's independence is assured by its shareholder structure and the source of its income. Along these lines, OMIE's stock is held in equal shares by OMEL (Spanish holding company) and OMIP SGPS (Portuguese holding company), with these two holding companies being subject to the shareholding ceiling laid down in article 4 of the MIBEL Agreement. In turn, the source of its income is statutorily regulated by the Ministry of Industry, Energy and Tourism.

Working with regulators

OMIE actively cooperates with market regulators in both Spain and Portugal, as well as with MIBEL's Regulatory Board. In particular, OMIE uses legally established channels to submit proposals for improving market regulation to Spain's Ministry of Industry, Energy and Tourism, as well as to Portugal's Entidade Reguladora dos Serviços Energéticos (ERSE) and to Spain's National Markets and Competition Commission (CNMC). In addition, OMIE submits regular information to the regulators for the purpose of monitoring the market's operations and the performance of the agents involved in it.



OMIE actively cooperates with market regulators in both Spain and Portugal, as well as with MIBEL's Regulatory Board

On a European level, and as a result of the company's ever greater involvement in the processes of European integration, in recent years OMIE has been strengthening its cooperation with both the Agency for the Cooperation of Energy Regulators (ACER) and the European Commission.

4. Omie's business

▶ 4.6. At the cutting edge of technology



The Spanish electricity market is designed as a fully electronic market. An ever-evolving electricity industry and information technologies require OMIE to continuously adapt its systems in order to maintain its technological leadership, catering to all our agents' needs.

The IT system designed by OMIE (SIOM), based on internet use, opens the market to agents with very different needs and requirements. The pillars of the system are operational excellence and straightforward access, with no need for users to have advanced computer skills.

The SIOM system is the basis for all the operations undertaken in the market, that is, the matching processes, settlements, the disclosure of information, invoicing and collection and payment processes. In addition, it allows the agents themselves to be the ones managing their registration and the review of their details.

Throughout 2014, and besides the IT developments associated with the publication of the new market regulations and the process of continuous improvement affecting the functions and features provided by the different applications, major improvements were made, with such highlights as those developments linked to the commissioning of the PCR infrastructure for including MIBEL within Europe's integrated electricity market.

As part of this work, and based on PMB applications and the EUPHEMIA algorithm, developed within the PCR environment with the intense collaboration of OMIE, the final tests have been conducted, with the commissioning in the production system of the infrastructures and applications for beginning operations on Europe's integrated market. At the same time, the development process and testing of our in-house applications was completed for providing them with the new functionalities required, and facilitating their integration with the aforementioned European platforms.

Once the integrated market has become operational, work has continued to fine-tune both PCR and internal applications, gradually improving their features to ensure the technological platform is more reliable and duly prepared for the forthcoming market incorporation of other countries.



The IT system designed by OMIE (SIOM), based on internet use, opens the market to agents with very different needs and requirements

Besides this work, the year has seen improvements made to OMIE's computer-controlled auction system for arranging the different tenders of energy products throughout 2014.

As a result of this commitment to the continuous improvement of its IT systems, OMIE's current technology, which has been exported to several markets in Europe has upheld a high level of development and advanced specifications throughout the whole year.

4. Omie's business

▶ 4.7. First-rate human resources

OMIE is committed to the professional development of its human resources by means of ongoing training activities and the proper management of their needs.

The following are some of the highlights of the main areas of action in these fields:


Stable, quality employment

In a difficult economic scenario, OMIE continues to press on in the task of optimising its human resources, in order to assure proper market operations.

OMIE seeks a workforce made up of highly skilled professionals who are committed to meeting company objectives and who constitute the firm's most valuable asset.

Consistent with the requirements of today's organisational structure, the workforce has around 62 permanent staff, of whom 39 are men and 23 are women. The staff has an average age of approximately 44.

University graduates account for 85% of the workforce, with 92% of these holding five-year degrees.

 OMIE seeks a workforce made up of highly skilled professionals who are committed to meeting company objectives and who constitute the firm's most valuable asset



Health & Safety at Work

In 2014, OMIE upheld its commitment to health and safety at work, fostering a culture of prevention through annual medical check-ups and improving the system's management in order to eliminate any health risks, as well as remove occupational hazards, with the corresponding staff training schemes.

 OMIE promotes schemes designed to uphold and improve each employee's knowledge according to their position of employment.

Policy on staff training and career development

With a view to bringing the workforce up to speed with new technologies and foster each individual's professional and personal development, OMIE encourages staff to attend training courses both as students and as instructors. OMIE promotes schemes designed to uphold and improve each employee's knowledge according to their position of employment.

4. Omie's business

▶ 4.8. Dialogue with stakeholders

The mainstay of OMIE's social responsibility is the maintenance of a free-flowing and transparent dialogue with stakeholders; that is, with shareholders, market agents, suppliers, employees, the media and, in general, with the social environment related to the electricity market the company manages.

OMIE's relationship with its stakeholders is orchestrated through a policy of transparency when the company reports its business and when responding to any inquiries that may be received about it and its operations. The following are some of the procedures and channels used:

Public website

OMIE's website at www.omie.es is the main tool used to provide all our stakeholders with information, which means that anyone with an interest in the market can access the same information on a level playing field.

Specifically, it provides:

- Information on the company, its operations and its governing bodies. This content includes OMIE's duties, its company bylaws, the legal framework applicable to OMIE and the electricity sector, the code of conduct that affects the members of the board of directors and the company's senior management and employees.
- Information on how to become a market agent and on market players, as well as detailed information on the duties, structure and composition of the Market Agents' Committee - Comité de Agentes del Mercado.
- Information on the markets managed by OMIE, and on the different products managed at the auctions organised by the company's subsidiaries.



- Information on legislation with a bearing on the market.
- Monthly reports on market activities.
- Annual report on the market and the company's annual financial report.
- All the figures for the daily and intraday markets managed by OMIE, such as prices, aggregate curves of supply and demand, contracting volumes, etc. organised according to several timescales (daily, monthly, yearly...).

In 2014, OMIE launched a specific website for mobile devices that can be used to reference the usual information on the company and its operations, as well as access the main reports containing the results of the Electricity Market.

4. Omie's business

4.8. Dialogue with stakeholders

All that is required to access the website via a mobile device is to enter the address www.omie.es into its browser, and then you will be able to see the information in a suitably adapted format.

Market Agents Committee

In order to supervise the operations of the daily and intraday markets and propose measures for the management of both of them, market agents are represented by the Market Agents' Committee, which meets on a regular basis.

In 2014, the Market Agents' Committee held six meetings, all of an ordinary nature.

The following were some of the topics on the agenda:

- Analysis of the market's operation and the settlement of transactions.
- Incidents arising in the operations of the daily and intraday markets, the settlement of the purchases and sales of energy, and the collection and payment processes.
- Development and implementation of the project Price Coupling of Regions (PCR).
- Information on the operation of Europe's coupled market.
- Matters addressed in the European institutions regarding the daily and intraday markets.
- Adjusting to the rules on Market Operating.
- Information on European regulatory issues.
- Information on the implementation of a system for assessing the level of satisfaction among agents.
- Information on the meetings of the Florence Forum.



OMIE maintains ongoing contact with the media, providing them directly with pertinent information on the market

The media

OMIE maintains ongoing contact with the media, providing them directly with pertinent information on the market.

- Daily emails sent to the media informing them of the results for the energies and prices, broken down by hours, of daily market matching for Spain and Portugal.
- Daily email newsletter sent to the media on the results of the forward-market prices and energies managed by OMIP.
- Issue of press releases to the media both in Spain and abroad on the outcomes of the auctions managed by OMIE's subsidiary companies.
- There was a step-up in 2014 of reporting actions within the context of the launch of the Price Coupling of Regions and the activities of the Cross-Border Intraday Market Project.
- Customised response to the market issues raised by media professionals

Entities and institutions interested in specific issues.

The liberalisation of the electricity market on the Iberian Peninsula is generating growing interest regarding the different issues involved, so since its incorporation the market operator has furnished its organisation with the mechanisms required to respond to all the questions raised through two procedures:

- A written response to queries submitted via the contact email on our website. In 2014, answers were given to over 700 emails received.
- Specific face-to-face meetings for briefing on the operations of the institutions regarding specific aspects of the activities undertaken by OMIE.

4. Omie's business

▶ 4.9. Training activities



OMIE collaborates on training schemes both at home and abroad, both with organisations in the energy sector and with education centres in general.


In 2014, OMIE continued to promote training and information activities through courses for electricity market operators and interested firms, taught on OMIE's premises, and through its involvement in master's degrees and special symposia for collaborating with public and private institutions and other academic bodies interested in the electricity sector.

Specifically, over 140 professionals from the energy sector have attended the seven courses on the electricity market held in 2014. Likewise, OMIE has held briefing and training sessions on gas auctions, as well as conducting trial runs.

In addition, several Master's Degree courses were held within the framework of agreements or in cooperation with the Carlos III, University Cremades & Calvo Sotelo, Pontificia University of Comillas, the Spanish Energy Club - Club Español de la Energía, the School of Industrial Organisation - Escuela de Organización Industrial (EOI), the Association of Road Engineers - Colegio de Ingenieros de Caminos

and the Energy Technology Institute - Instituto Tecnológico de Energía (ITE).

OMIE also took part in briefing sessions on topics related to economics and finance, legislation and technology with a bearing on energy markets, in partnership with the Spanish Energy Club - Club Español de la Energía, the Rey Juan Carlos University, the IESE business school, IIR, the Basque Institute of Competitiveness - Instituto Vasco de Competitividad (Orkestra) and Zaragoza University.

 OMIE collaborates on training schemes both at home and abroad, both with organisations in the energy sector and with education centres in general

The OMIE International Workshop

The OMIE International Workshop has continued its activities in 2014. The fourth edition was held in April under the heading "Day-Ahead Market Coupling and Electricity Market Design for Europe", with the fifth edition being held in November on the topic "Demand-side resources and wholesale electricity markets". These seminars are attended by academics of recognised prestige worldwide, senior executives from Spanish and Portuguese energy firms, and European regulators.

4. Omie's business

▶ 4.10. Open to society



OMIE is actively present in organisations and associations both at home in Spain and abroad that are involved in the energy sector at both Iberian and European level.

A briefing session has been held in Castellon (Spain) in 2014 on the Iberian Electricity Market, in collaboration with Spain's National Markets and Competition Commission; the company also took part in a Technical Symposium on the Modernisation of Irrigation Systems designed for technicians and farmers' associations in partnership with the Sub-Directorate General for Irrigation (Ministry of Agriculture).

OMIE also collaborates with social institutions and associations with a view to meeting the needs of different groups within the community.

Our company is a trustee of the Energy without Borders Foundation. This voluntary organisation, staffed by more than 200 volunteers, has the mission to provide access to energy and clean water services, on an uninterrupted basis, to rural communities that either still do not have them or which receive them in very basic conditions or by rudimentary or unsuitable means.

Among the programmes developed and completed by Energy without Borders in 2014, highlights were the projects in Benin (2), Cameroon, Guatemala (2), and Peru. These projects have benefited over 18,000 people.

In 2014 Energy without Borders has continued to play an advisory role on projects in several countries, and that two projects have been undertaken for the first time involving the installation of electricity microgrids, with one in Benin and the other in Kenya.

At the beginning of 2015, there are projects at the development stage in Mali, Peru, and the Democratic Republic of the Congo.

 Our company is a trustee of the Energy without Borders Foundation

It should be stressed that the Energy without Borders Foundation also has the remit to ensure that the projects it undertakes are sustainable and remain operational over time. In order to do so, it has a reserve fund for the maintenance and upkeep of facilities throughout their useful design life. In 2014, OMIE cooperated in events held in Spain by the Energy without Borders Foundation.