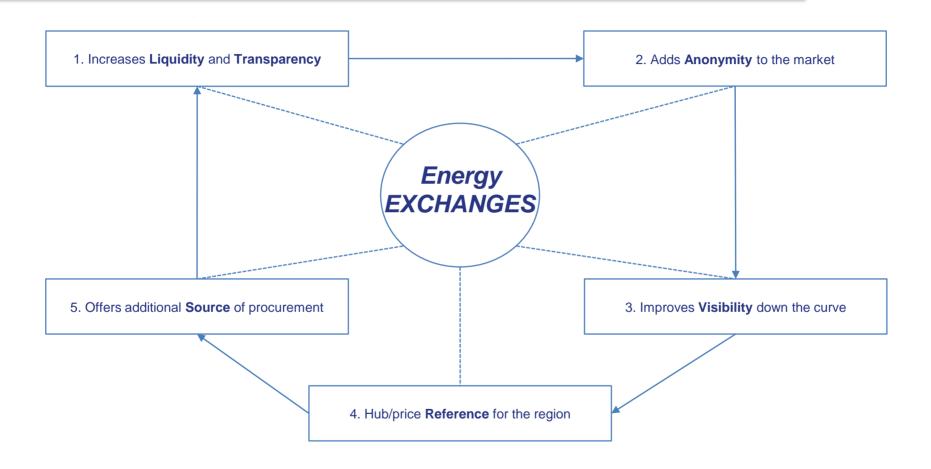


Energy Derivatives Coordination Group Rational for the interplay between Financial and Energy Regulation – Introduction to Energy Exchanges

05. November 2020
Gregor Weinzettel, Gas Expert, Energy Community Secretariat

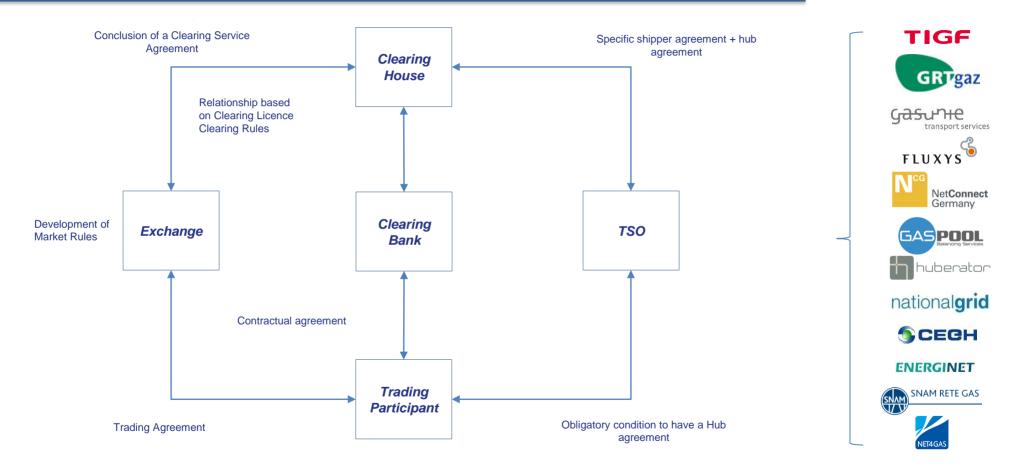


I. What does an Energy Exchange Bring?



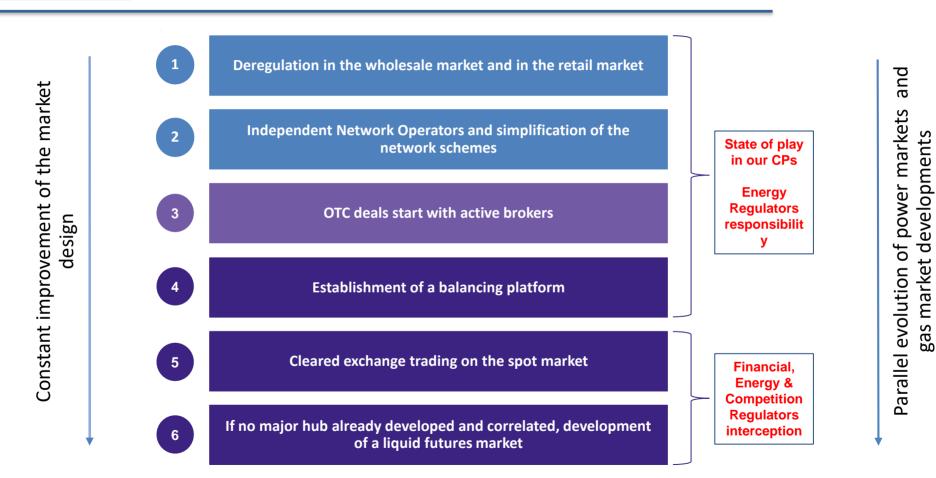


II. Technical and contractual structure of a gas exchange Functioning of the gas spot market





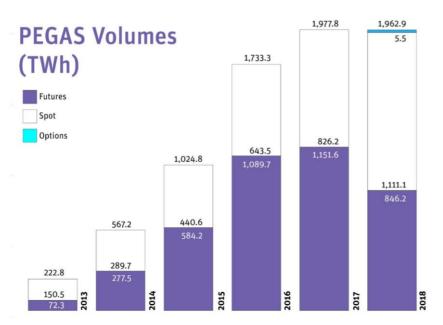
III. Typical development steps of Energy Markets

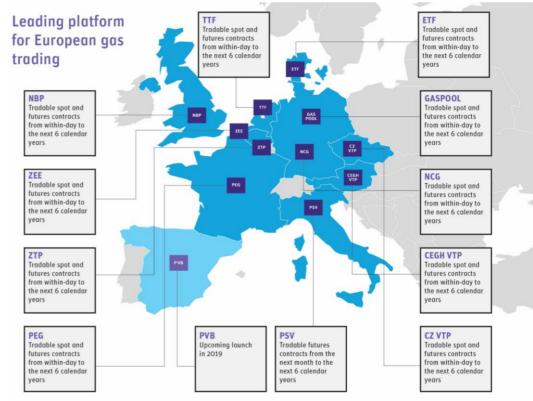




IV. Example of European market development - PEGAS – Now EEX Gas

- PEGAS was not the preferred platform for derivatives trading this is ICE in Europe.
- Therefore, the trading volumes of derivative products are about 10 times higher in Europe



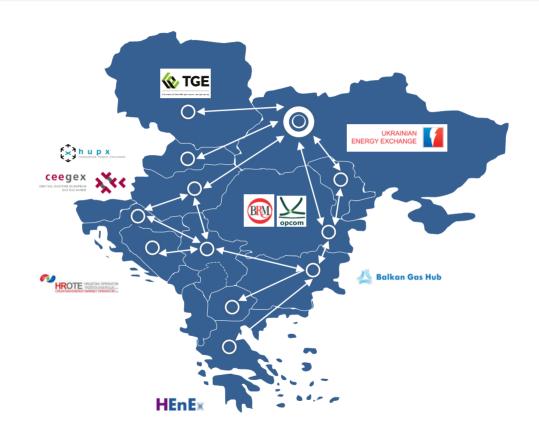


Source: Powernext Annual Report 2018

VII. SEEGAS Initiative

Exchanges have made a significant contribution to today's liberalized pan-European energy market.

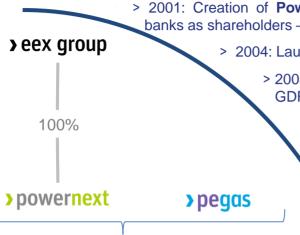
The SEEGAS Project could trigger faster interconnection and interoperability and decrease the time to market. Early common standards would lower the cost for integration in the future which is in any way inevitable.







VI. The development of the French Energy Exchange



> 2001: Creation of **Powernext** with Euronext, major European utilities, power TSOs and banks as shareholders – French power spot market

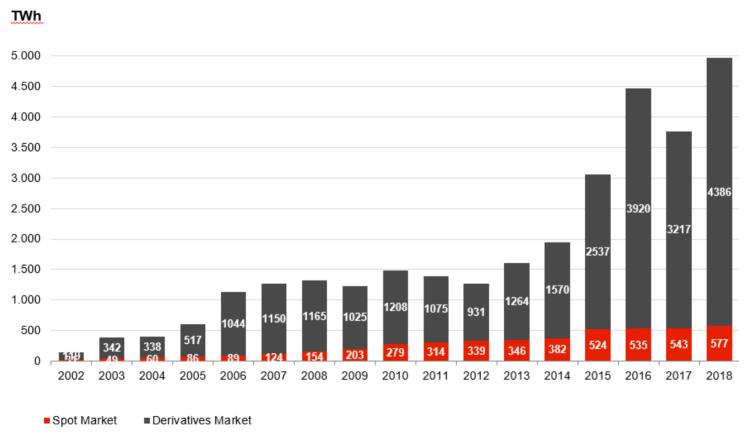
- > 2004: Launch of the French derivatives power market
 - > 2008: Launch of Powernext Gas (spot and futures) French gas TSOs and GDF Suez added as shareholders
 - > 2008 : Creation of EPEX SPOT, 50/50 Joint Venture between POWERNEXT and EEX that initially operated the French, German and Austrian power spot markets
 - > 2009 Creation of EEX Power Derivatives, 20/80 joint venture between POWERNEXT and EEX on the power derivatives in France and Germany
 - > 2013: "Europeanization" of the gas activities of Powernext cooperation with EEX in Germany and the Netherlands: PEGAS
 - > 2015: EEX becomes majority shareholder of Powernext Italy, Belgium and UK added to the PEGAS portfolio
 - > 2016: Powernext becomes 100% owner of Gaspoint Nordic and starts a cooperation with CEGH – Denmark and Austria added to the PEGAS portfolio
 - > 2017: EEX Group becomes 100% owner of Powernext. Through a cooperation with PXE, Czech republic added to PEGAS portfolio

Role model for *SEEGAS

Usage of European best practices could enable interoperability and market access already at an early stage and reduce integration costs at a later stage. Necessary preconditions are existing in the markets. The need for an organized steering committee for such a process is needed. The Secretariat is in the best position to provide such support and bridge the gap.

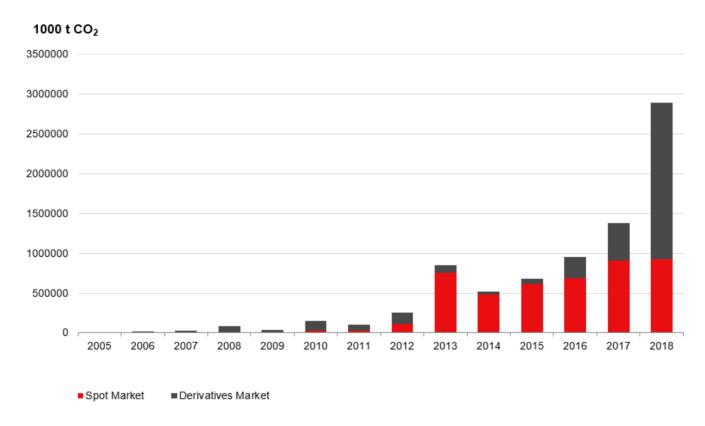


V. Trading Volumes on Power Spot and Derivatives Markets



Source: EEX Annual Report 2019

VI. Trading Volumes CO2 Allowances



Source: EEX Annual Report 2019



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