

Power Exchanges in the CEE region

What is the way forward?

Prague, June 15th, 2017

Major opportunities and challenges for
power exchanges?

Frank O. Brannvoll, Head of European Border Power Markets & Oil Trading Presentation in London, October 20th, 2010



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Today – National exchanges

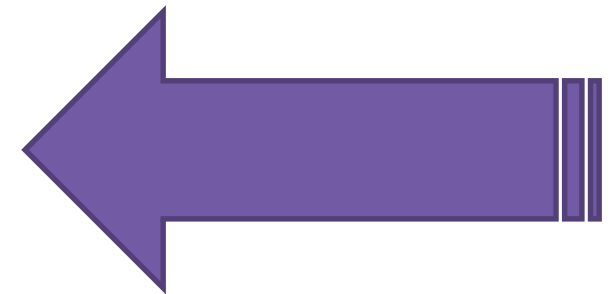


In CEE (SEE) region
National power market only
(exception PXE SK and HU)

Focus on physical deliveries
(Financial futures only on PXE)

Competition for liquidity between
players for market-share

- Different trading rules , systems
- Individual entry negotiations
- Administration or examinations often in local language only
- Complex clearing houses



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Vision for new structure Regional exchange

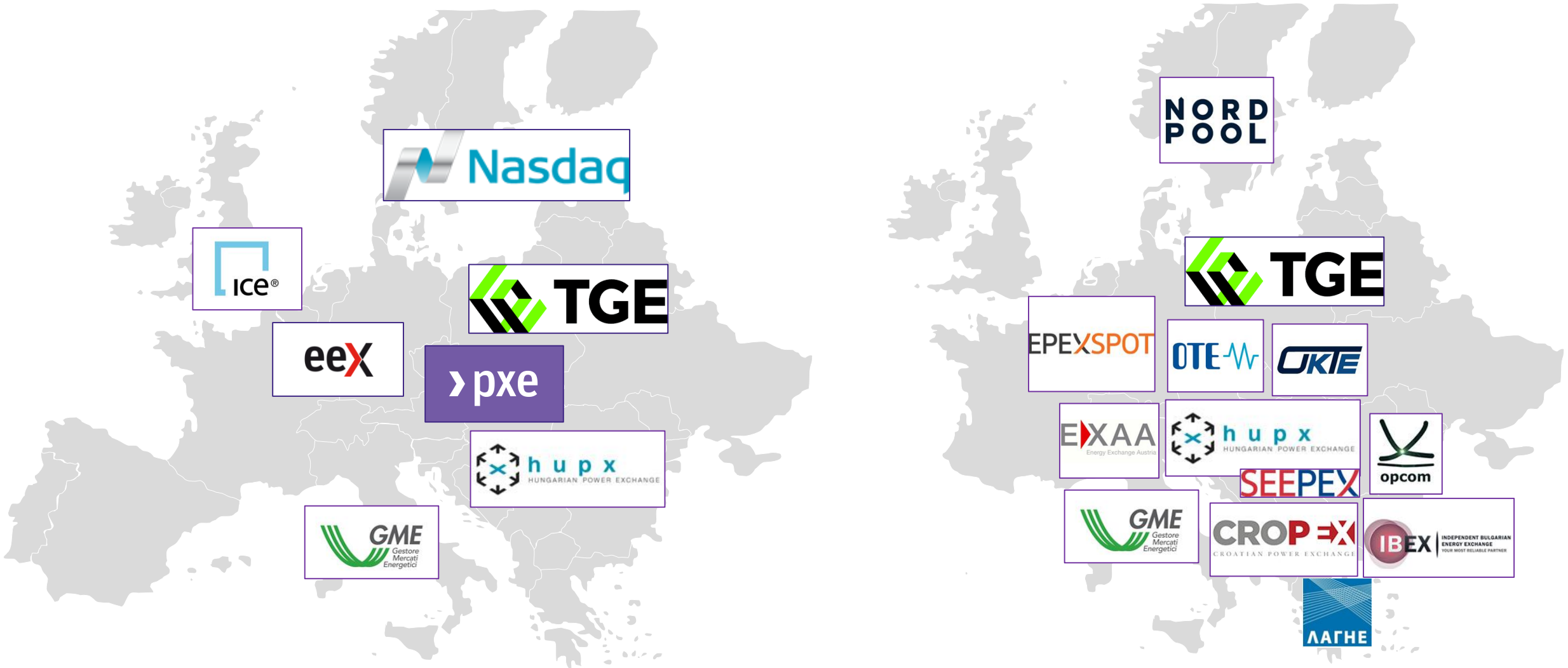


- **Regional** Exchange covering several or all CEE / SEEmarkets
- **Financial** settled contracts
- Trading based index **based on** national exchanges`indexes
- **From Month - Quarters to 3-5 years**
- **One** platform , **one** trading system , simple entry rules

- Will be the natural place for financial trading institutions, hedging long term exposures , cluster of liquidity and will be natural clearing of OTC trades
- And create more liquidity **BACK** to national exchanges

2017 Reality

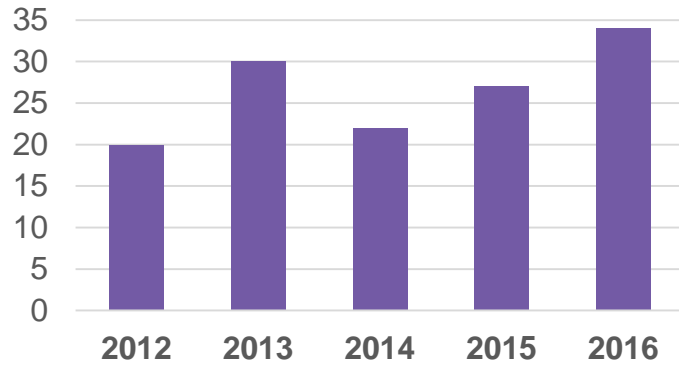
Selected power exchanges futures and spot products



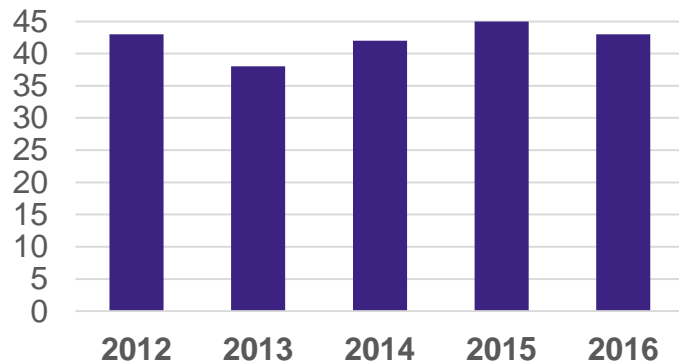
How to improve the market

Increase traded volumes, increase number of market participants

PXE volumes in TWh



PXE market participants

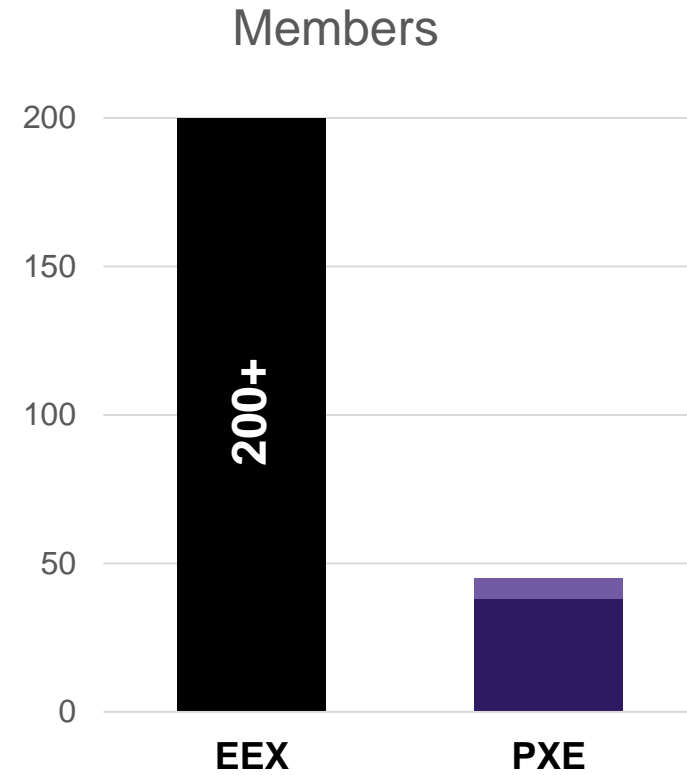


Feedback from market participants:

- I. Make it cheaper.
- II. Make it easier to access.
- III. Attract more market participants.
- IV. Extend product portfolio.

PXE has been member of EEX group for one year

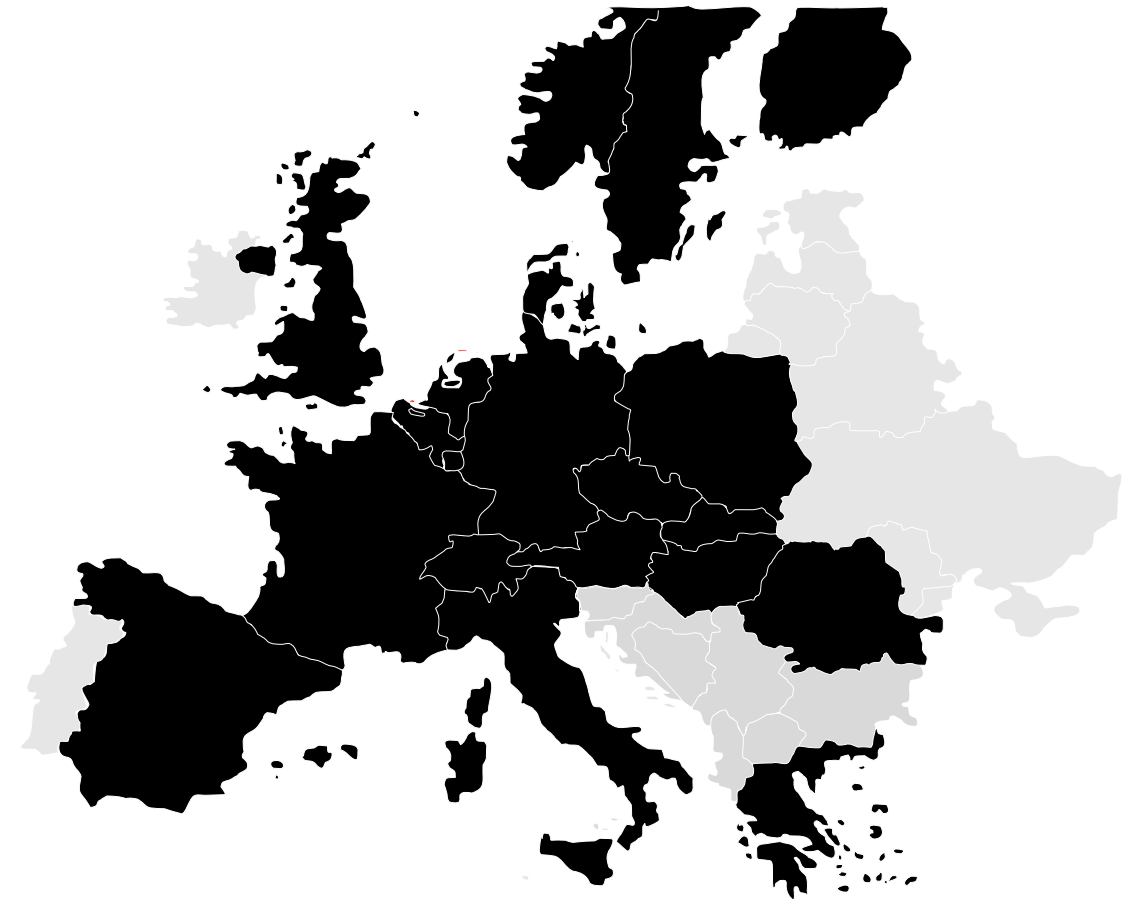
Geographical coverage of EEX and PXE is symbiotic



Solution for unified market access

How to make it better

- PXE is transferring trading with its products to T7 trading system operated by EEX.
- PXE products are going to be traded under the EEX license and rulebook.
- PXE will be responsible for CEE/SEE within EEX offering.
- PXE will be responsible for members located in CEE/SEE.
- PXE brand will be maintained and the prices will be published at PXE web page.



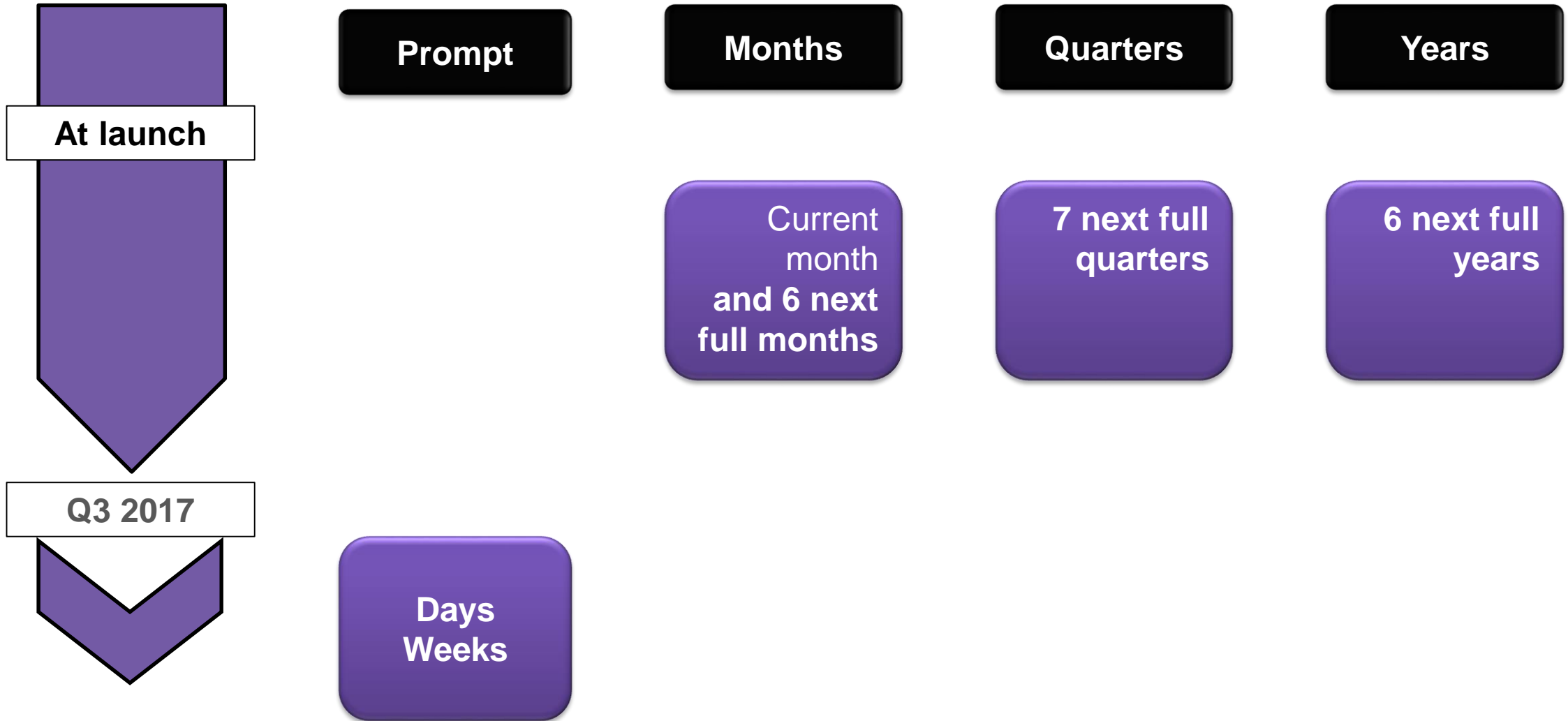
EEX group power future offering

Advantages to market participants

- Access to almost entire European market via one trading platform.
 - Unified trading system.
 - Unified rulebook.
 - One membership.
- Open positions in all PXE financial futures products remain unaffected.
- All EEX market participants get “automatic” access to “PXE market”.
- Trading system
 - No change necessary for Trayport Gateway/Joule users.
 - Better trading screens for non-TGW users.
- **THE SERVICE WILL BE CHEAPER!**

New PXE product offering

Standard products



New PXE product offering

Spreads

- DE-CZ
- CZ-SK
- SK-HU
- RO-HU
- DE-HU
- IT-HU
- DE-PL
- PL-SK
- PL-CZ



- Spreads are synthetic products consisting of two outright products.
- Execution of both products is guaranteed!

PXE membership

Still needed for ...

- Financial/physical fulfilment.
- Participating in OTE spot market via PXE order routing.
 - Clearing spot market via ECC.
- Trading with the Czech gas products.
- Participating at the end-consumers auctions organized by PXE.

... but it is free of any fixed fees.

PXE electronic communication

Web page, mobile apps

- Online market data available via data vendors.
- Web page - 15 min delayed trading results will continue on the existing PXE web page.
- PXE will be publishing the final settlement prices for download.

- New PXE mobile app available free of charge for everybody.
 - Near real time data for PXE customers.
 - 15 min delayed data for everybody.
- TT technologies on-line mobile app available for EEX/PXE members.
 - Passive for everybody.
 - Active on request.



mPXE



TT mobile



Expected outcome

Why we believe it will work better ...

- New market participants active on the market:
 - No need for local licenses – financially settled products.
 - No entry barriers for 200+ existing EEX market participants.
 - Opportunity for new market participants from CEE/SEE region to expand to western Europe.

- New market participants will create higher liquidity.
 - Better bid/offer spreads = better prices.

- Lower costs of trading

- Better and more user friendly access to the market.
 - One access to the entire European market.
 - One clearing for the entire European market.
 - STP for OTC trades.

When are we starting?

Today

Thank you for your attention!



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Please, visit us in the
exhibition area.

