

EEX Japan Power Futures

2nd anniversary Traders' Meeting

May 18th, 2022

Agenda

Welcome Address (Steffen Koehler, EEX)

Keynote Speech (Mr. Kitamura, METI)

Keynote Speech (Mr. Shimomura, METI)

Keynote Remarks (Mr. Hijikata, Tohoku Electric Power)

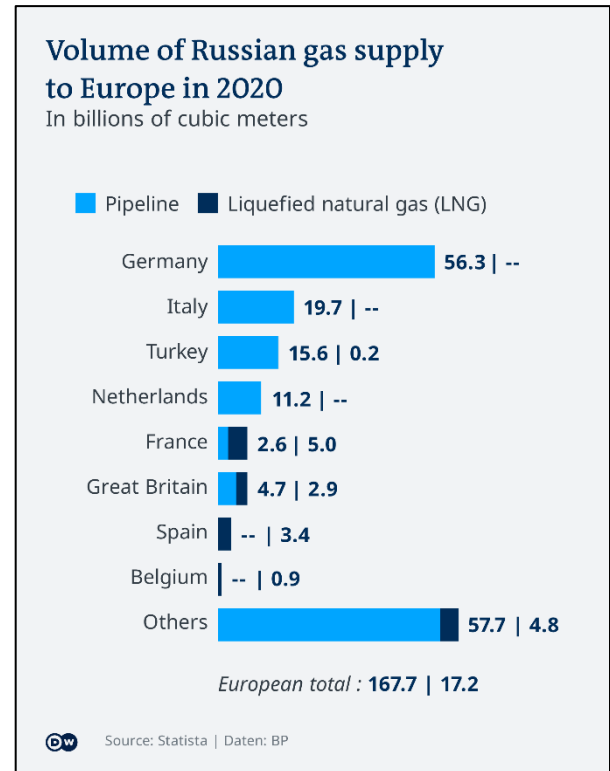
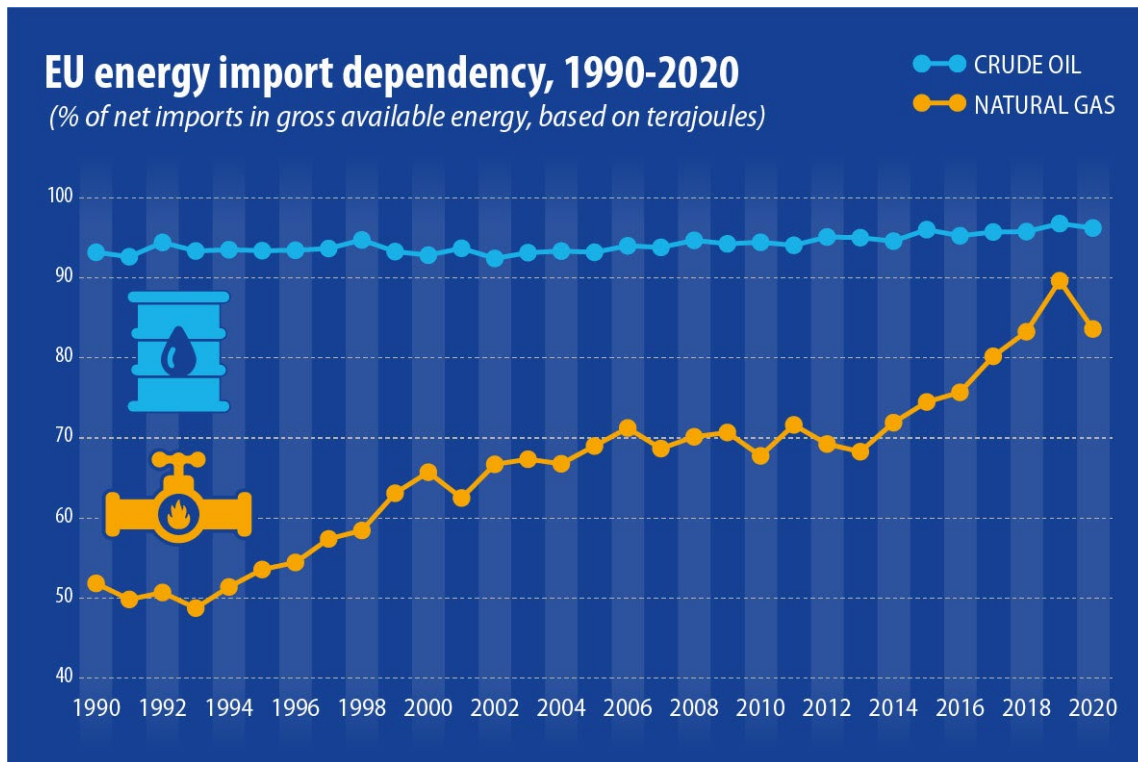
Update / Review on EEX Japanese Power Futures Market
(Steffen Riediger and Erlend Engelstad, EEX)

- Developments in European energy markets
- Performance to date & outlook
- Product Roadmap

Q&A Session (Japanese or English; translation as required)

War in Ukraine – Impact on Energy Markets

Europe’s Dependency on Energy Imports from Russia



#EUIndustryDays

ec.europa.eu/eurostat

War in Ukraine

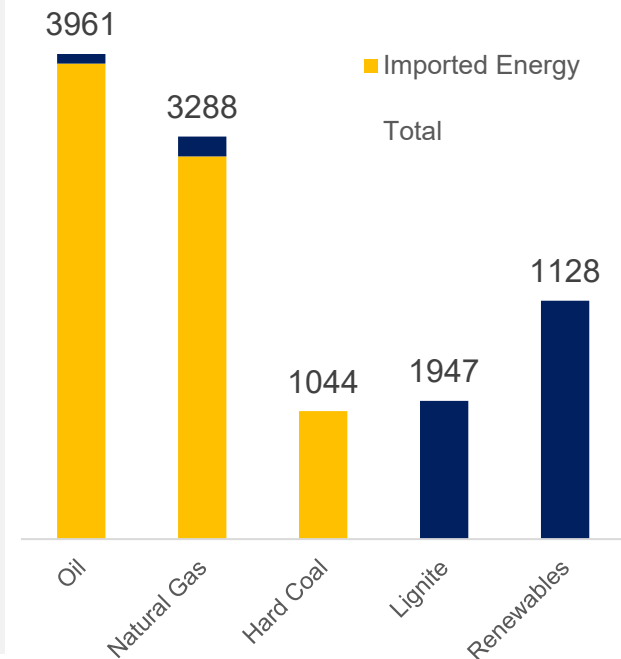
Energy Policy Measures by EU and Germany

Selected events **reframing Germany's and EU's energy policy** after Russia's invasion on 24 February 2022

- 24 Feb **Russia starts invasion of Ukraine**, after 8 years of occupying Crimea & parts of Donbass region
- 4 March Development of LNG-Terminal in Germany announced,
- 21 March United Arab Emirates to supply green hydrogen to Germany
- 25 March USA to substitute 10% of Russia's gas supply to EU in 2022, and up to 30% until 2030
- 8 April **Ban on import of Russian coal**
- 27 April Germany **decreased dependency from Russian gas to only 35%**, was 55% before

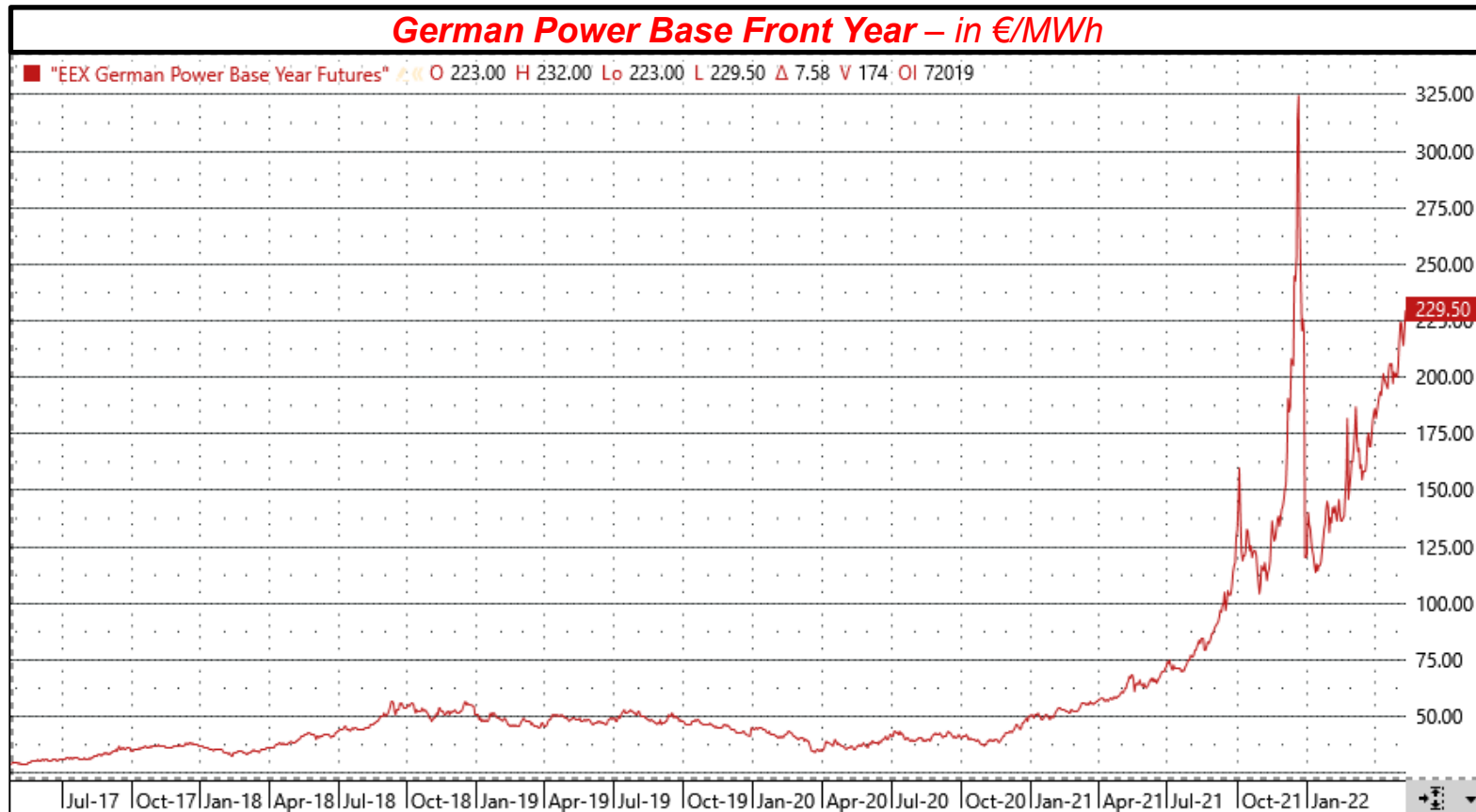
➔ ongoing negotiations on EU level on banning Russian oil

Today, Germany is highly dependent on Energy Imports 
Energy used in Germany in 2020, in PJ



War in Ukraine

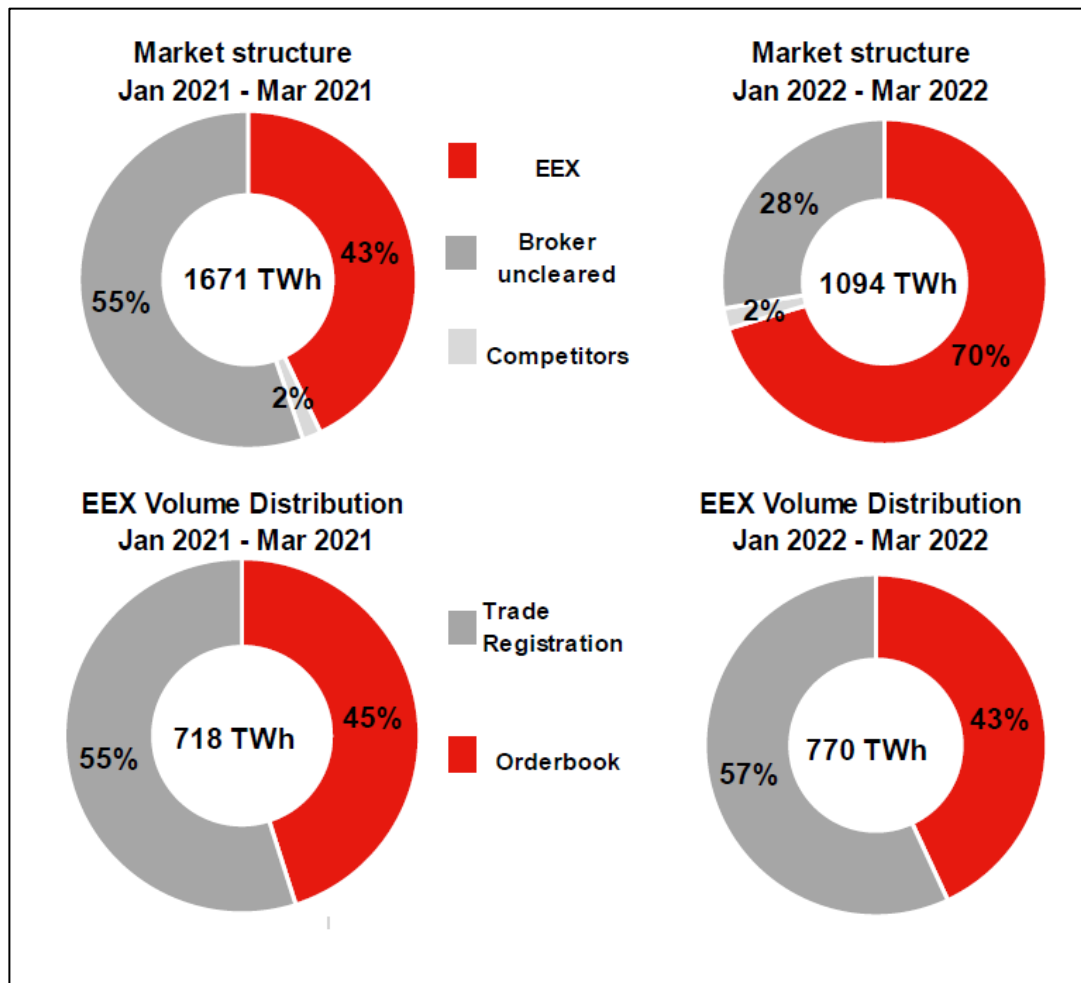
Energy Market Prices Reaching Record Highs



- Already since October 2021 power and gas markets in Europe have seen high volatility
- Since the war in Ukraine started on 24th Feb 2022, the market has seen record high volatility and record high price levels as Europe is trying to become independent from Russian energy imports

War in Ukraine

Energy Markets Rapidly Shifting to Cleared Trading



- Strong shift of trading volumes from uncleared OTC-market towards the cleared market due to increased counterparty risks
- Record high prices, extraordinary volatility and high margin requirements limit capability to trade
- German Power Futures, the benchmark for electricity in Europe, have seen a decline in liquidity of 35% in Q1

May 2021 – looking back

Promises made, promises kept



18th May 2021 (Reuters):

“Germany-based bourse aims to double players this year.”

“Traded 2.32 TWh in first quarter 2021, boosted by winter”

“Some 20 participants from Japan, overseas already active”

Highlights – 2021-2022

Growing a sustainable market

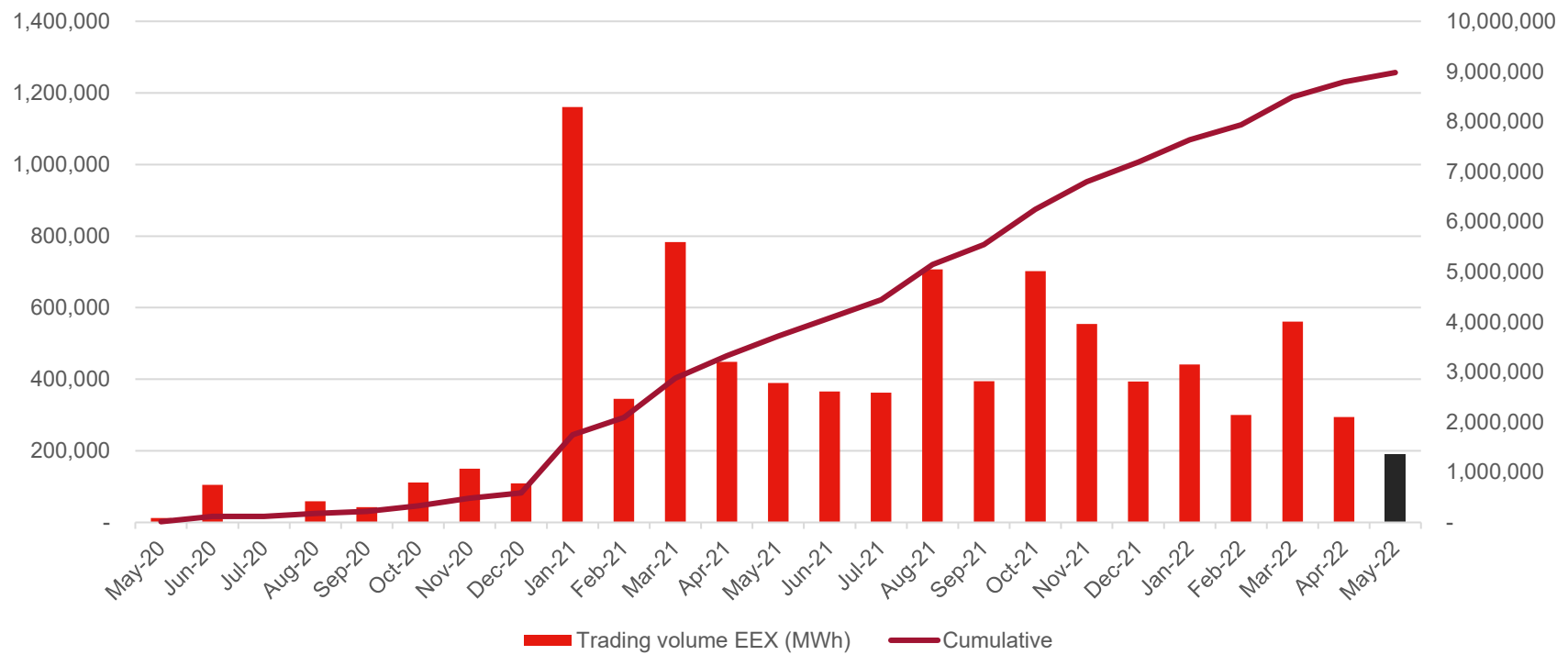
- Despite global headwinds, EEX has seen strong inflow of new trading participants, doubling our active customer base.
- Strong pipeline of new prospective entrants promises continued growth.
- Improved operational turnaround time has led to faster on-boarding of customers.
- Strong intermediaries (domestic and international) both on broking and clearing is driving market access and price discovery.

2021-2022:
13 new domestic trading participants
7 new international trading participants

Trading volumes 2020 to date

Approaching 9 TWh cumulative volume since launch

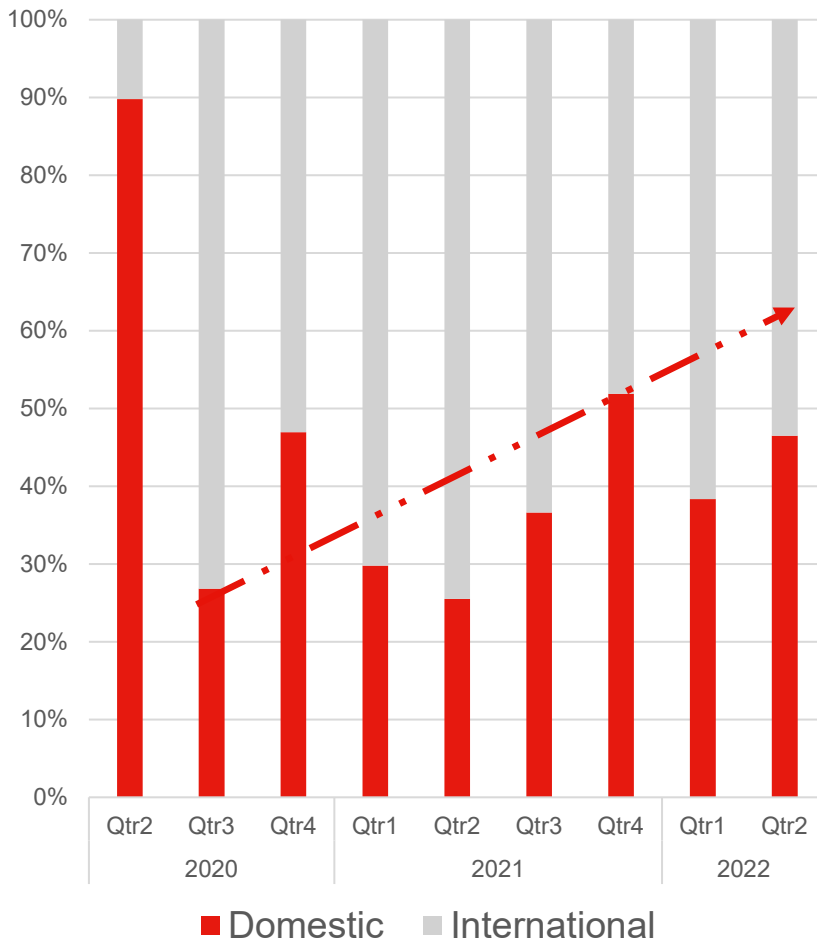
Trading volumes - Japanese Power



Monthly average volume has grown from 280 GWh in the first year (May'20 – Apr'21) to 455 GWh in the second year (May'21 – Apr'22)

Trading participants by origin

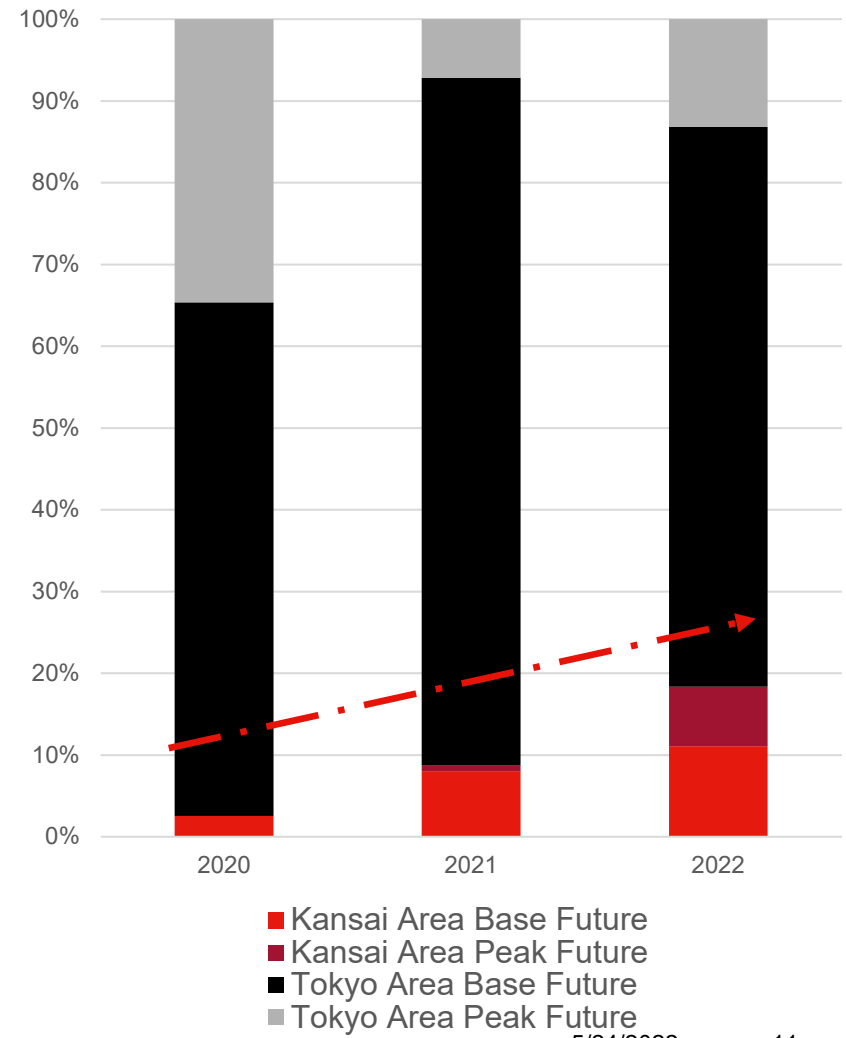
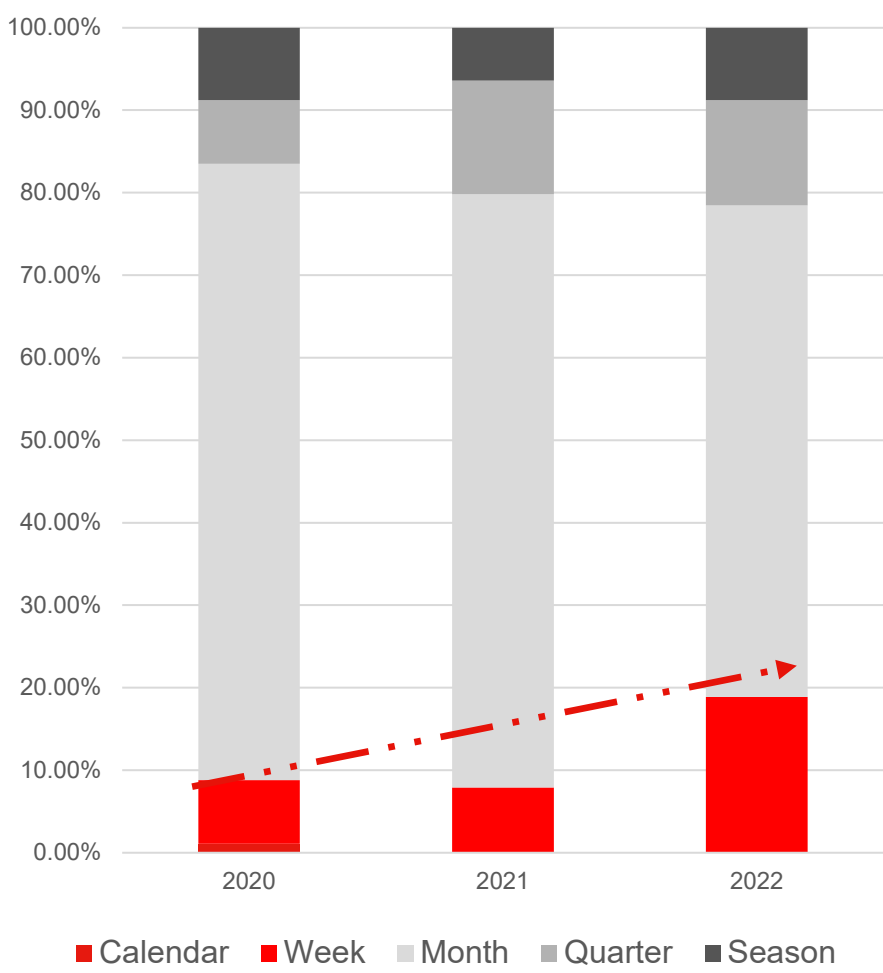
Balanced participation between domestic and international players



- Strong participation by Japanese utilities and PPS companies have increased the domestic share of trading volume.
- International entrants bring liquidity to the whole forward curve.
- EEX' focus in the next year is further streamlining our access model, increase clearing participation, scale up our technology and continue our education efforts in the market.

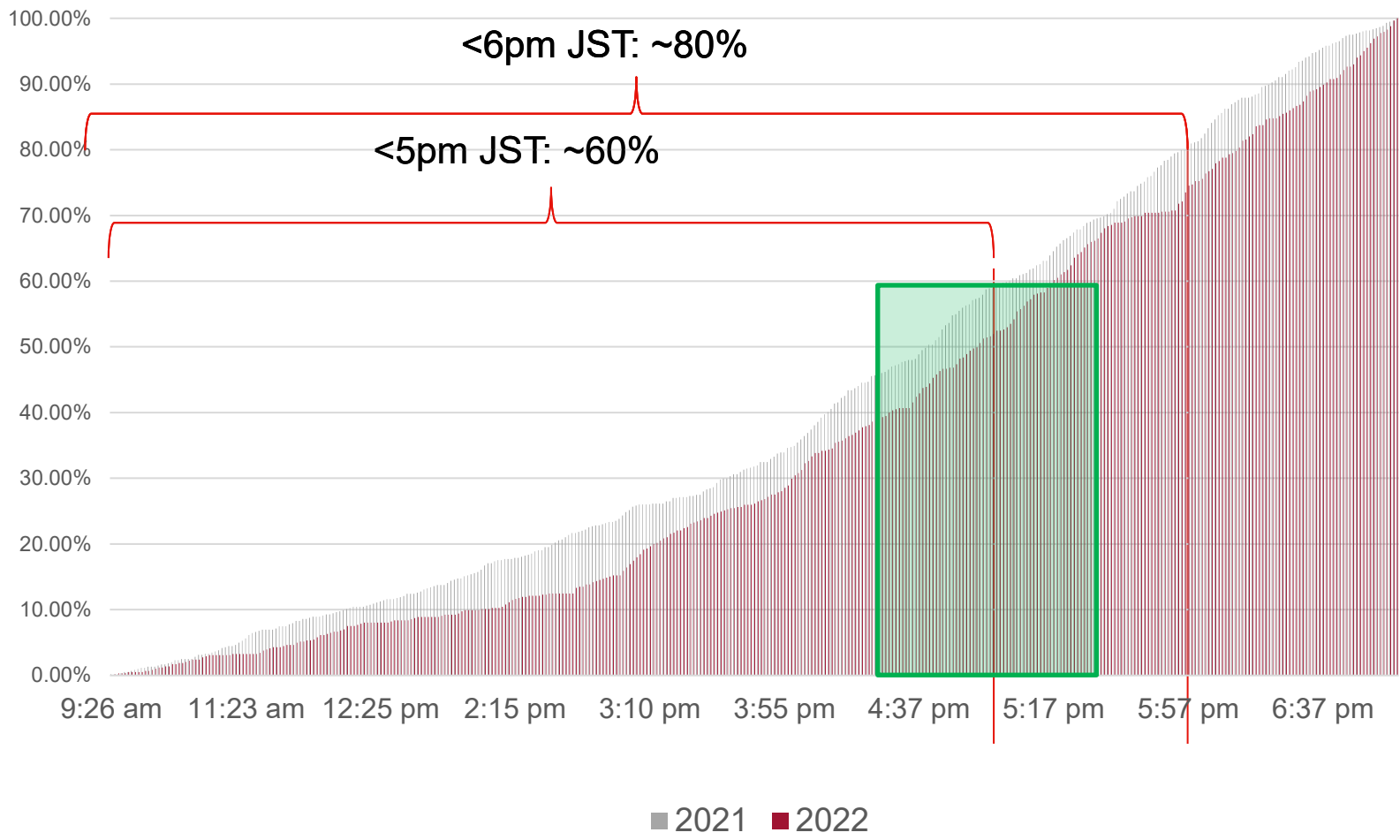
Transactions by tenor and pricing area

Increased activity at the front of the curve, and for Kansai futures



Transactions by time

Trading volume evenly distributed during the Asian trading day



Your Feedback is Required

Trading Hours for EEX Japan Futures

- EEX has received requests to close the market already at 6pm JST
- The daily settlement window is currently 4:30pm – 5:30pm JST
- **EEX kindly asks for your feedback until 3rd June about a potential change of the trading hours (i.e. closing at 6pm JST already).**

Trades can currently be registered for clearing Monday to Friday between 9:00am and 19:00pm JST, unless on days when EEX is closed.

Tokyo Local Time	09:00-10:00	10:00-11:00	11:00-12:00	12:00-13:00	13:00-14:00	14:00-15:00	15:00-16:00	16:00-17:00	17:00-18:00	18:00-19:00
CET+1 (European Summer Time)	02:00-03:00	03:00-04:00	04:00-05:00	05:00-06:00	06:00-07:00	07:00-08:00	08:00-09:00	09:00-10:00	10:00-11:00	11:00-12:00
CET (European Winter Time)	01:00-02:00	02:00-03:00	03:00-04:00	04:00-05:00	05:00-06:00	06:00-07:00	07:00-08:00	08:00-09:00	09:00-10:00	10:00-11:00

Outlook – New Initiatives

Daily Futures

- In Europe, EEX offers Daily Futures for up to 2 weeks in advance
- Typically, only the next 3 to 5 days are actively traded
- **EEX has postponed this product initiative to 2023 due to the current market circumstances**

EEX GERMAN POWER FUTURE							
2022-05-17		Day	Weekend	Week	Month	Quarter	Year
Baseload							
Name	Last Price	Last Volume	Settlement Price	Volume Exchange	Volume Trade Registration	Open Interest	
17/05/2022	-	-	-	-	-	3,125	
18/05/2022	207.00	120	-	14,640	29,448	802	
19/05/2022	-	-	-	-	-	110	
20/05/2022	-	-	-	-	-	215	

General update - Lacima now part of EEX Group

A leading provider for risk management software



Software solutions – integrated analytics engines – multiple interfaces



Lacima Analytics

- Enterprise valuation, optimisation, market & credit risk, and reporting
 - MtM, VaR, GMaR, EaR, PFE, CVaR
- Portfolio and shipping optimisation and scenario analysis
- Applications, Excel & dashboard reporting options

Lacima Trader

- Deal valuation, analysis, structuring, simulation and reporting
 - Curve Building
 - Derivative Pricing
 - Storage / Swing
 - Simulation
- Excel Add-in

Lacima API

- Initiate Lacima valuation & risk analysis from 3rd party and in-house systems

Lacima Integrated Analytics Engines
 C# .NET valuation, simulation and optimisation engines
 Consistency of models, methodologies and valuations across Lacima’s solutions



> eex

Thank You

