EEX - Introducing Financial Gas Futures & Spark Spreads

Steffen Riediger, Erik Bakker

27th May 2021
EEX Group –
A Global Commodity Exchange

#GoingGlobal

- #1 in Power Trading Worldwide
- More than 750 Trading participants from 40 countries
- 17 locations worldwide

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<table>
<thead>
<tr>
<th>Statistics</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWh Traded on the global EEX Group power markets in 2020</td>
<td>7,077 TWh</td>
</tr>
<tr>
<td>TWh Traded on the global EEX Group gas markets in 2020</td>
<td>2,412 TWh</td>
</tr>
<tr>
<td>Day-ahead Market Coupling for 20 power spot markets</td>
<td></td>
</tr>
<tr>
<td>Contracts traded in Agricultural Commodities in 2020</td>
<td>49,452</td>
</tr>
<tr>
<td>More than 750 Trading participants from 40 countries</td>
<td></td>
</tr>
<tr>
<td>Emissions Auctions (EU+EUAA) in 2020</td>
<td>218</td>
</tr>
</tbody>
</table>
MIRRORING THE EEX FLAGSHIP POWER FUTURES

The new cash-settled Gas Futures will eliminate the burden of physical fulfillment while aligning with the standards of the highly liquid Power market.

EEX is the N°1 exchange in power trading worldwide for four consecutive years.

In power derivatives, EEX has a 20-year proven track record with Germany being the benchmark power product for Europe.

EEX the home of power trading worldwide.
Adding Financial Gas Futures

**TTF:** North-Western European benchmark for Euro denominated gas trading

**NCG:** After the NCG/Gaspool merge THE will become the new benchmark for gas trading in Germany

**CEGH:** The Central European gas hub

**Introducing Short Term Maturities:**
Reducing early close-out risk. Cash-Settlement in delivery month

**Perfect fit for financial players**
Cash settled futures, ideal for proxy hedging

**Low entry barriers.**
Be active in the liquid and volatile gas markets without any balancing, shippers agreements and risk of physical delivery.

**Bridging EEX Power and Gas markets**
Trade EEX Spark Spreads with identical financial legs

Launch 28th June 2021

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EEX Natural Gas Trading

EEX
TTF, NCG, CEGH VTP Spot Market Share
60 – 80 %
EEX – Financial Gas Futures EGSI
Full range of maturities

- **Physical Spot Market**
  - Within Day
  - Day Ahead = Creation of EGSI

- **Linking Spot markets to Futures markets**
- **Cash Settled @ EGSI**

- **Day**
  - Day Ahead plus max. 14 days
- **Weekend**
  - Current plus next Weekend
- **Week**
  - Current and next 4 Weeks

- **Month**
  - TTF Current+12
  - THE/CEGH +6
- **Quarter**
  - TTF + 11
  - THE/CEGH +7
- **Season**
  - 6 Seasons
- **Year**
  - 6 Cals

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Settlement against EGSI benchmark

Cash settled against corresponding index:
• Day EGSI
• Weekend EGSI
• Week EGSI
• Month EGSI

EEX is the leading venue for gas spot trading in central Europe, holding 60-80% market share in TTF, NCG and CEGH spot markets.

EGSI, EEX flagship Index, representing fair traded prices benchmark.

Closer alignment between the Spot and Futures markets gives customers the opportunity to trade on a more robust and liquid market.

EEX Group the number 1 spot gas trading exchange

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Volume weighted average price for each delivery day calculated with all Day trades executed between 08:00-18:00 CET

**EGSI Explained**

- Exchange traded benchmark
- Based on truly traded prices
- Reduced settlement volatility
- Getting more popular amongst End Users and Industries

**Robust Benchmark**

- EEX offers EGSI since Sept. 2017 free of charge
- Full Transparency

**Facts and Figures (3 hubs)**

- Average number of daily active members: >550
- Average number of daily trades during EGSI window: >2000
Settlement of financial gas futures in delivery

- Same methodology as today for financial power futures at EEX
  - Settlement window: 17:00 - 17:15 CET
  - Daily settlement price: arithmetic average of
    - Already available EGSI prices for delivery days in the delivery period and
    - The last settlement price of the respective future before start of delivery

<table>
<thead>
<tr>
<th>Settlement of the financial gas future May in the delivery month - May 8th</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 1 2</td>
<td></td>
</tr>
<tr>
<td>EGSI</td>
<td>EGSI</td>
</tr>
</tbody>
</table>

Settlement price (May 8th) = \( \frac{(5.332+4.942+4.978+4.054+4.265+5.043+4.402+4.216+4.097+4.793 \times 22)}{31} \) = 4.735 €/MWh

- Final settlement price (FSP) can be calculated if all EGSI values are known

<table>
<thead>
<tr>
<th>Final settlement of the financial gas future May in the delivery month - May 30th</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 1 2</td>
<td></td>
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<tr>
<td>EGSI</td>
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Final Settlement price (May 30th) = 5.098 €/MWh
EEX – Spark Spreads
Bridging EEX Financial Power and Gas Futures

- Trade the price differential between EEX Power and Gas (fixed ratio 1:2)
- Identical underlying financial futures
- Guaranteed Price and Execution
- Enabling better hedging decisions and strategies results into more focus on underlying markets
- Leverage robust power liquidity into gas
- Cross margining benefits
## Fee Structure and Admission

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Gas Futures</td>
<td>Included in all EEX membership-packages free of charge until December 31(^{st}) 2022</td>
</tr>
<tr>
<td>EGSI Futures</td>
<td>Initiator for free until July 31(^{st}) 2022</td>
</tr>
<tr>
<td>Spark Spreads</td>
<td>EGSI leg for free</td>
</tr>
<tr>
<td>Automatic admission for Gas members</td>
<td>Automatic admission for Gas members (underlying markets)</td>
</tr>
<tr>
<td>Easy admission for Power members</td>
<td>Easy admission for Power members, please contact your Key Account Manager for more information.</td>
</tr>
</tbody>
</table>
WE ARE READY FOR THE LAUNCH
28/06/2021

The EGSI Financial Gas Futures and Spark Spreads will be available through all our common platforms like TT and Trayport

LOOKING FORWARD TO SEE YOU TRADING
EGSI Futures and Spark Spreads
Questions & Answers
Thank you for your attention.

Additional information needed? Please contact
Steffen Riediger, steffen.riediger@eex.com
Erik Bakker, erik.bakker@ext.eex.com