

EEX Japan Power Futures

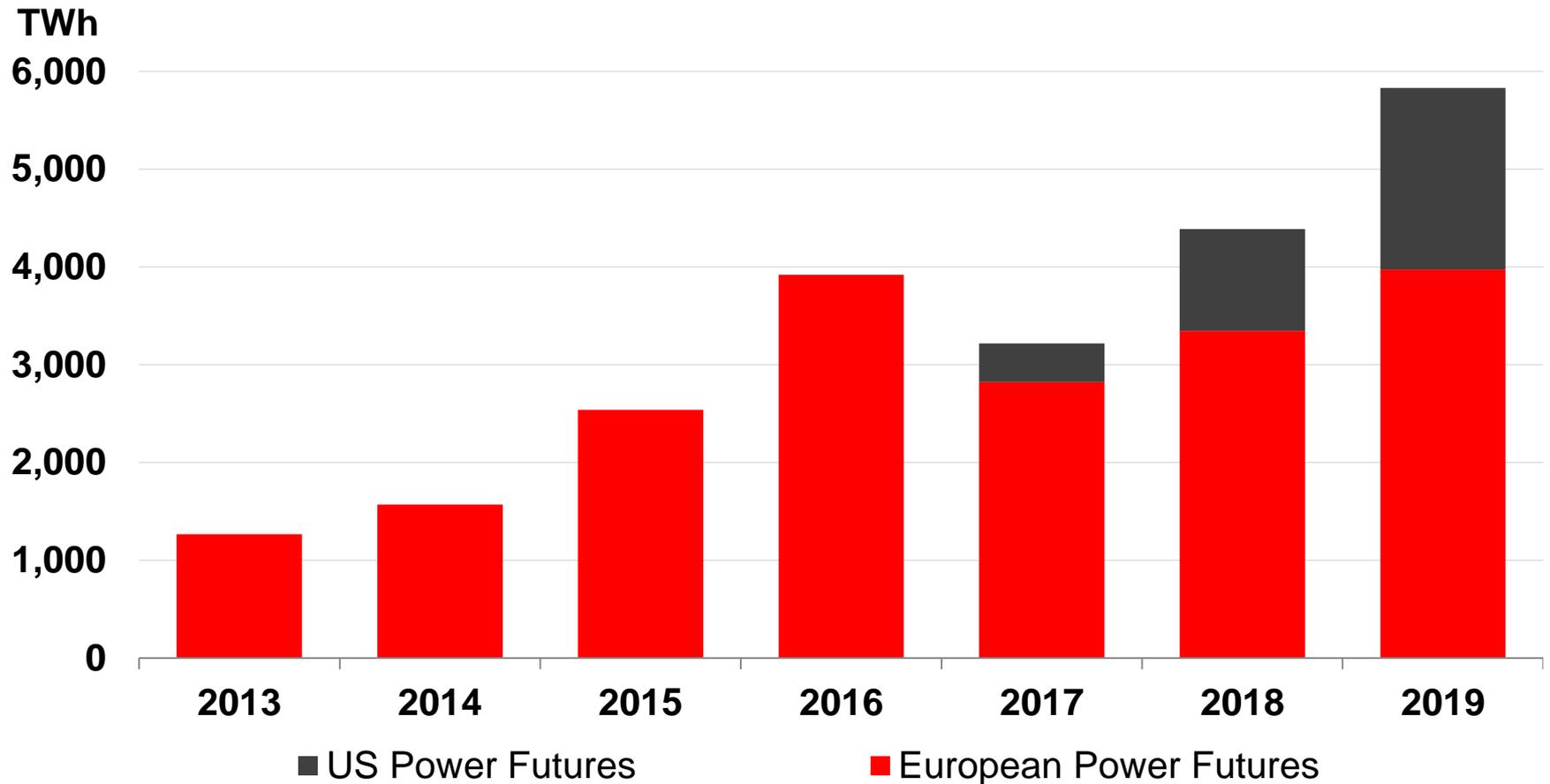
Developing a liquid market together with the industry

09 July 2020

EEX Group Webinar

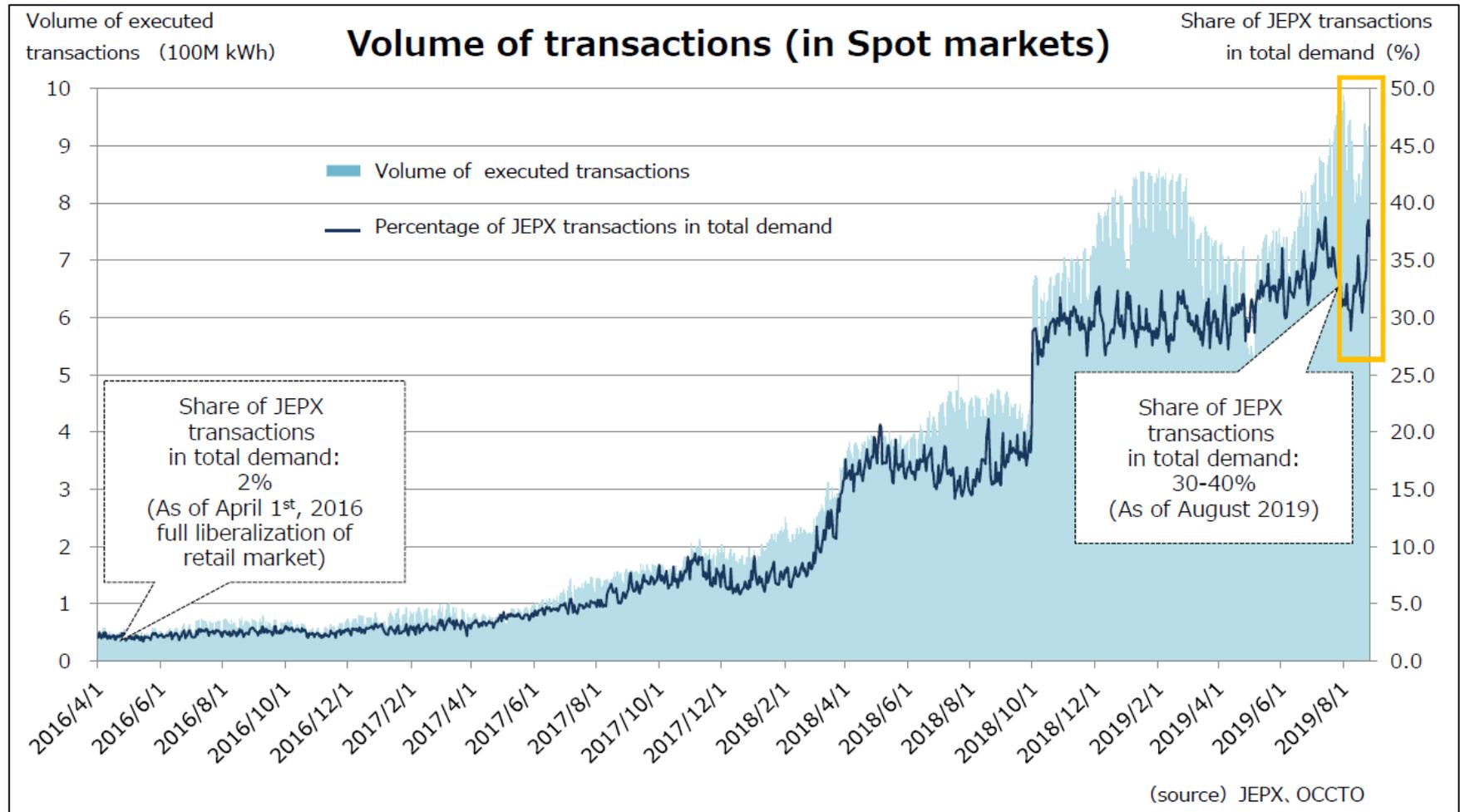
Annual volumes in EEX Power Derivatives

Developing liquid markets together with the industry



Japan Power

Development of spot volumes at JEPX



Recap of EEX's activities in 2019

Building the client network for Japanese Power



- Workshops in Tokyo, London and Singapore
- >150 individual client meetings
- Numerous hedging seminars in Japan
- Dedicated webinar series in co-operation with Bloomberg (Tokyo)
- Creation of Japanese Power Working Group with utilities and major market participants
- Thank you all - for your advice, feedback, constructive criticism and recommendations

Recap of activities in 2019

Connecting the Japanese and the global trading community

- EEX provides clearing services to Japanese utilities, PPS companies and trading houses
- EEX works with international banks, which provide tailor-made services for Japanese clients
- EEX collaborates closely with brokerage firms, located inside and outside Japan
- Many international EEX members are already active or in the process of setting up EEX Japanese Power Futures



The first 4 weeks of EEX Japanese Power Futures

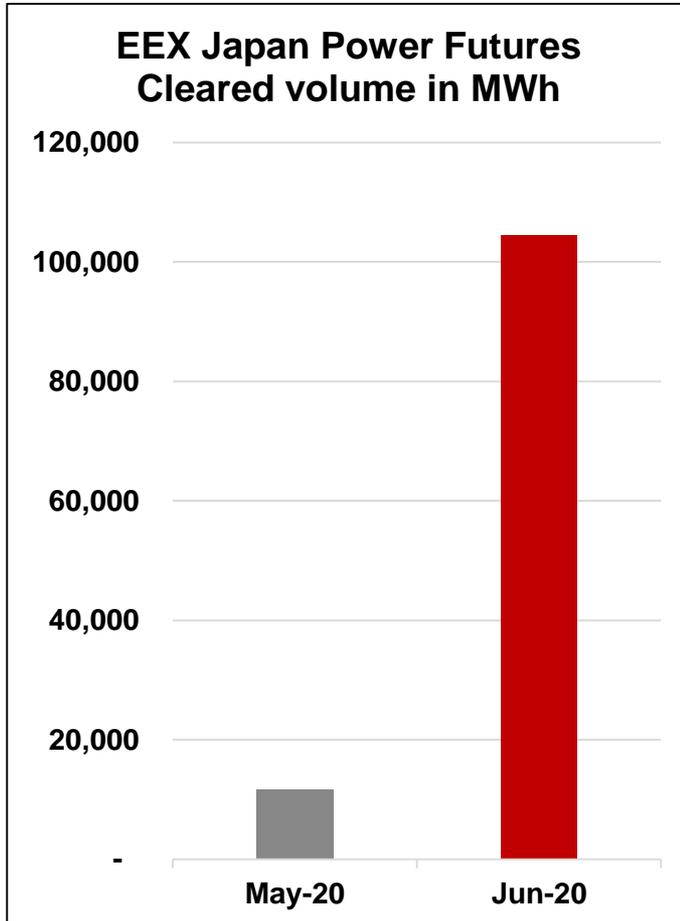
A successful start into a new era

- EEX successfully launched the clearing service for Japanese Power Futures on 18th May 2020
- Despite the challenges caused by the global COVID-19 crisis, various market participants from Japan and overseas have been ready on Day 1 and first trades could be cleared.
- **On behalf of the entire EEX team, we would like to thank all market participants for your support in the 18 months prior to the launch of the Japanese market**
- **This launch would not have been possible without your support and your constructive feedbacks**



The first 4 weeks of EEX Japanese Power Futures

EEX volumes exceeding volumes of domestic market



- In June 2020, which was the first full calendar month after the launch of EEX Japan Power Futures, EEX's volumes already exceeded the volumes traded and cleared at the domestic exchange
- EEX has cleared following transactions in Tokyo Base Futures so far
 - 1 x Tokyo Base Month – June 2020
 - 5 x Tokyo Base Quarter – Q3/2020
 - 1 x Tokyo Peak Quarter – Q3/2020
 - 3 x Tokyo Peak Week
- According to brokers, there has been more market activity. However trades could not always be matched, for example due to...
 - bid/ask spread too wide
 - trading interest on different broker platforms

Readiness Status

Trading participants, brokers, clearing banks

Trading participants

- **Ready:** at least 10 firms, both from Japan and overseas, ready and sometimes active in the market.
- **In the process of getting ready:** about 10 additional firms, both from Japan and overseas, expected to start within the next 4-6 weeks.

Brokers

- **Ready: 9 brokerage firms**
- Amerex Energy, Arraco Global Markets, enechain Corporation, GFI Brokers Ltd, ICAP Energy Ltd, Marex Spectron Europe Ltd, SSY Futures Ltd, Tradition Singapore, Tullet Prebon Energy Singapore

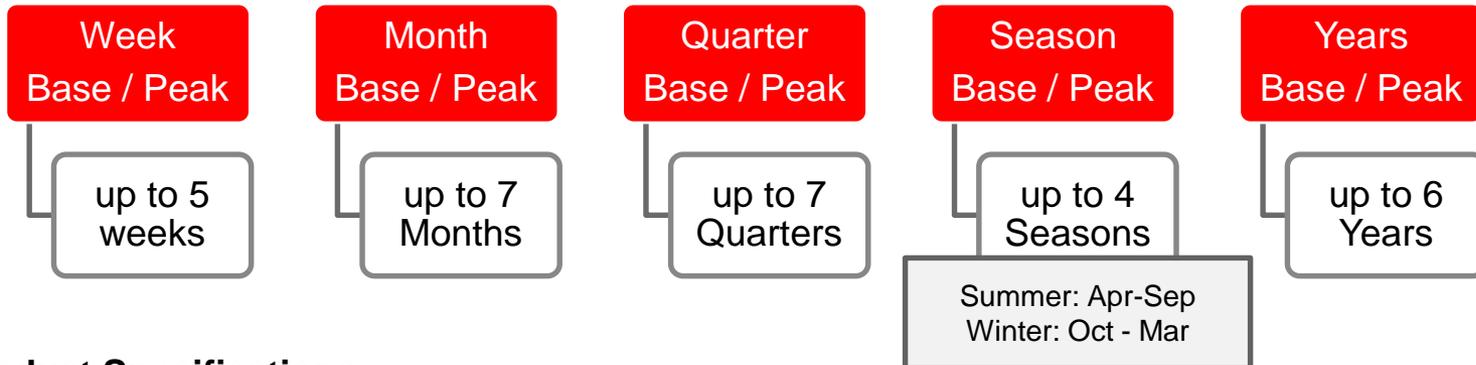
Clearing banks

- **Ready: 5 clearing banks**
- BNP Paribas, Mizuho Securities, Societe Generale, Macquarie, ED&F Man
- **In the process of getting ready:** ABN Amro

EEX Japan Power Futures Product Specifications

Kansai Area

Tokyo Area



Product Specifications:

Currency:	Japanese Yen
Pricing:	in Yen/kWh
Minimum price fluctuation:	Yen 0.01 per kWh
Contract Size:	1 MW (1,000kW) * number of hours in delivery period
Minimum lotsize:	1 contract

- Peak definition: **Japanese holiday calendar***, Mo-Fr 08:00am – 08:00pm

***EEX will use the Japanese holiday calendar for peak load contracts.**

EEX Japan Power Futures

Product Specifications #2

Japanese holiday calendar

- Only holidays that are known 6 years in advance will be taken into account
- Extraordinary holidays (e.g. Golden Week 2019, Summer Olympics opening 2020) will not be considered by EEX
- A table showing „considered‘ holidays will be published on the EEX website

Fallback mechanism in case of JEPX spot market suspension

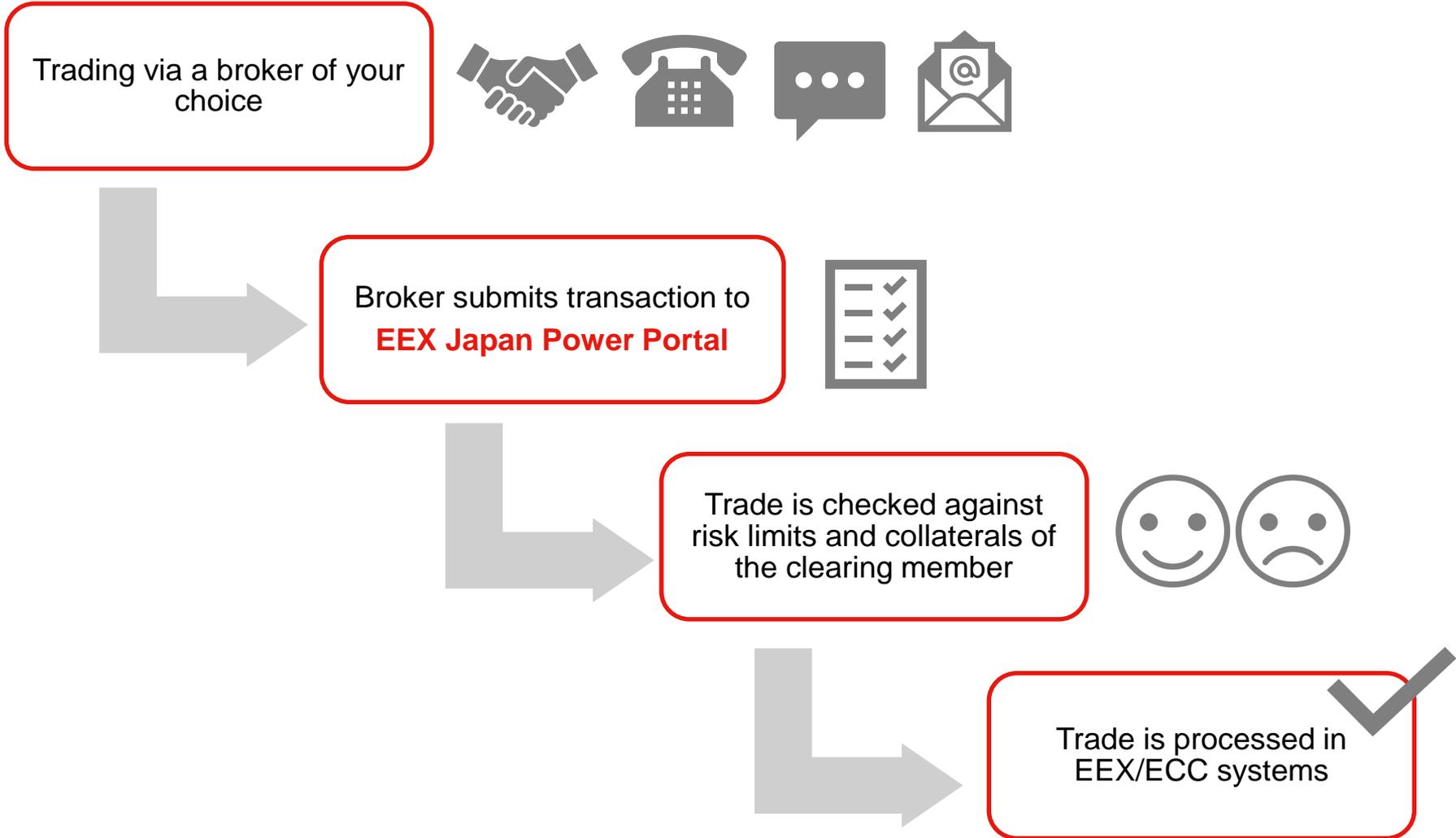
- Japanese energy agency ANRE has presented proposals for a fallback mechanism in case of a spot market outage, e.g. in case of natural disasters
- EEX will follow the ANRE guidance to replace missing spot prices with the average spot price for one week before the power spot market outage

Cascading

- EEX Japan Power Futures follow a cascading mechanism
- Year contracts cascade into 3 months and 3 quarters
- Season contracts cascade into 3 months and 1 quarter
- Quarter contracts cascade into 3 months

EEX Japan Power Futures

The Trade Registration Process



EEX Japan Power Futures

When can transactions be registered with EEX?

Trades can 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

Initiatives to further develop liquidity

Zero EEX and ECC fees until 31st October 2020

To support the development of initial liquidity in Japanese Power Futures, EEX will not charge trading and clearing fees for registration of Japanese Power contracts until 31st October 2020

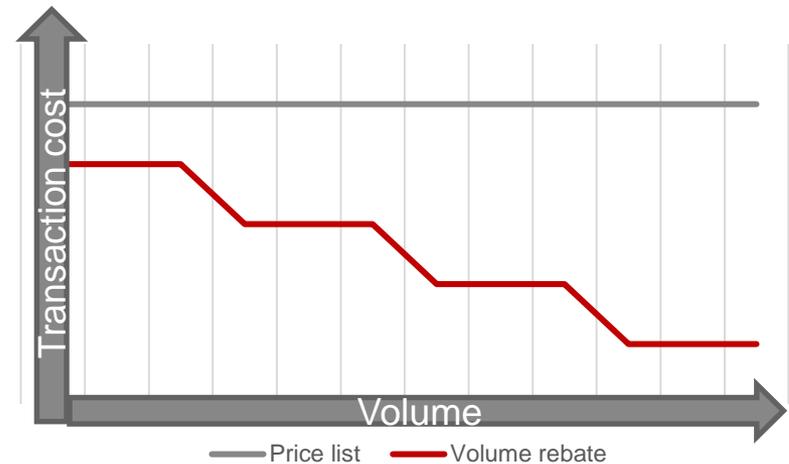
Starting in November 2020, EEX will also offer volume-based rebate schemes.

Note: Clients should note that brokerage (“matching”) fees are payable directly to broker(s) by the end client according to their individual service agreement(s) with brokers.

Note: Trading and clearing fees are charged by EEX and ECC through the respective Clearing Member, who will recoup these fees from its clients.

EEX Japanese Power Futures are subject to exchange and clearing fees

EEX trade registration fee	0.002 JPY/kWh = 2.00 JPY/MWh
ECC clearing fee	0.001 JPY/kWh = 1.00 JPY/MWh



Examples of rebate schemes.

Initiatives to further develop liquidity

Continuous communication with all stakeholders

Online meetings and webinars

Monthly newsletter with update on volumes and liquidity

Although we cannot meet physically at the moment, we will continue to stay in touch with you and the entire market

Series of podcasts (on Spotify and Apple)

Frequent meetings with regulators in Japan and Germany

EEX Japan Power Futures Questions & Answers

