

part of eex group



Comment on the Benchmark Paper regarding the Solidarity Platform of 17th December 2021

17.01.2022
Leipzig, Berlin

Ref. 0001A

EEX Comment on the key points of the Solidarity Platform of 17th December 2021

The European Energy Exchange AG (EEX) expresses its gratitude for the opportunity to comment on the key points regarding the development of a solidarity platform, as published by the Federal Ministry for Economic Affairs and Climate Action (BMWK) as well as the Federal Network Agency as the federal load operator. EEX welcomes the proactive crisis provisions and advocates a clear commitment to make full use of all market mechanisms even in cases of crisis.

EEX provides specific comments below. We are, of course, available to discuss these matters at all times.

1. Clear differentiation between market-based and non-market-based measures needed

As seen from the perspective of EEX, any case of solidarity or crisis requires a clear sequence for the use of market-based and non-market-based measures in Germany. This is already established in the presented paper; however, it needs more clarification, e.g., in the form of a merit order list. From EEX's perspective, measures using the solidarity platform as well as non-market-based measures for the procurement of gas are justified only once market-based measures via existing trading platforms (exchange, balancing energy and congestion market, over-the-counter trading) have been fully used in cases of national crisis or solidarity, i.e., once gas can no longer be procured through the competitive gas market.

2. Execution of market-based measures via existing market platforms in Germany

Market-based measures should be carried out via existing trading platforms and standardised products. Market participants of a significant size are already operating on these and a competitive price signal is established in crisis situations. Moreover, the use of the established market infrastructure also prevents the risk of double reporting of gas volumes. The liquid trading market permitting the procurement of gas even in solidarity and crisis situations should not be distorted through regulatory interventions – which would limit its efficiency.

The existing trading platforms (including EEX) have already permitted the following for years:

- the continuous market-based procurement of gas volumes as standardised products for the next delivery day (DA) and for the remaining delivery day (WD) as well as individual delivery hours at market prices depending on supply and demand,
- successful, market price-based and, hence, cost-efficient balancing energy trading by the German market area manager (MAM) with support by the Federal Network Agency,
- since 2021, congestion management within the German market area to preserve the transport capacities and the market integrity of the German natural gas market,
- growth in the liquidity of the German natural gas spot market into the second-biggest trading market in Europe (at 650-800 TWh/A),
- anonymous and, hence, non-discriminatory trading between participants which prevents price differences, e.g., because of different company forms and sizes, reputation, credit rating or geographical origin.

3. Implementation of market-based measures via MAM/TSO market platforms in illiquid measures

As seen from EEX's perspective, the establishment of a platform at the MAM or transmission system operator (TSO) by the national regulator is only required as a supplement to the trading market by way of crisis preparation in illiquid natural gas spot markets in which the short-term market-based procurement of gas volumes via established trading platforms is not possible in solidarity and crisis situations.

4. Proposed solution for market-based measures in solidarity and crisis situations

EEX proposes to include the actors referred to in the paper by BMWK and the Federal Network Agency, i.e.

- industrial customers with an installed capacity of, at least, 10 MW, which are not managed in the sub-balancing group of another market area manager within the meaning of an intermediary,
- all balancing group managers in the Trading Hub Europe market area, which operate as intermediaries for industrial customers with an installed load of, at least, 10 MW and manage these via sub-balancing groups with their own balancing agreements and, if applicable,
- the federal load operator or the corresponding institution of a neighbouring country requesting gas in the framework of the solidarity mechanism

as trading participants in the EEX Gas Spot Market. This can be done free of fees for membership and variable trading and clearing or settlement fees provided the actors concerned are only activated at EEX within the limits of a clearly defined solidarity case of a gas shortage. As a result, existing and functioning EEX trading and settlement processes can also be used by the organisations referred to on a non-discriminatory basis. Trading is effected on a market basis in standard products and without interruptions (24/7).

About EEX:

EEX is the leading European energy exchange; we develop and connect secure, liquid and transparent trading markets for energy and other commodities. EEX is the biggest power exchange, the second-biggest CO₂ exchange and the third-biggest natural gas exchange worldwide.

EEX is part of EEX Group, a corporate group offering services regarding international exchange trading in goods and commodities. We facilitate trading in power, natural gas, CO₂ emission allowances as well as in freight rates and agriculturals.

Contact

Sirko Beidatsch
Expert Gas Markets
Sirko.Beidatsch@eex.com

Miriam Brandes
Senior Political and Regulatory Affairs Officer
Miriam.Brandes@eex.com