

EEX Japan Power Futures

The 4th Traders' Meeting

Tokyo, October 19th, 2022

Agenda

Welcome Address

Volumes, Liquidity and Trends in EEX Japanese Power Futures Market

Outlook – New Product Initiatives

Developments in European Energy Markets

Touchpoint

Q & A (Japanese or English – interpretation available)

EEX's Journey in Japan

Robust growth in 2021, followed by steady growth in 2022

2016 : Liberalization of Japanese Electricity market

2020 :

- January Official announcement of the launch
- May EEX/ECC Clearing Service started
- July Tokyo Office set up

2021 :

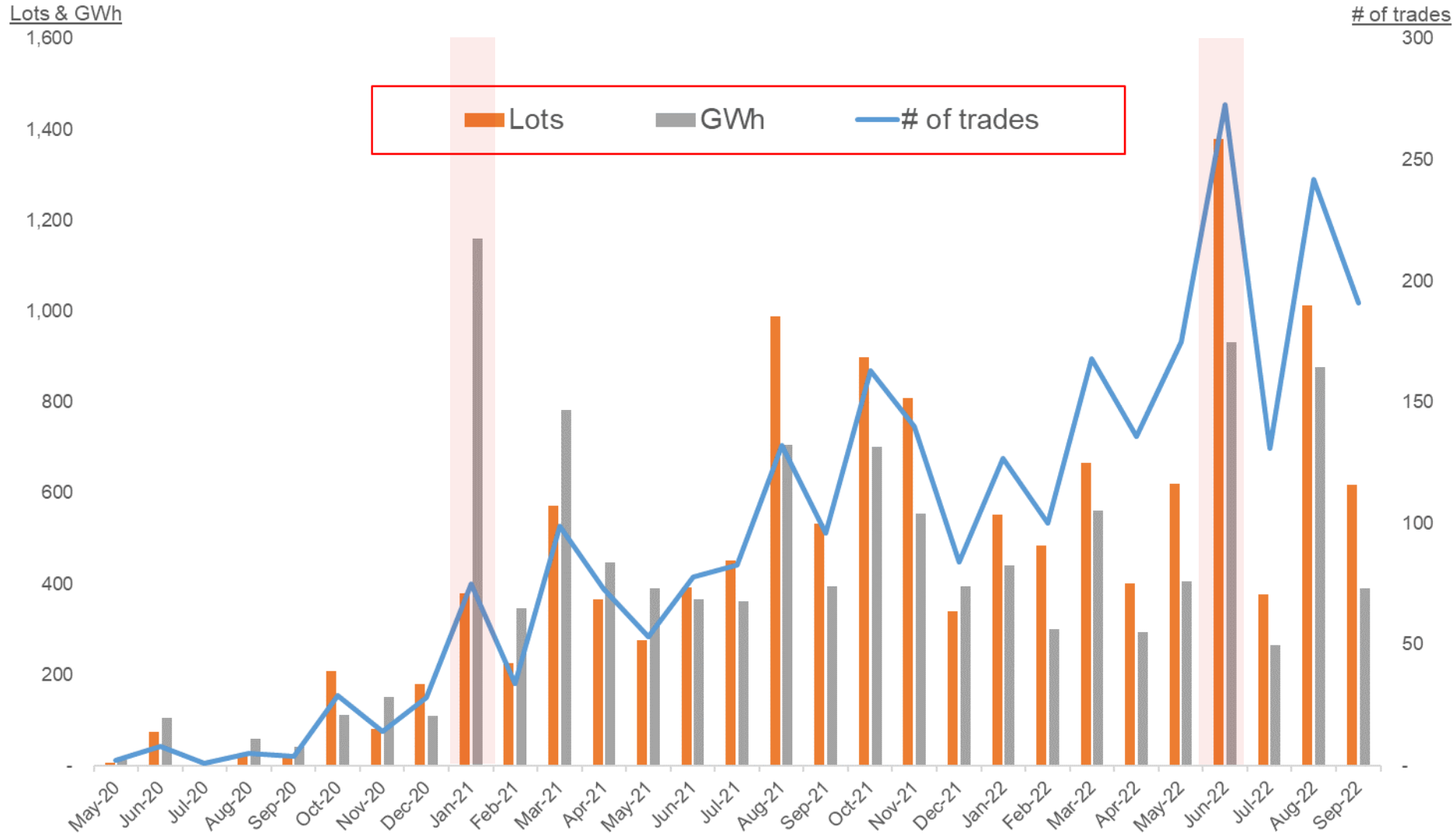
- January Record monthly volume 1,160 GWh
- August Record monthly market share 95%

2022 :

- June Record monthly lots traded 1,380 MW (lots)
- Record monthly transactions 273 deals
- September Total participants 45

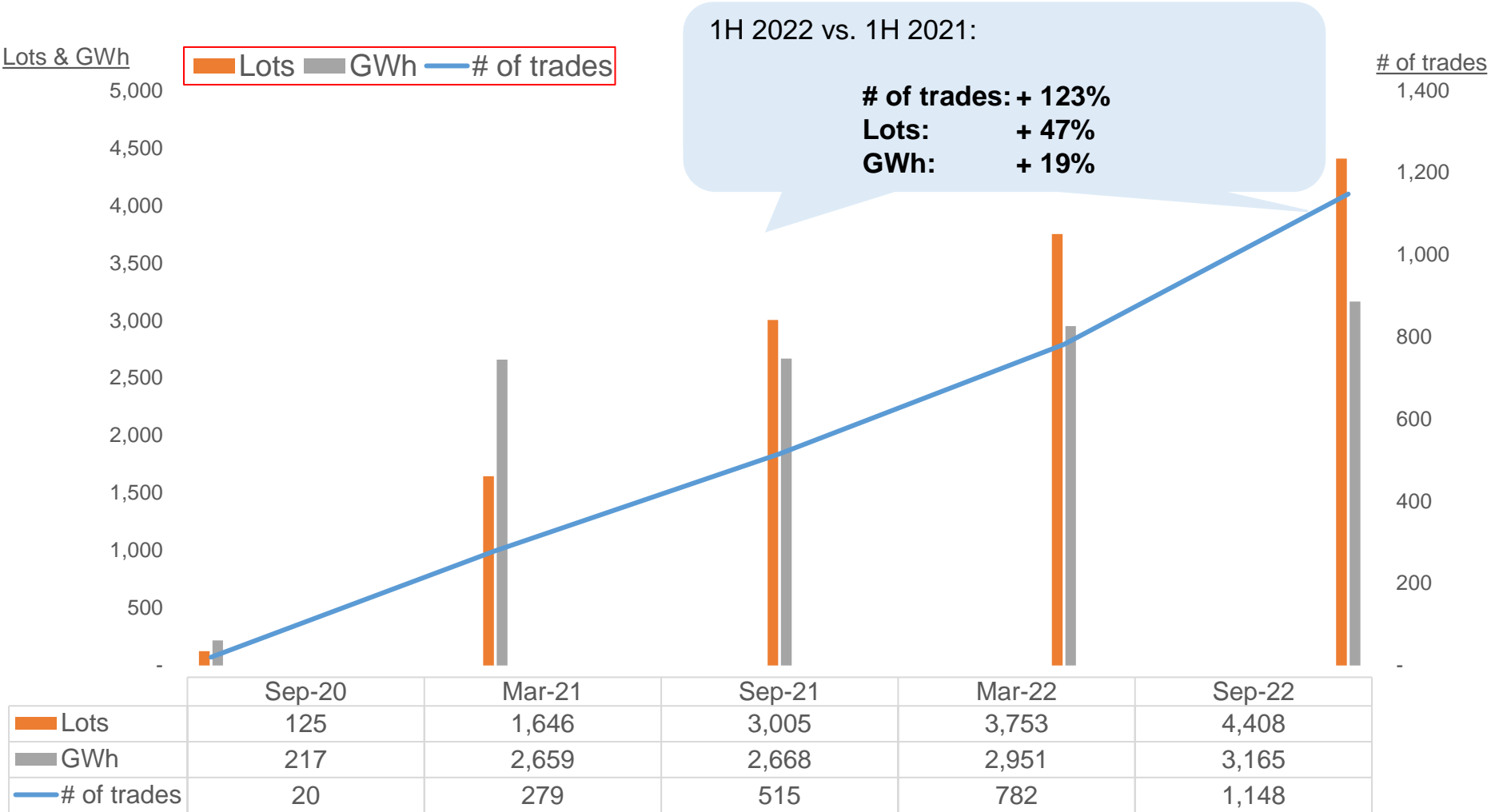
Monthly Trading Volume

High demand in summer/winter, Jan 2021 and Jun 2022 being record highs



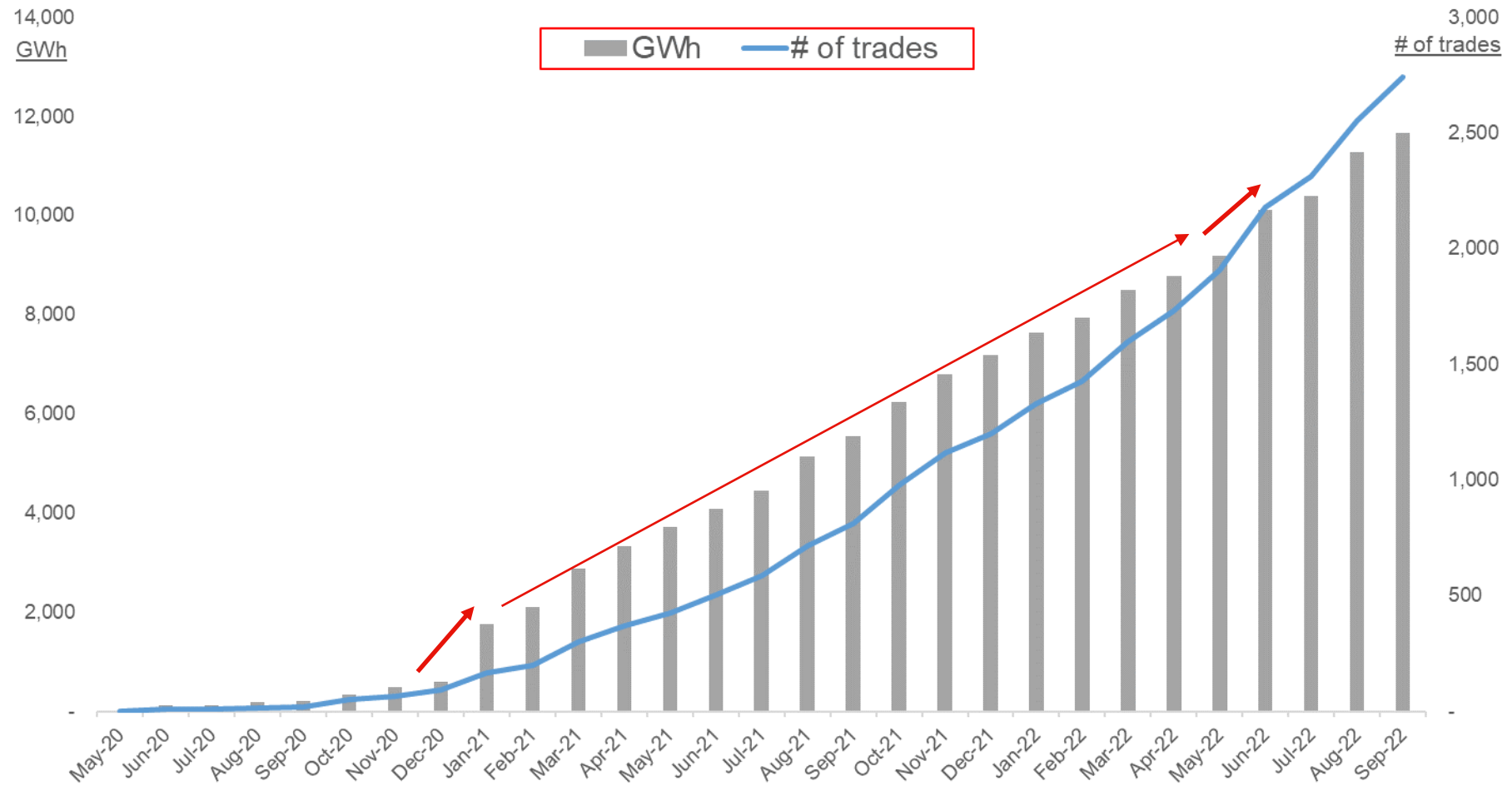
Semiannual Volume – Japanese FY basis

Steady growth in half-year basis, while ups & downs in monthly basis



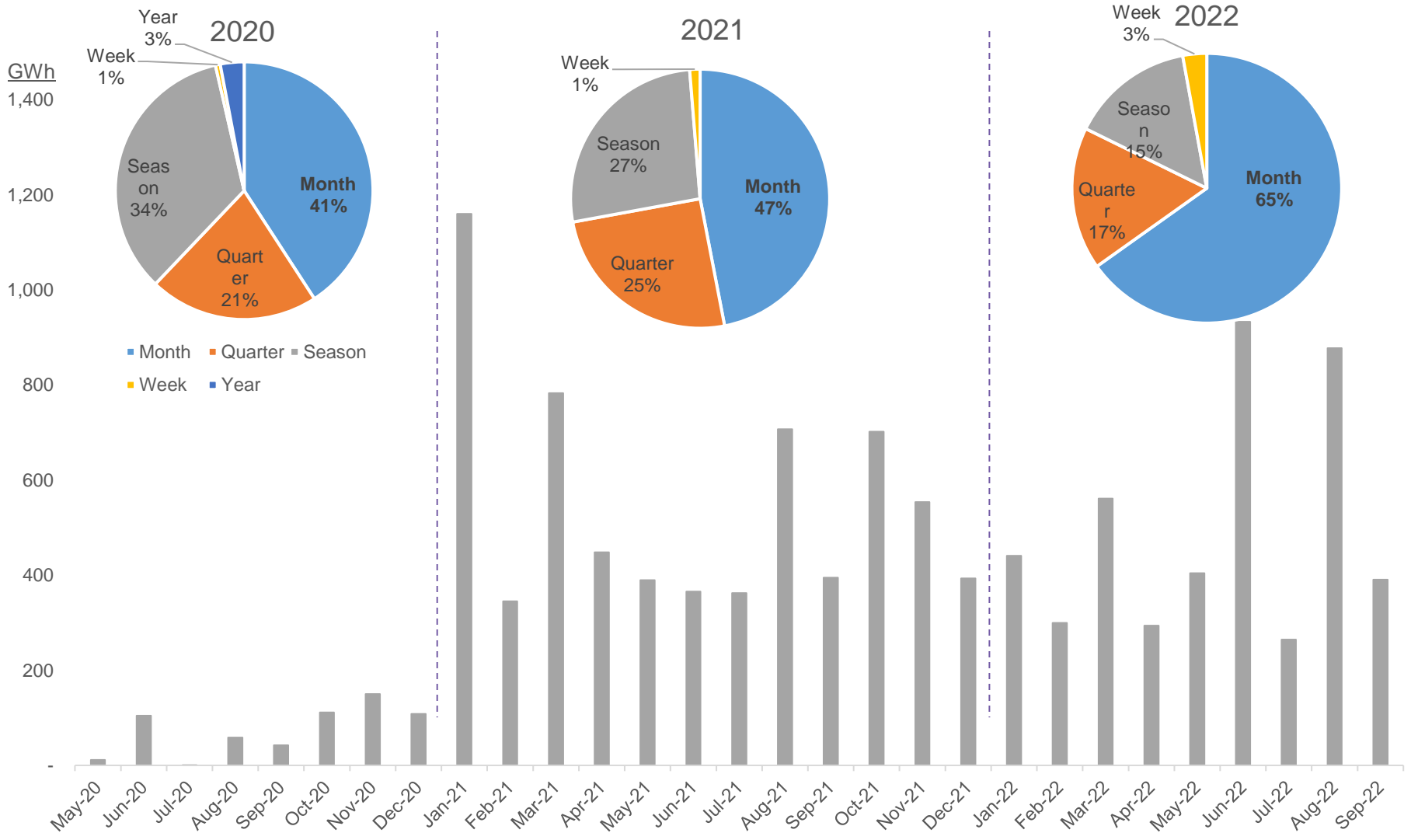
Cumulative Volume – Steady Growth in 2022

Cumulative trade volume reached 11.7TWh in Sep 2022



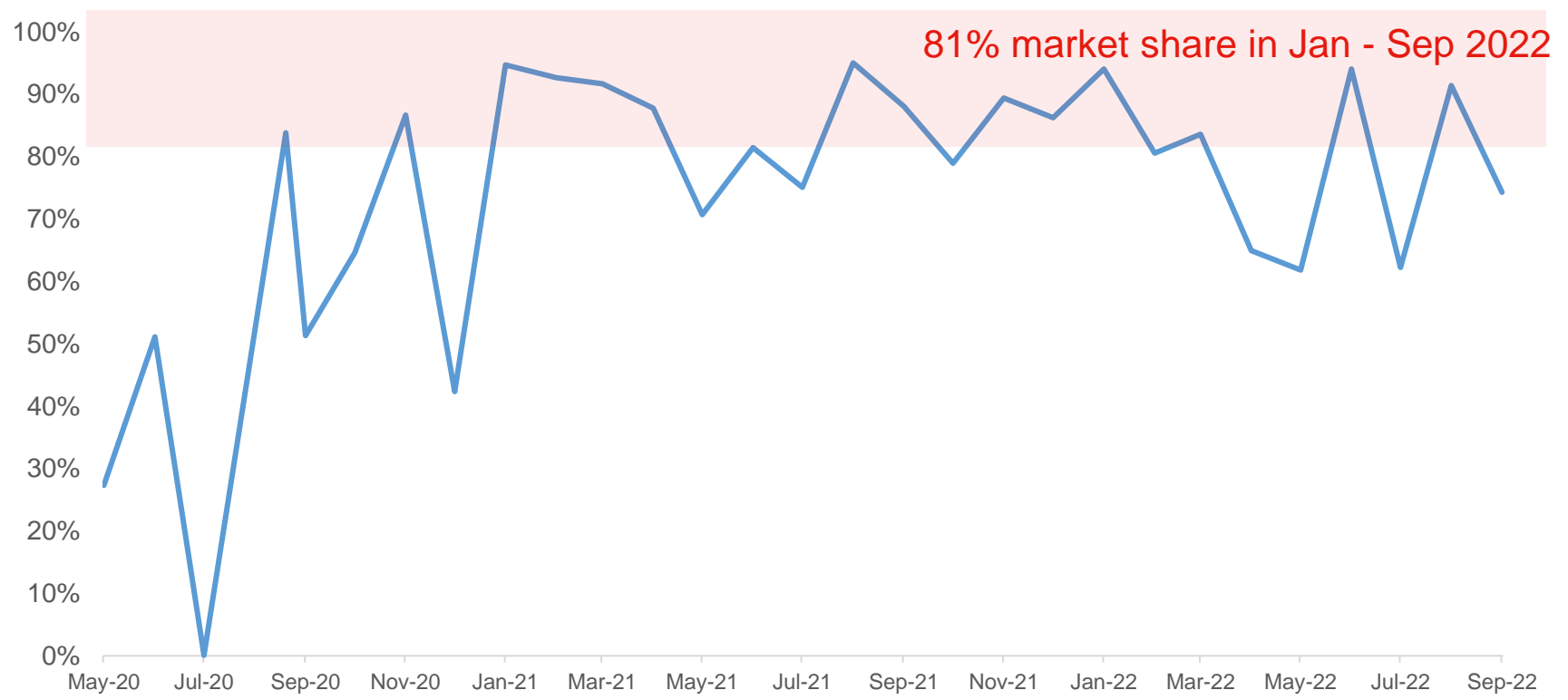
Change in Product Mix

Shorter term products (especially monthly) are more preferred



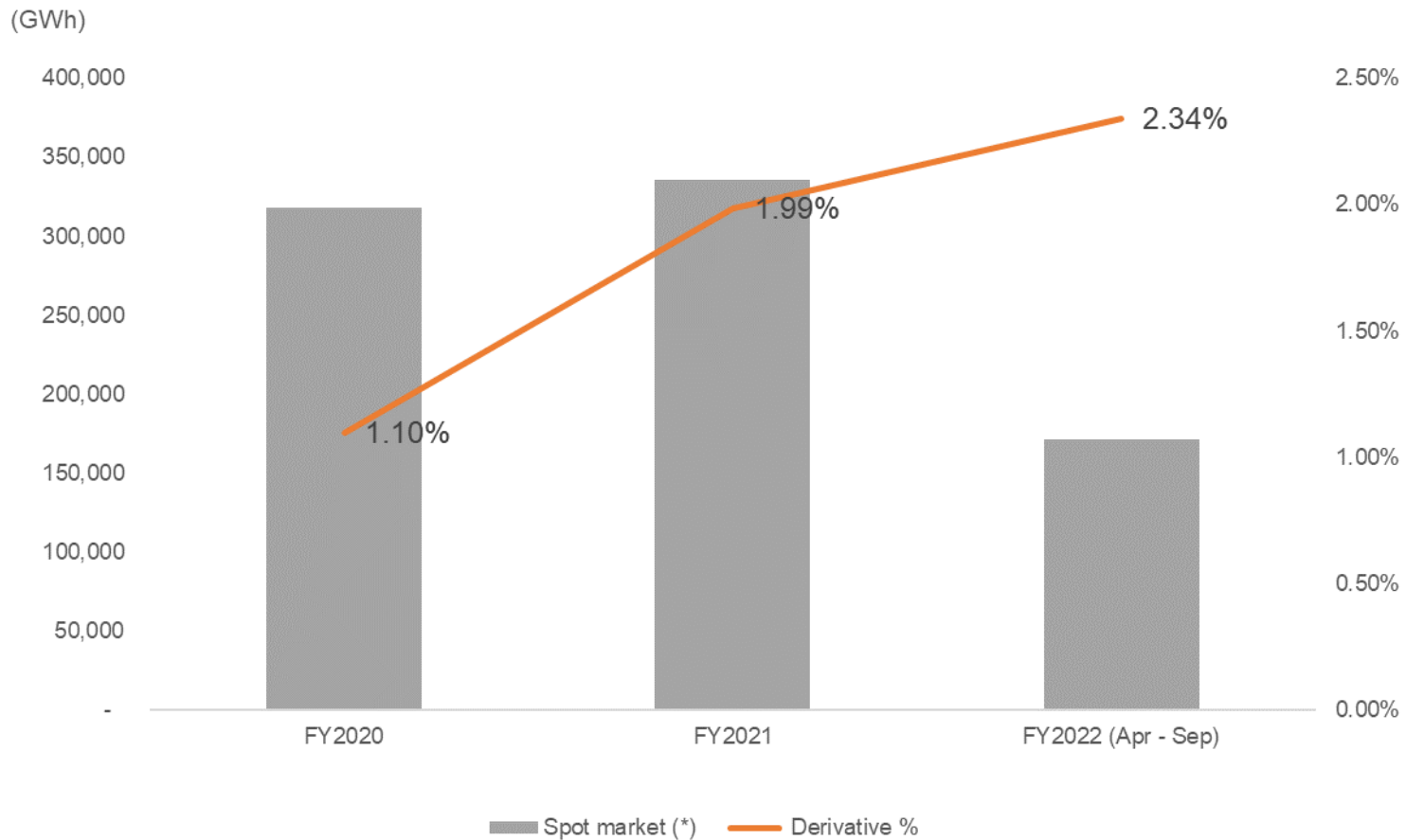
EEX Market Share in Japan

Leading market in cleared power futures contracts



Spot physicals vs Futures in Japan

Futures accounts for 2.3% of spot volume, but is growing steadily



(*) Total of JEPX Spot market and Intraday market

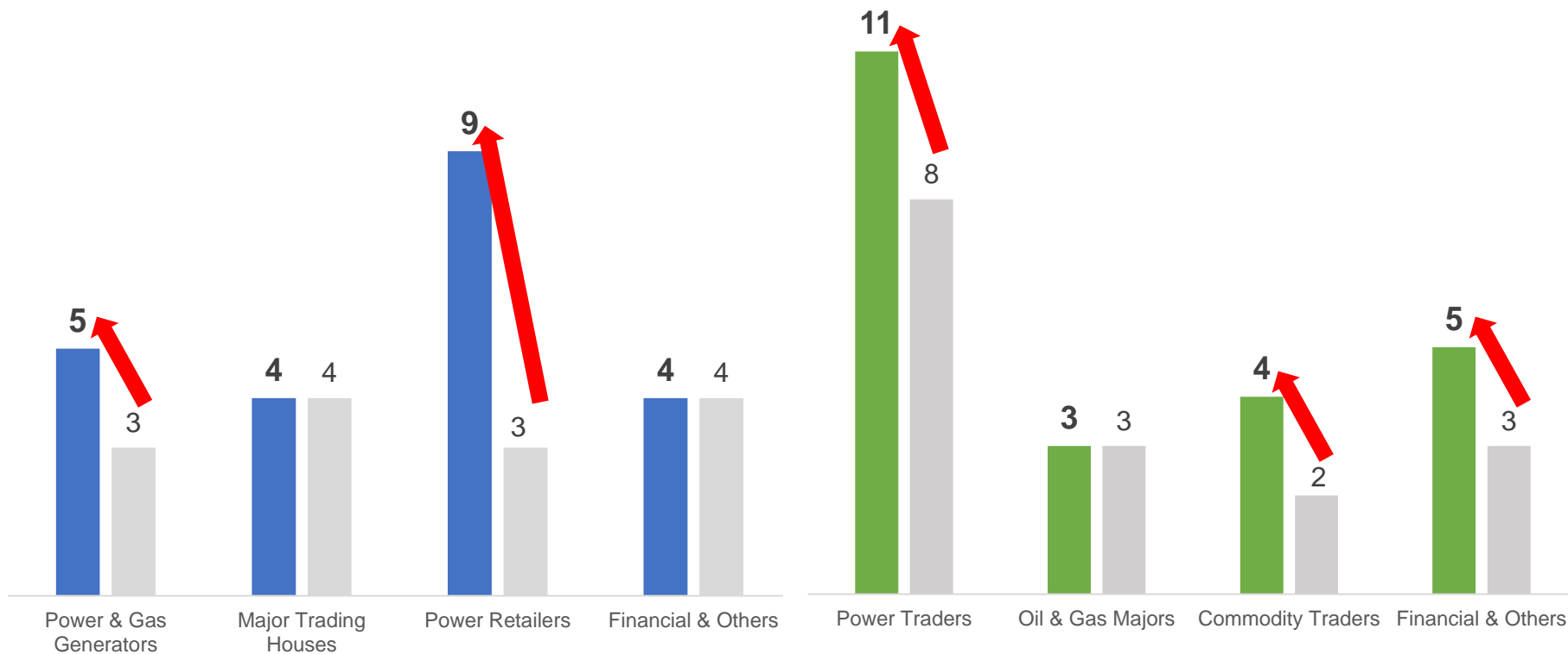
Participant breakdowns

30 (3rd TM in Nov 2021) => 45 players of 12 nationalities

More players are preparing to join EEX soon

Japanese companies (14 => 22)

International companies (16 => 23)



Agenda

Welcome Address

Volumes, Liquidity and Trends in EEX Japanese Power Futures Market

Outlook - New Product Initiatives

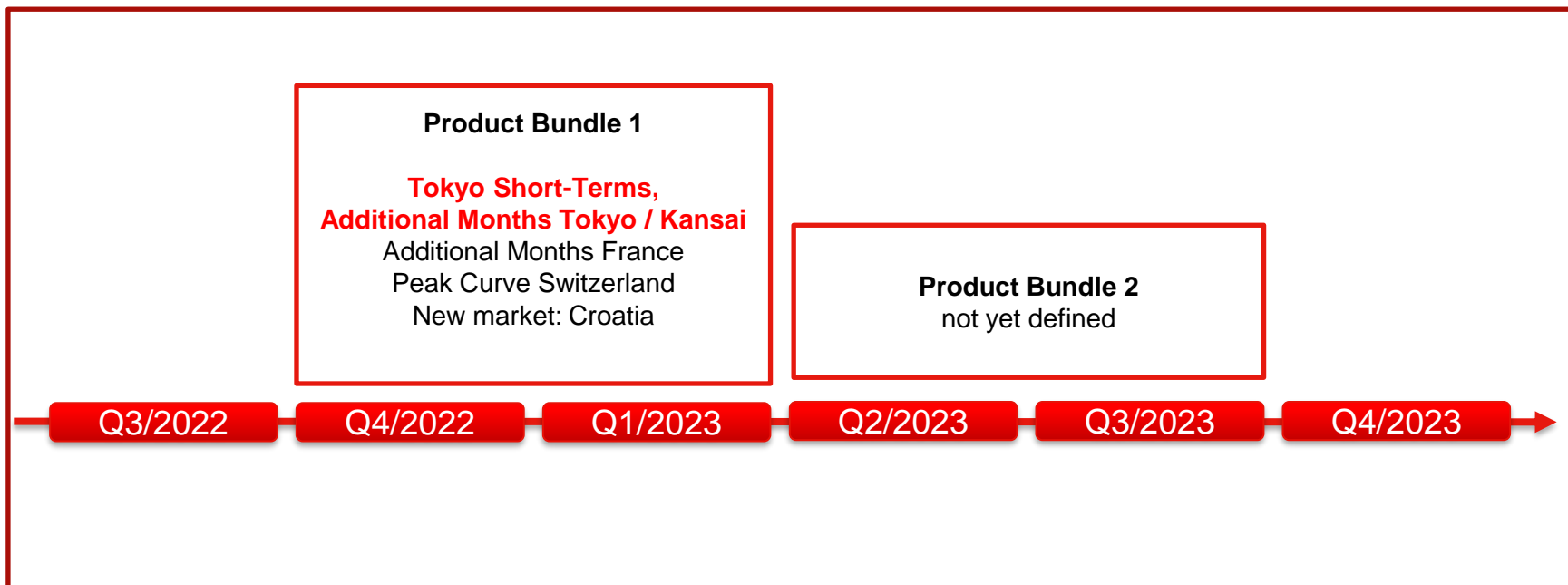
Developments in European Energy Markets

Touchpoint

Q & A (Japanese or English – interpretation available)

EEX Product Roadmap

Power Derivatives



	DONE in 2021	2022	Planned for 2023
Power Derivatives product initiatives	Options: DE, IT, FR, ES Base Future Style Options		Peak Futures: Spanish Power, Swiss Power
	10 Year Futures DE / IT / ES		Extension of maturities: French months, Japan months
			Daily Futures: Japan, Poland, Romania, Slovenia, Greece, Belgium

Outlook – New Product Initiatives

Daily Futures

- As announced in the Trader Meeting in May 2022, the launch of Daily Futures was postponed to 2023
- EEX is now working on the launch of following Daily Futures in Q1/2023:
 - **Tokyo Base Days**
 - **Tokyo Peak Days**
 - ➔ All days of the current week + next week ahead
 - **Tokyo Base Weekends**
 - **Tokyo Peak Weekends**
 - Next 2 weekends ahead
- Depending on market demand, Daily Futures for Kansai area can be part of one of the next product initiatives

Outlook – New Product Initiatives

Additional Monthly Expiries

- Following requests from market participants, EEX will extend the number of Monthly Futures expiries for Tokyo Base/Peak and Kansai Base/Peak
- EEX Japan Monthly Futures will be extended as follows in Q1/2023:
 - Now: current month + next 6 months ahead
 - **Extension: current + next 9 months ahead**

Outlook – New Product Initiatives

Further ideas

- In 2023 and beyond, EEX will continue to build the Japanese Power market together with the trading community
- Additional product ideas mentioned by market participants include:
 - Options
 - Financial Year Futures
 - Additional market areas in Japan
- **EEX encourages traders to reach out to us to discuss new product ideas**

Agenda

Welcome Address

Volumes, Liquidity and Trends in EEX Japanese Power Futures Market

Outlook - New Product Initiatives

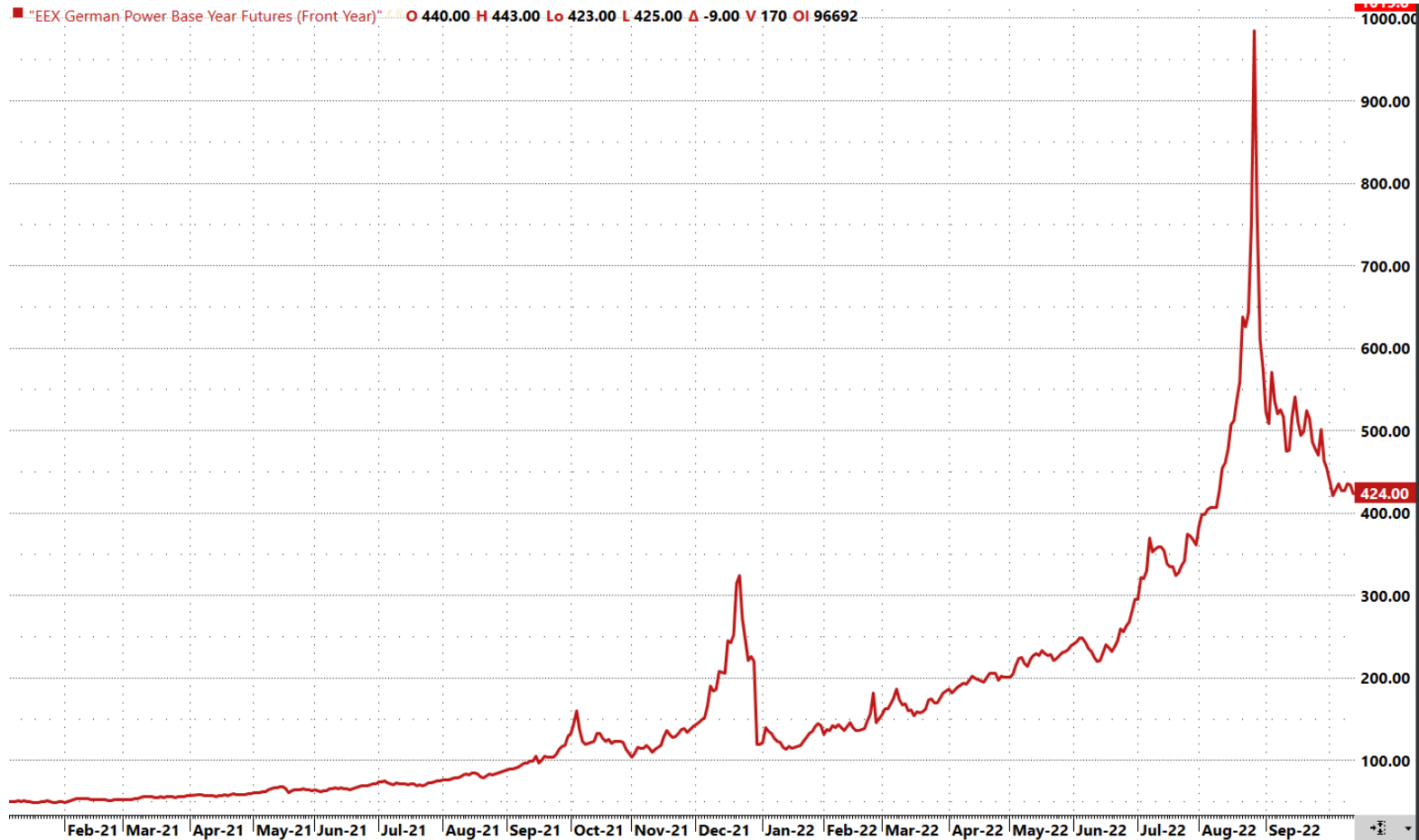
Developments in European Energy Markets

Touchpoint

Q & A (Japanese or English – interpretation available)

EEX European Power Markets in 2022

Unprecedented times impacting our key power markets (e.g. DE Power)

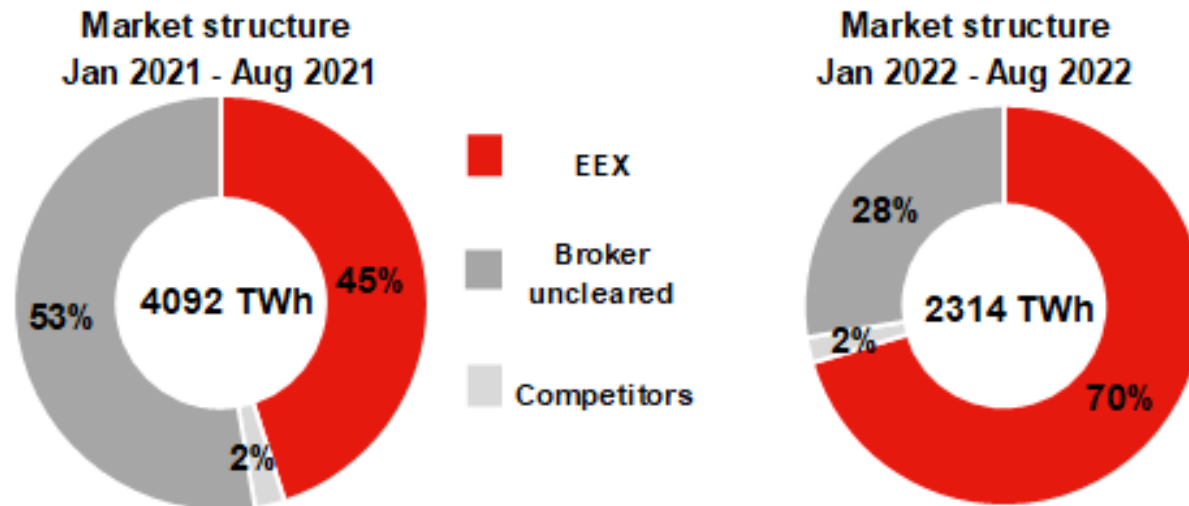


- Power markets dominated by extreme price movements and record price levels, reaching levels of up to 20-times long-term average in yearly futures
- EEX & ECC ensure stability of trading and clearing

General trends in European power and gas markets

- 1** **Extraordinary high prices** combined with **high margin requirements** limit capabilities of certain participants to trade.
- 2** **The total volumes on the wholesale markets decreased slightly.** This includes OTC bilateral (uncleared) traded volumes as well as exchange traded (cleared) volumes across markets and exchanges.
- 3** **Relative share of cleared volumes compared to bilateral OTC trading increased.** Whilst the overall pie of traded volume (i.e. total market size) is shrinking, a larger piece of it is being executed and cleared on the exchange.

German Power – significant market structure changes in 2022 because of the crisis



* Please note this does not include uncleared bilateral trades

- Overall traded volumes (i.e. uncleared and exchange-cleared volumes combined) decreased significantly
- The relative share of cleared transactions (either executed in the orderbook or deals registered for clearing) increased significantly

Agenda

Welcome Address

Volumes, Liquidity and Trends in EEX Japanese Power Futures Market

Outlook - New Product Initiatives

Developments in European Energy Markets

Touchpoint

Q & A (Japanese or English – interpretation available)

What is Touchpoint?

- Touchpoint is the new web based software application of EEX Group to facilitate trade registration at EEX Markets.
- Touchpoint brings together all EEX asset classes in a single, intuitive and easy to use platform. The feature rich system provides a comprehensive range of trade registration and administration services and tools, allowing users to control all parts of the OTC trade workflow.



What is Touchpoint?

- Touchpoint caters for a broad range of different users, with functions for clearing members, brokers and traders contained within a single platform:
 - Brokers can enter deals arranged on an OTC basis for submission to EEX on behalf of clients and access live EEX market information.
 - Clearing members can set client limits and manage their accounts.
 - Traders can see all deals being submitted on their behalf and access a range of data and analytics tools.
- In addition to its intuitive GUI, users can access the platform via a direct electronic connection allowing information to be transmitted live from Touchpoint into individual users systems.



Services & Benefits for Users – Clearing Members

Pre-Trade Risk Management	Account Management	Information & Connectivity
<ul style="list-style-type: none"> ▪ Limit setting for client business – covers agency clients and/or NCM and/or 3rd party clearing firms ▪ Limits available on a margin (IM contribution) or lot basis ▪ Accounts can be set to stop or allowed to trade with no limit. ▪ Default stop available for accounts with no limit set up. ▪ Limits can be set to cover all products, per asset class or per contract ▪ Combinations of limits possible – allows as much granular control as needed 	<ul style="list-style-type: none"> ▪ Full view of all client static data set up for Touchpoint ▪ All client ids, account codes and sub-account codes ▪ Ability to manage client data to ensure correct mappings and smooth flow of transactions into back office 	<ul style="list-style-type: none"> ▪ Live view of all client activity ▪ Live trade tapes and market analytics functions ▪ API (outbound and inbound) enables broad connectivity with the platform offering increased efficiency

Services & Benefits for Users – Brokers

Deal Submission

- Deal submission for Futures, Strips, Spreads
- STP to EEX with live status update showing deal progression from submitted to cleared
- All EEX asset classes available
- Ability to set up co-broking, either intra-firm or cross firm (available tentatively by Dec22)

Connectivity & Account Management

- Outbound API connectivity enables export of deals into back-office applications
- Inbound API connectivity offers the possibility to connect 3rd party systems to Touchpoint for OTC deals for submission to EEX
- View of all users
- View of all permissioned clients

Touchpoint Trade Registration

- Trade registration is easy and efficient in Touchpoint
- Static information and party relationships are maintained by the Touchpoint service team in Singapore

This screenshot shows the 'Block Trade' interface for a Spread trade. The 'Trade Type' is set to 'Spread'. The table below shows two legs of the spread:

Trade Type	Product	Contract	Type	Quantity	Strike	Price
BUY	Tokyo Area Base Future	NOV22	FUTURE		MW	/MWh
SELL	Tokyo Area Base Future	OCT22	FUTURE		MW	/MWh

This screenshot shows the 'Block Trade' interface for a Future trade. The 'Trade Type' is set to 'Future'. The 'Asset class' is 'Power' and the 'Product' is 'Phelix-DE Base'. The 'Strip' checkbox is checked, and 'Start' and 'End' dates are set to 'Please select'. The 'Clearing House' is 'EEX'. Below the trade details, there are sections for 'Buyer' and 'Seller' details, each with dropdowns for Company, Trader, Broker, and Account. At the bottom, there are fields for 'Broker Trade Id' and 'Comment', and buttons for 'REVIEW', 'CANCEL', and 'RESET'.

This screenshot shows the 'Block Trade' interface for an Option trade. The 'Trade Type' is set to 'Option'. The 'Option Type' is 'Please select', and the 'Strike Price' is 'Please select'. The 'Asset class' is 'Power' and the 'Product' is 'Phelix-DE Base Option'. The 'Instrument' is 'Please select'. The 'Price' and 'Quantity' fields are also present.

This screenshot shows the 'Block Trade' interface for a Combination trade. The 'Trade Type' is set to 'Combination'. The table below shows three legs of the combination:

Trade Type	Product	Contract	Type	Quantity	Strike	Price
BUY	Baltic Copesize STC Avg	Q1 23	PUT	90 days	\$ 14000 /day	\$ 1500
SELL	Baltic Copesize STC Avg	Q1 23	CALL	90 days	\$ 18000 /day	\$ 900
SELL	Baltic Copesize STC Avg	Q1 23	PUT	90 days	\$ 10000 /day	\$ 250

Operations & Support for Touchpoint

EEX Group Touchpoint will be operated as an ISV by EEX Asia and supported by a dedicated team in Singapore.

Team available during Asia and European trading day – 16 hours/day Monday-Friday.

Ability to assist with all areas of the platform and trade registration operations:

- Account set up and log in
- Addition and removal of users
- Set up of client static and static changes
- Limit setting assistance / management
- Entry of OTC deals, error handling and corrections

Agenda

Welcome Address

Volumes, Liquidity and Trends in EEX Japanese Power Futures Market

Outlook - New Product Initiatives

Developments in European Energy Markets

Touchpoint

Q & A (Japanese or English – interpretation available)

Contacts :

Bob Takai (Tokyo)

bob.takai@ext.eex.com

+81-90-8440-0106

Miyoshi Nishimura (Singapore)

mnishimura@eexasia.com

+65-8809-4260

Steffen Riediger (Leipzig)

steffen.riediger@eex.com

+49-17-4300-9830

› eex