
PRESS RELEASE

EEX Review of 2012

Trend towards short-term trading on the Power Market continues – Record volumes on the Natural Gas and CO₂ Market – Co-operations expanded further

Leipzig, 14 January 2013 – The European Energy Exchange (EEX) has further expanded and strengthened its leading role as a European energy exchange in a difficult market environment shaped by the turnaround in energy policy in Germany and regulatory developments. While the volumes on the Power Spot Market were slightly lower than the levels reached in 2011, significant increases in trade volumes were recorded on the markets for Natural Gas and CO₂ emission allowances.

“In a market environment which is still difficult, we achieved good trading results and successfully adjusted our product portfolio to the changed framework conditions in 2012”, explains Peter Reitz, Chief Executive Officer of EEX. “The aim of our measures has been and continues to be to improve liquidity on our markets, improve our services for our customers and further reduce obstacles faced by the trading participants. And we made significant progress regarding all of these aspects in 2012”, emphasises Peter Reitz.

*On the **Power Market**, the trend towards short-term trading continues. On the EEX Derivatives Market, the trading participants were increasingly active in short-term maturities, while they concluded fewer long-term trading transactions. For example, in 2012, 18 percent more power than in 2011 was traded in the day, weekend, week, quarter and month contracts on the Phelix Futures Market. In the year contracts, on the other hand, a volume which was 22 percent lower than in the previous year was generated. As a result, the trade volume on the Power Derivatives Market declined by 13 percent to 931 TWh compared to 1,075 TWh in the previous year. In spite of this decline, EEX succeeded in defending its position on the market compared with the over-the-counter market. For example, the London Energy Brokers’ Association (LEBA) recently reported a decline by 34 percent for the German power market last year.*

However, at the end of the year, the first signs pointing to a gradual calming of the situation as well as a new recovery on the Power Derivatives Market were observed. In particular, during November and December, EEX was able to record a significant in-

crease in trading activities. Furthermore, EEX was able to further strengthen the quality of its price signal – in 2012, the exchange's share in the total volume increased to 49 percent from 46 percent in 2011.

In 2012, the Power Spot Markets of EPEX SPOT once again generated a strongly positive development. The trade volume increased by 8 percent to 339 TWh in 2012 compared to 314 TWh in 2011.

*Trading in **natural gas**, EEX achieved new records both on the Derivatives Market and on the Spot Market. While the volume on the Derivatives Market rose by 11 percent to 39.5 TWh (2011: 35.5 TWh), spot trading increased by as much as 56 percent to 35.9 TWh (2011: 23.1 TWh). This positive development was based on the measures initiated in 2011, such as the expansion of the Spot Market to 24/7 trading and the introduction of spot trading for the Dutch TTF market area. The number of short-term trades concluded outside the core opening hours of the exchange increased further and reached a share of 35 percent in December. The Spot Market for the TTF market area also generated high growth rates. Furthermore, the EEX market share in TTF spot trading on the exchanges has increased, particularly since the beginning of the new gas business year in October 2012 and reached its maximum at 78 percent in December.*

In 2012, EEX successfully implemented further measures to increase liquidity, such as the introduction of incentive programmes, the improvement of participants' technical connection and additional services for gas traders. In addition, EEX also relies on the concept of co-operations in gas trading and concluded an agreement with the French Powernext exchange in November. Subject to the required approvals, both partners want to offer their gas products on a joint platform and introduce new products.

*Trading in **emission allowances**, in particular, generated record results in 2012. In this context, EEX increased the volume in trading in emission allowances by 139 percent to, in total, 254.6 million tonnes CO₂ last year (2011: 106.7 million tonnes CO₂). This development was driven largely by the expansion of the primary market auctions. For example, EEX was awarded the contract for the transitional German and European auction platform for emission allowances of the third trading period. Moreover, it has carried out EUA auctions on behalf of the European Investment Bank (EIB) and for countries, such as Lithuania, the Netherlands, the Czech Republic and Hungary. To date, it has executed more than 350 auctions smoothly.*

The new market participants acquired through the auctions also provide impulses for trading on the Secondary Market. New market makers, volume incentive programmes and fee holidays for new customers have further increased liquidity on the Secondary Market: compared with the previous year, the volume traded on the Secondary Spot Market increased by 30 percent, while the volume traded on the Derivatives Market increased by as much as 47 percent.

*In addition, the field of **clearing** further gained in importance in 2012. For example, the EEX clearing subsidiary European Commodity Clearing AG (ECC) expanded its network of partners. With the Prague-based PXE, ECC has found a new partner exchange and will also clear power for the Czech and Slovak market in the future. With Citigroup, Österreichische Kontrollbank and Banco Santander, ECC has admitted three further clearing banks. And first contacts were established even beyond Europe. For example, EEX has signed a memorandum of understanding with the Turkish transmission system operator TEIAS. Furthermore, ECC and EPEX SPOT have also established a partnership with the Brazilian Chamber for the Commercialisation of Electric Energy (CCEE).*

“We also aim to establish new partnerships in 2013 in order to expand our position on the market and provide further added value to our customers“, concludes CEO Peter Reitz the review of the year.

The European Energy Exchange (EEX) is the leading energy exchange in Europe. It develops, operates and connects secure, liquid and transparent markets for energy and related products on which power, natural gas, CO₂ emission allowances and coal are traded. Clearing and settlement of all trading transactions are provided by the clearing house European Commodity Clearing AG (ECC). EEX is a member of Eurex Group.



Contact:
European Energy Exchange AG
Katrin Berken
Telephone: +49 341 21 56 - 202
Fax: +49 341 21 56 - 109
E-Mail: katrin.berken@eex.com
www.eex.com
Augustusplatz 9 | 04109 Leipzig (Germany)