

## EPEX Expansion to the Nordics Markets

### Summary

We are pleased to inform you that ECC will offer clearing services for EPEX SPOT on the Danish, Finnish, Norwegian and Swedish power markets

- **For Intraday continuous products, expected go-live in January 2020, between the 3rd and 5th calendar week;**
- **For Day-Ahead auction products, expected go-live in March 2020, precise date to be confirmed shortly by the Nordic MNA Project;**

subject to regulatory approval and successful testing. The extension of cleared products is in line with EPEX SPOT's plans to launch trading in the Nordic region. EPEX SPOT will extend its trading offer to new market areas in the framework of the Guideline on Capacity Allocation and Congestion Management (CACM) which enables power exchanges to operate markets outside of their historical home markets. Thus, trading members active on EPEX SPOT will be able to trade in additional market areas via their EPEX SPOT membership, expanding their business opportunities through one single trading screen.

To prepare the launch of local products in the Nordic markets, this Clearing Circular outlines a number of changes that will impact you as of go-live. Further information such as the nominations process and code will be provided in due course. In the meantime, please do not hesitate to contact us should you need further information.

### Contact

European Commodity Clearing AG

Clearing & Settlement

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## Settlement Process

### Product Setup and Physical Settlement

The overview shows the new product groups which will be used within the ECC clearing system (SMSS) and nominations by ECC for Day-Ahead and Intraday hourly contracts:

a. Hourly Contracts on Power in Closed Auction Trading (EUR)

Name	ECC Product Group
Danish Power Day-Ahead – Energinet DK1	EPEX_ST_POWER_DK1
Danish Power Day-Ahead – Energinet DK2	EPEX_ST_POWER_DK2
Norwegian Power Day-Ahead – Statnett 1	EPEX_ST_POWER_NO1
Norwegian Power Day-Ahead – Statnett 2	EPEX_ST_POWER_NO2
Norwegian Power Day-Ahead – Statnett 3	EPEX_ST_POWER_NO3
Norwegian Power Day-Ahead – Statnett 4	EPEX_ST_POWER_NO4
Norwegian Power Day-Ahead – Statnett 5	EPEX_ST_POWER_NO5
Swedish Power Day-Ahead – Svenska kraftnät 1	EPEX_ST_POWER_SE1
Swedish Power Day-Ahead – Svenska kraftnät 2	EPEX_ST_POWER_SE2
Swedish Power Day-Ahead – Svenska kraftnät 3	EPEX_ST_POWER_SE3
Swedish Power Day-Ahead – Svenska kraftnät 4	EPEX_ST_POWER_SE4
Finnish Power Day-Ahead – Fingrid	EPEX_ST_POWER_FIN

b. Hourly Contracts on Power in Continuous Trading (EUR)

Name	ECC Product Group
Danish Power Intraday – Energinet DK1	EPEX_IT_POWER_DK1
Danish Power Intraday – Energinet DK2	EPEX_IT_POWER_DK2
Norwegian Power Intraday – Statnett 1	EPEX_IT_POWER_NO1
Norwegian Power Intraday – Statnett 2	EPEX_IT_POWER_NO2
Norwegian Power Intraday – Statnett 3	EPEX_IT_POWER_NO3
Norwegian Power Intraday – Statnett 4	EPEX_IT_POWER_NO4
Norwegian Power Intraday – Statnett 5	EPEX_IT_POWER_NO5
Swedish Power Intraday – Svenska kraftnät 1	EPEX_IT_POWER_SE1
Swedish Power Intraday – Svenska kraftnät 2	EPEX_IT_POWER_SE2
Swedish Power Intraday – Svenska kraftnät 3	EPEX_IT_POWER_SE3
Swedish Power Intraday – Svenska kraftnät 4	EPEX_IT_POWER_SE4
Finnish Power Intraday – Fingrid	EPEX_IT_POWER_FIN

### Financial Settlement

Financial settlement will be performed in Euro currency for all contracts on all spot markets.

Although the invoicing process will remain unchanged, the monthly invoice will include the following additional information in the event the trading participant is active in Norway:

- The trading participant's VAT ID in Norway;
- Total Net, Gross and VAT amounts of the invoice in both Euro and Norwegian krone;
- The applicable VAT rate in Norway of 25%;
- The conversion rate from Euro to Norwegian krone on the day the invoice is issued.

## Trading Limits

The new products will be included in the respective financial trading limits for Day-Ahead auction trading and Intraday continuous trading. Trading participants are requested to contact their Clearing Members (CM) in case limit adjustments are required. Please contact [limits@ecc.de](mailto:limits@ecc.de) for further information.

## Margining

Exposures will be included in the time series of exposures used for daily calculation of the Spot Initial Margin (IMSM) and will also be included in the Current Exposure Spot Market (CESM). They will be netted with exposures from all other spot market transactions providing full cross-margining effects across all cleared spot venues of ECC. The margin requirement is listed in the report “Daily Margin” (cc750) and will be contained in the margin classes “IMSM” and “CESM”.

## Member Readiness

### Clearing Members

The ECC clearing licence for Clearing Members already covers clearing of the new EPEX Nordic Power products.

### Non-Clearing Members and Direct Clearing Participants Admission

Trading participants who are already admitted for trading at EPEX SPOT markets and want to extend their respective Day-Ahead auction and/or Intraday continuous trading in the respective areas, are requested to fill out the following TP Forms:

- TP\_EPEX\_01a for Denmark when the trading participant holds its own balance area agreement
- TP\_EPEX\_01b for Denmark when the trading participant holds a third party balance area agreement;
- TP\_EPEX\_02a for Norway, Sweden and Finland when the trading participant holds its own balance area agreement;
- TP\_EPEX\_02b for Norway, Sweden and Finland when the trading participant holds a third party balance area agreement;

The respective TP Forms are available on ECC’s website.

The system setup for the customer will then be completed by ECC whilst the respective Clearing Member approves the extension of market areas.

- The duly completed forms for **Intraday continuous products** must be returned to ECC by **09 December 2019** to secure trading from the go-live date.
- The duly completed forms for **Day-Ahead auction products** must be returned to ECC by **10 February 2020** to secure trading from the go-live date.





Customers who are not yet admitted at ECC and / or EPEX SPOT SE are kindly invited to run the standard admission process with ECC Member Readiness and EPEX SPOT Membership (membership@epexspot.com).

### Balance Responsible Party Registration

Trading participants must register a Balance Responsible Party with

- Energinet, Fingrid, Statnett or Svenska Karftnäet, the Nordic TSOs, for trading on the Nordic market areas (DK1-DK2, FIN, NO1-NO5 and SE1-SE4)
- eSett, the central company responsible for imbalance settlement and invoicing of the Balance Responsible Parties in Finland, Sweden and Norway, for trading on the Finnish, Swedish and Norwegian Market Areas

The eSett market model accounts for several layers at which data is reported. Retailers (RE) and Balance Responsible Parties (BRP) can be linked to each other through a variety of relationships as illustrated below:

Type of BRP/RE relationship	Figure
BRP trades and nominates on its own account (BRP=RE)	
RE trades and has own BRP account	
RE trades and has a contract with another BRP (or 1 BRP account per market area)	
RE trades and uses the BRP account of another RE	

Trading participants will be kindly asked to accurately capture their BRP/RE relationship in the TP form(s) TP\_EPEX\_02a/02b available on ECC's website.

### VAT Rules in EU Member States and in Norway

Trading participants must be taxable persons for Value Added Tax or comparable taxes.

Trading participants who already own a valid VAT number in one of the European Union member states can trade on the Danish, Finnish and Swedish markets without any further action to abide by the VAT regulations applicable in those markets.

Trading participants who wish to trade on the Norwegian market are required to register for VAT with the Norwegian Tax Administration and have to fulfil all VAT obligations in Norway. Obtaining a Norwegian VAT number is mandatory. Further information about the registration process is available [here](#).

The Norwegian VAT number is requested within the TP form(s) TP\_EPEX\_02a/02b.