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Migration of Trading System from EuroLight to M7 and ETS for EPEX UK Market

EPEX Spot plans to extend its trading systems ETS and M7 to the UK Market. ETS for auction market and M7 for continuous market will replace the current EuroLight® trading system.

Both migration steps are planned to take place in the first and in the second quarter of 2018, starting with the auction market Go-Live on 27 February 2018 and ending with the migration of the continuous market in Q2 2018. The migration steps are subjects to successful implementation and testing. To minimize the impact on its members, EPEX and ECC will bundle the technical changes of this migration processes.

The migration will impact the financial trading limits, which need to be managed by the Trading Participants together with the respective Clearing Members.

This Clearing Circular aims to inform about the related changes. The exact dates of the migration will be announced on a later stage and will be subject to a dedicated circular.

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Background for this change

The final step to integrate the former APX Group into EPEX SPOT is the migration of the current EuroLight® trading system used for the UK auction and continuous markets to ETS and M7, respectively.

The migration will take place in two stages in Q1 and Q2 2018 and will be a subject to successful implementation and testing:

- The Day-Ahead Auction market (11:00 UK local time) and the UK HH DAM Auction market (15:30 UK local time) are planned to be migrated in a first step on 27 February 2018
- The continuous market migration is planned to take place as a second step in Q2 2018

Trading participants will benefit from the harmonized auction and continuous trading platforms for both auction and continuous markets.

Changes to Trading Limit Services

In line with the technical change there will be several changes to trading limits that are set in the trading system. These changes are as follows:

As of Trading System migration for auction trading to ETS:

- The existing trading limit EPEX_AUCTION_EUR will then cover auction trading for the continental market areas **and** the UK market area. This includes the hourly auction as well as any intraday auction. An FX conversion will be done within the trading exposure calculations of the Trading System where required.
- A new trading limit for auction trading in ETS can be defined in ECC Member Area (EPEX_AUCTION_GBP). This limit covers the same trading exposure as the existing limit EPEX_AUCTION_EUR, but the limit value is denoted in GBP. Therefore either EPEX_AUCTION_EUR or EPEX_AUCTION_GBP should be set, depending on the preference of the Clearing Member or Settlement Member, but not both in parallel.
- After the migration EPEX SPOT will reset the limit for the trading exposures each auction day at 4 PM CET (i.e. each calendar day). This follows the same approach as today for ETS system for the Limit Definition EPEX_AUCTION_EUR. The EuroLight® Trading system (Limit Definition APXUK_GBP) resets today the limit each GBP business day. Therefore Clearing Members should review the required Limits to respect the new reset logic by the exchange.
- The combined trading limits set in EuroLight® (APXUK_GBP) could be adjusted after the migration to a value needed to cover continuous trading activities.

As of Trading System migration for continuous trading to M7:

- A new trading limit for continuous trading in M7 can be defined. The limit will be denoted in GBP and will only be used for the UK continuous market.

- After the migration EPEX SPOT will reset the limit for the EPEX_CONTINUOUS_EUR/GBP trading exposures each business day at 4 PM CET. There will be a unique settlement calendar for both EUR and GBP limits.
- The maintenance process for this new limit will be done via E-Mail to limits@ecc.de similar to the existing limit for EPEX continuous market in continental Europe.
- In preparation to this change ECC will publish a new version of ECC Risk Management Services manual, including the updated Limit Definitions. The manual can be found at <https://www.ecc.de/ecc-en/member-section/user-guides-manuals>.

The trading participants are advised to agree with their Clearing Members required actions to distribute an existing trading limit for APXUK_GBP into EPEX_AUCTION_EUR/GBP and the separate financial trading limit for EPEX Spot continuous trading in UK.

As overview please find below the recommended steps:

Migration Step	Impacted limit APXUK_GBP (EuroLight® UK)	Impacted limit EPEX_AUCTION_EUR EPEX_AUCTION_GBP (ETS)	Impacted limit EPEX_CONTINUOUS_GBP (M7)
Migration of EPEX UK Auction Trading from EuroLight® to ETS	Possibly decrease limit by the amount reserved for auction trading	Possibly increase limit by the amount reserved for Day-Ahead trading in EPEX UK	None
Migration of EPEX UK Intraday Continuous Trading from EuroLight® to M7	Cancellation of limits	None	Setup new limit by the remaining amount reserved for intraday trading in EPEX UK

ECC offers to take over the respective activities on behalf of the Clearing Members, to ensure a proper transition during the migration timetable, aligned with the involved exchanges.

In case a Clearing Member would like to make use of the On-Behalf Service, please contact limits@ecc.de to provide the limits for the migration. ECC will make sure that the limit changes will be sent to the exchanges during the migration.

It should also be noted that with the date of the migration of the trading limits for EPEX UK continuous markets, the trading limits for continuous trading (continental Europe and UK) will not be mandatory anymore. If no limit is communicated by the Clearing Member, then the trading participant can trade in an unlimited fashion.

Changes to ECC Trade Reports for Spot trades

With the replacement of EuroLight® by ETS for auctions and M7 for continuous trading, ECCs reports will no longer show a EuroLight® trade ID in the field, “Exchange Text Field”. After migration to ETS and M7, an internal system’s assigned Trade ID and the M7 trade ID respectively, will be shown in column “Exchange Trade ID”.