

## Introduction of Powernext Guarantees of Origin Auction

### Summary

Powernext (PWX) has been mandated by the French state to operate the registry for Guarantees of Origin (GO) for the next five years. The mandate comprises the operation of regular auctions. The first auction is envisaged for **18 September 2019** and will take place every 3<sup>rd</sup> Wednesday of the month.

ECC will conduct clearing services for the Guarantees of Origin auction.

This Clearing Circular contains information regarding the product setup, the clearing and settlement processes as well as the preconditions for participation.

Please do not hesitate to contact ECC if you should require any further information.

### Contact

European Commodity Clearing AG  
Clearing & Settlement  
Phone: +49 341 24680-444  
E-mail: [clearing@ecc.de](mailto:clearing@ecc.de)

## Product Setup

The product for the GO auction will be setup as spot product as follows within the ECC clearing system:

SMSS Product Group	Product Name
PWX_ST_GOFR_NRGO	Day-Ahead Spot trade at POWERNEXT on Guarantees of Origin at French National Registry

Detailed information on the product setup is provided in the ECC Clearing Specification which is available for download on the ECC website.

## Clearing Process

### Financial settlement

The trades concluded at the auction for Guarantees of Origin will be processed and settled into ECC's spot clearing system SMSS on the auction day. All transactions will be available in ECC's Member Area shortly after the auction and will be integrated into the ECC standard reporting to members (Trade and Payment report) upon request. The commodity amount will be netted with all other spot market payments and settled via the Clearing Member or Settlement Bank respectively on the following ECC business day (D+1).

### Delivery process

The delivery will occur via PWX as the operator of the French registry for Guarantees of Origin. For further details on the registry account and delivery process please contact [go-admission@powernext.com](mailto:go-admission@powernext.com).

### Margining and Trading Limit for NCM/CM

As PWX Guarantees of Origin are traded in monthly auctions ECC does not calculate an Initial Margin Spot Market as for other markets but requests a pre-auction margin. This pre-auction margin is based on the available pre-trade limit in the trading system. Orders in the trading system are only possible up to the pre-trade limit.

Trading participants should establish their required limit according to their expected trading behaviour and request the setting of a limit with their Clearing Member in the ECC Member Area. A dedicated limit, `PWX_GOFR_EUR`, will be implemented by ECC. The trading limits can be modified until D-1 16:00 CET. These limits cannot be changed by NCMs directly. A client can participate in the auction only if its financial pre-trade limit is higher than zero. The limit can be maintained after the auction and does not need to be changed.

A pre-auction margin (PAMA) will be booked by ECC according to the pre-trade limits set in the ECC Member Area on D-2 EOD and on D-1 EOD. The margin will be released on the auction day (D) EOD.

The details of the process are as follows:

Time	Action	Who
Until D-2 16:00 CET	Setting of limit for each NCM participating at the auction (recommended)	CM
D-2 18:00 CET	Booking of pre-auction margin according to financial pre-trade limit	ECC
Until D-1 16:00 CET	Modification of pre-trade limit for NCM participating at the auction possible	ECC, CM
D-1 18:00 CET	Booking of pre-auction margin according to financial pre-trade limit	ECC
D 18:00 CET	Release of margin after the auction.	ECC
D+1 8:00 CET	Processing of cash collateral withdrawals if applicable	ECC

The pre-auction margin requirements will be reported in the PAMA margin class in the EUREX Report CC050 Daily Margin.

For DCP Clearing Members, no pre-auction margin is calculated but standard procedures apply subject to the DCP readiness of the French GO market.

### Fees and Invoicing

For the participation in the PWX Guarantees of Origin auction no clearing fees and no membership fees will be charged in 2019. All registry and auction-related fees are exclusively debited by Powernext. Standardly the invoicing of the commodity amount will be included into ECC's standard invoicing procedure. Also the invoice will contain an attachment showing the specification of the purchased certificates.

In case of admission in further spot or derivatives markets the standard membership fees will apply. For further details please refer to the ECC price list.

## Preconditions for Participation

### Clearing Member

The ECC clearing licence for Clearing Members already covers the clearing of the Powernext Guarantees of Origin product.

### Non-Clearing Member

The participation in the Guarantees of Origin auction requires the approval as trading participant in this market. Therefore the admission form "TP\_PWX\_02" needs to be provided to ECC Member Readiness by mail or email (memberreadiness@ecc.de).

## Direct Clearing Participants

Powernext intends to offer the Direct Clearing Participant model for the Guarantees of Origin market. Existing DCP Clearing Members could send their admission requests by providing the admission form “TP\_PWX\_02” as well. The admission for the PWX Guarantees of Origin market is subject to final DCP readiness of this market as shown on ECC’s website. Furthermore only companies based in a country approved by ECC for DCP Clearing can be admitted.

All required admission forms are available on ECC’s website.

Customers who are not yet admitted at ECC and/ or PWX need to run the standard admission process with ECC Member Readiness and PWX Membership ([go-admission@powernext.com](mailto:go-admission@powernext.com)).

All clients interested in participating at the first auction need to hand in the complete required admission forms and documents until 31 July 2019 at the latest.