

Introduction of pan-European Guarantees of Origin market operated by EPEX SPOT

Summary

The European Power Exchange (EPEX SPOT), European Energy Exchange (EEX) and European Commodity Clearing (ECC) plan to launch the first exchange-based pan-European spot auction for Guarantees of Origin (GOs) as part of EEX Group's ongoing efforts to support the energy transition with market instruments. The first auction is planned for 28 September 2022, subject to technical and member readiness. The auctions will be held on a monthly basis.

ECC will act as the central counterparty and conduct clearing and settlement.

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 require any further information.

Contact

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Product Setup

The product for the pan-European spot auction for GOs will be set up as a spot product within the ECC clearing system as follows:

SMSS Product Group	Product Name
EPEX_ST_GOEU_NRGO	Spot trade at EPEX SPOT on GOs at the French GO Registry

ECC provides detailed information in the ECC Product Specification File which is available for download on the [ECC website](#).

The auction calendar will be available on the [EPEX SPOT website](#).

Clearing Process

Financial Settlement

Trades concluded in the pan-European GOs spot auction will be processed and settled into ECC's spot clearing system SMSS on the auction day (D). The commodity amount will be netted with all other spot market payments and settled for Non-Clearing Members (NCMs) via the Clearing Members (CMs) or for Direct Clearing Participants (DCPs) via the settlement banks on the next ECC business day (D+1) following the auction date.

Delivery Process

Participants can transfer their GOs from 10 days before the auction (at 16:00 CET) until 2 days before the auction (at 16:00 CET) from their delivery account to the EPEX SPOT account at the French GO Registry.

- Where GOs have not been sold at the auction, they will be transferred back after the auction to the participant's delivery account.
- Where GOs have been sold at the auction, they will be transferred from the ECC account at the French GO Registry to the delivery account of the buyer during the following business day (D+1).

Margining and Trading Limit

As EPEX SPOT pan-European GOs are traded in monthly auctions, ECC does not calculate an Initial Margin Spot Market as for other spot markets but requests a pre-auction margin (PAMA). This PAMA

is based on the available pre-trade limit which is set by the CM in the ECC Member Area. Orders in the auction system are only possible up to the pre-trade limit.

Trading participants should liaise with their respective CM for the setting of the appropriate trading limit. These limits cannot be changed by NCMs directly. A dedicated limit, EPEX_GOEU_EUR, will be implemented by ECC.

ECC recommends setting the limit for each NCM participating until D-2 16:00 CET. The trading limits can be modified until D-1 16:00 CET.

A trading participant can only participate in the auction, if its financial pre-auction limit is higher than zero. If no limit is provided for a trading participant, the default limit is zero and all buy orders will be rejected; meaning that the member cannot take part in the auction.

The limit can be maintained after the auction and does not need to be changed.

The PAMA will be booked by ECC according to the pre-auction 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) end of the day. On D+1 8:00 CET ECC will process the cash collateral withdrawals, if applicable.

The details of the process are as follows:

Time	Action	Who
Until D-2 16:00 CET	Setting of limits for each NCM participating in the auction (recommended)	CM
D-2 18:00 CET	Booking of PAMA according to financial pre-trade limit	ECC
Until D-1 16:00 CET	Modification of pre-trade limits for NCMs participating in the auction is possible	ECC, CM
D-1 18:00 CET	Booking of PAMA 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 PAMA requirements will be reported in the PAMA margin class in the EUREX EoD Report CC750 Daily Margin.

For DCPs, no PAMA is calculated, but the standard procedure is applied, subject to the DCP readiness for the EPEX pan-European GOs market.

Reporting

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, delivery and payment reports).

Fees and Invoicing

ECC will charge a clearing fee in ct/MWh including the delivery of GOs and an annual membership fee for DCPs. ECC will provide information about the fees in a dedicated circular in due time.

As for any other spot products, the commodity amount and respective clearing fees will be included in ECC's standard invoicing procedure. The invoice will also contain an attachment showing the specification of the purchased certificates.

Preconditions for Participation

Clearing Member

The ECC clearing license for CMs already covers the clearing of the EPEX pan-European GOs spot auction product.

Non-Clearing Member

Participation in the EPEX pan-European GOs spot auction requires approval as a trading participant in this market. Therefore, trading participants who are already admitted for trading at EPEX SPOT markets and want to extend to the EPEX pan-European GOs market, are requested to fill out the following forms:

- TP_EPEX_01a
- KYC GO Appendix
- Trading Agreement / TAA
- GO-Mandate Agreement
- Standard Terms and Conditions (STC) with French GO Registry

The admission package needs to be provided either directly to your Sales Key Account Manager and/or EPEX Membership Team (membership@epexspot.com).

Direct Clearing Participants

ECC intends to offer the DCP model for the EPEX pan-European GOs market. Existing DCP Clearing Members can send their admission requests by providing the above mentioned forms.

Admission for the EPEX pan-European GOs market is subject to final operational 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 the ECC website.

The duly **completed forms** must be returned to ECC/EPEX by **4 September 2022** to secure trading from the go-live date.

The system setup for each customer will be completed whilst the respective CM approves the extension of this market. Please express your intention to your CM beforehand.

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