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► **ECC Clearing Circular 50/2016 | 2016-11-07**

Go-Live of EPEX French Capacity Market

**Summary**

With the Clearing Circular No. 45/2016 “Introduction EPEX French Capacity Market” ECC informed about offering clearing services for French capacity guarantees traded at EPEX SPOT SE.

The first auction will be conducted on **15 December 2016 at 14:30 CET**.

Further information on the product setup, auction process, ECC reporting as well as admission requirements and member tests are provided hereinafter.

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## Product Details

The French capacity guarantees (CG) offered for trading at EPEX SPOT will be setup for the first auction as follows in the ECC clearing and settlement system SMSS:

<b>SMSS Product Group</b>	EPEX_ST_CGFR2017_DMS
<b>Product Name</b>	French Capacity Guarantees with delivery year 2017
<b>ECC registry account at RTE</b>	<i>Details will be sent to all members directly.</i>
<b>Contract Volume / Unit of Measurement</b>	1 CG (Capacity Guarantee) represents 0.1 MW of certified capacity
<b>Limit Definition (financial limit)</b>	EPEX_CPCTY_EUR

The ECC product group is used for reporting and invoicing purposes. Detailed information on the product setup is provided in the ECC Clearing Specification, which is available for downloading on ECC's [website](#).

## Auction process and details on trading limits

### Pre-delivery obligation for sale-side

Trading participants who wish to sell CGs during the upcoming auction at EPEX SPOT have to pre-deliver CGs to ECC's registry account with RTE starting at 07:00 CET on D-10 (10 calendar days before the auction) until 19:00 CET on D-2 at the latest. Pre-delivered CGs will be converted to a sale-side quantity limit applicable for the respective auction.

### Pre-trade quantity limits

Limits will be regularly synchronized between ECC and EPEX SPOT. NCMs are only able to submit bids up to the amount of pre-delivered CGs (equals ECC's quantity limit). Please consider that any increase of the quantity limit resulting from deliveries of CG is only transmitted to EPEX and synchronized within the EPEX trading system CTS on the ECC business day following the successful delivery of CGs to ECC's registry account at 16:00 CET.

### Pre-trade financial limits

Clearing Members (CM) will have the possibility to agree additionally on a financial trading limit with their Non-Clearing Member(s) (NCM). Limit settings will have to be maintained within ECC's Member Area using the limit definition EPEX\_CPCTY\_EUR and are available as of 1 December 2016, prior to the first auction.

Financial trading limits can be edited any time up to 16:00 CET on D-1 at the latest. If no limit is defined, all buy orders will be accepted automatically. The financial limit is an overall limit valid for the auction day; the value of orders in the order book have to be less or at maximum equal to the financial limit to be accepted. To calculate the order value the worst possible price is taken into account, the technically highest possible price set-out in the market rules or in case of limit-orders the price limit of the order. Any amendment of the financial limit automatically triggers a validation

and re-checking of all orders already entered by the NCM taking into account the new limit and might lead to cancellation of orders if required.

More details on the limit process and the limit definition are available in the ECC Risk Management Services manual available on ECC's [website](#).

### Process

	Deposit Process		Limit Process		Auction Process
	NCM	ECC	CM	ECC/EPEX	NCM/EPEX/ECC
<b>D-10</b>	<b>07:00 CET Start:</b> Transfer of CGs by seller to ECC registry account		<b>09:00 CET Start:</b> Setting financial limits		
<b>D-9</b>	↓	<b>10:00 CET Start:</b> Credit of CGs on seller's internal delivery account at ECC		<b>09:00 CET Start:</b> Transfer financial limits <b>16:00 CET Start:</b> Transfer quantity & financial limits	
<b>D-8</b>			↓		
<b>D-7</b>					
[...]					
<b>D-2</b>	<b>19:00 CET End:</b> Transfer of CGs by seller to ECC registry account	↓		↓	
<b>D-1</b>		<b>10:00 CET End:</b> Credit of CGs on seller's internal delivery account at ECC	<b>15:59 CET End:</b> Setting financial limits	<b>16:00 CET End:</b> Transfer quantity & financial limits	↓
<b>D</b>					<b>14:30 CET:</b> Gate Closure & matching process EPEX <b>14:45 CET:</b> Publication of results EPEX
<b>D+1</b>					<b>08:00 CET:</b> Financial settlement ECC <b>08:30 CET Start:</b> Physical settlement ECC

After the auction at 14:30 CET, EPEX will publish the results at 14:45 CET and will send them to ECC for clearing. Financial and physical settlement will start at 08:00 CET on D+1. Firstly all successful buyers will receive the respective amount of CGs to their registry account. Please note the transaction has to be approved by the receiving party within the registry itself. CGs which could

not be auctioned-off will be re-transferred to the respective NCM registry account. This also requires an approval by the receiving party in RTE's registry. The physical settlement will be completed at the latest 2 business days after the auction.

## Margining

Exposures from transactions in French CGs will be included in the Current Exposure Spot Market (CESM). The exposures 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 Eurex Report CC050 and will be contained in the corresponding margin class "CESM". The CESM will be released one ECC business day after the auction as soon as financial settlement has been completed.

## Reports

All trades will already be made available in the ECC Trade and Payment Report on the auction day; the amount of pre-delivered CGs to ECC's registry account will be made available in the Delivery Report. ECC provides all standard XML and PDF reports for the French Capacity Market (FCM). Detailed information on the available reports is contained in the ECC Report Specification, which is available for downloading on ECCs [website](#).

## Admission

### Non-Clearing Member

Trading participants who are already admitted for trading at EPEX have to submit the respective TP form for trading EPEX French capacity guarantees to ECC latest until 18 Nov 2016. The TP form is available on ECCs [website](#). A precondition to participate in trading French CG is to have an RTE registry account in place.

### Direct Clearing Participant

From now on, Direct Clearing Participants (DCP) at ECC can also participate in the FCM. Only companies based in a country approved by ECC for DCP clearing can be admitted. Further details are provided in ECC's Clearing Circular 38/2016 "Introduction of ECC Direct Clearing Participant Model".

Companies that intend to participate in the first FCM auction in December 2016 as a DCP will have to provide the necessary forms (available on ECCs [website](#)) latest until 18 November 2016.

## Member Tests

### General information

EPEX and ECC plan to perform common member tests for NCMs between **21 November and 2 December 2016**. As RTE will not be involved in these tests, members who wish to sell CGs will have the possibility to virtually transfer CGs to ECCs account by sending an e-mail to [clearing@ecc.de](mailto:clearing@ecc.de) including the amount of CGs they wish to sell during the test. Transferring CGs will be done by ECC only twice (see table below). Members who would like to test the financial limits can request the setup of a financial limit at [limits@ecc.de](mailto:limits@ecc.de). Members who want to buy CGs can place their orders latest until 1 December 2016 14:29 CET. On 1 December 2016 at 14:30 CET the test auction in the EPEX trading system CTS takes place. After the matching process, ECC performs financial and physical settlement including the provision of the respective reports to the participating NCMs.

### Test planning

Date	Time	Who	What
21 Nov 2016	until 19:00 CET	Members	E-mail including the quantity of CGs you want to sell during the auction (for sellers) or a financial limit (for buyers) and EPEX member ID
22 Nov 2016	09:00 CET 16:00 CET	ECC	First internal deposit process ECC: update of financial limit (09:00 CET) and quantity limit (16:00 CET)
24 Nov 2016	14:30 CET	Members	Order book opening: send your orders via your CTS link (until 01 Dec 2016, 14:30 CET)
25 Nov 2016	until 19:00 CET	Members	E-mail including the quantity of CGs you want to sell during the auction (for sellers) or a financial limit (for buyers) and EPEX member ID
28 Nov 2016	09:00 CET 16:00 CET	ECC	Second internal deposit process ECC: update of financial limit (09:00 CET) and quantity limit (16:00 CET)
01 Dec 2016	14:30 CET	EPEX	Test auction
02 Dec 2016	08:00-14:00 CET	ECC	Financial and physical settlement – distribution of reports to members