

# EEX / Access to EUA

Miyoshi Nishimura  
EEX Asia  
11 October 2023

› eex

› epexspot

› eexasia

› nodal

› ecc

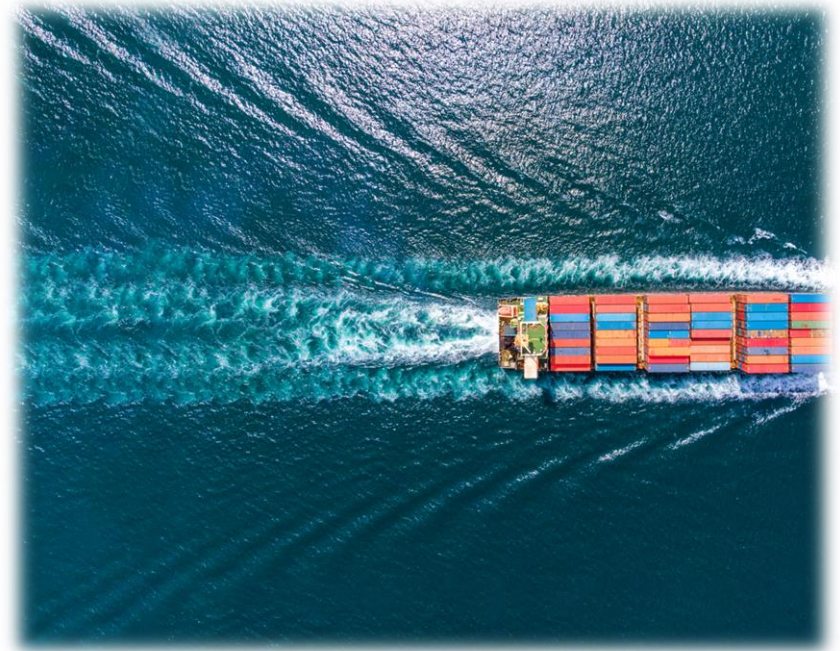
› nodalclear

› grexel

› pxe

# Today's contents

- Introduction of EEX Group
- Our initiatives in environmental area
- Access to EUA on primary and secondary market
- Actions
- Secondary market products
- Membership models



# Who is EEX? (1)

EEX (European Energy Exchange) Group

Asset classes

Clearing services

Shareholders

- EEX is the leading energy exchange and **exclusively hosts primary auction under EU ETS (appointed by EC) for 12 years** as well as **offers spot/futures market**
- **One of the major exchanges for dry bulk freight futures** – the largest open interest in Panamax
- More than 800 employees working from 21 offices including **Singapore**



Power



**Dry bulk freight**



Agriculture



Natural gas



**Environmental (incl EUA)**



Guarantee of Origin

- Clearing services are centralized at European Commodity Clearing (ECC : Europe, Asia) and Nodal Clear (U.S.)

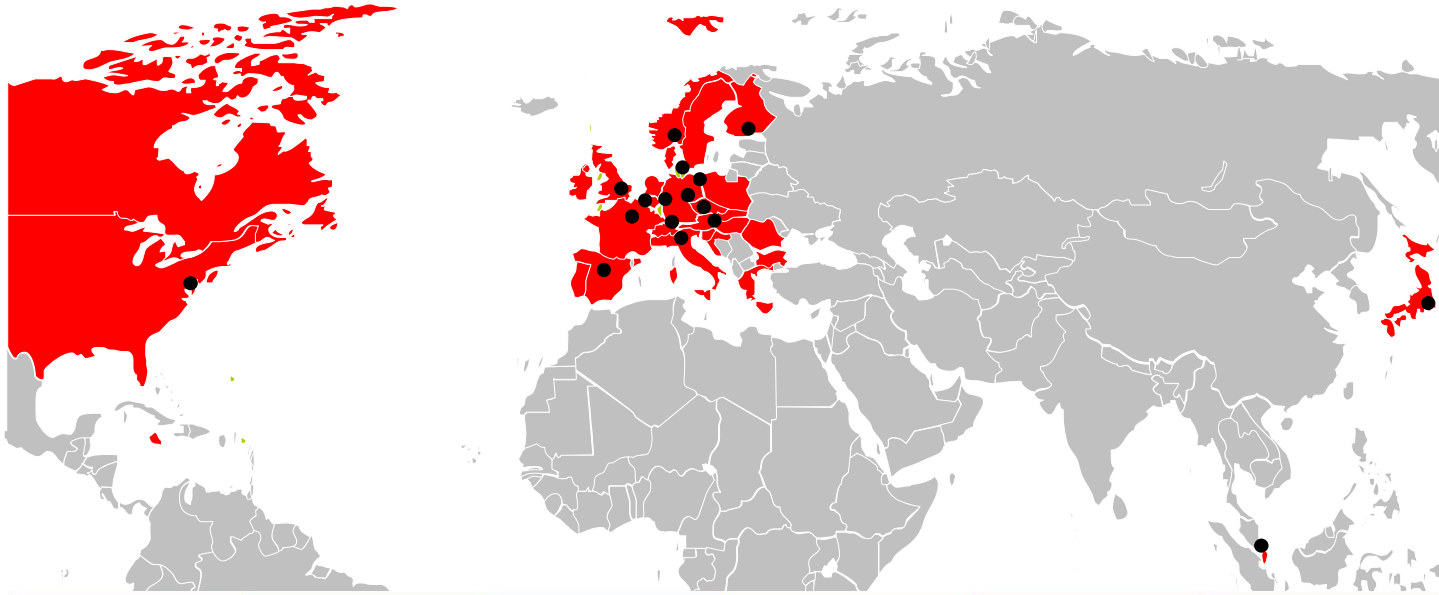
- **Major shareholder is Deutsche Börse (75,05%)**



- **Municipalities (i.g. State of Saxony, Leipzig) (7,94%)**

- **Utilities, energy and financial industries (i.g. Uniper, EnBW, EdF) (17,03%)**

# Who is EEX? (2)



No.1 exchange in power trading worldwide

One of the major exchange for dry bulk freight futures

Exclusively host primary auction under EU ETS / offer future and spot market

# Our team in Singapore

Meet our team in Singapore!

Feel free to reach out and connect with them!



**Amirah Aidura**  
Sales Manager

[Connect on LinkedIn](#)



**Yanling Yi**  
Sales Manager

[Connect on LinkedIn](#)



**Miyoshi Nishimura**  
Sales Manager

[Connect on LinkedIn](#)



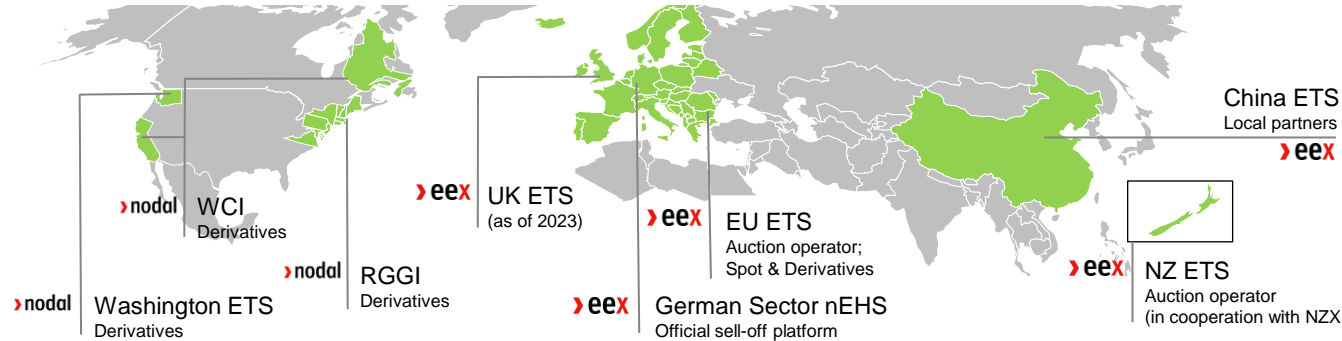
**Erlend Engelstad**  
Head of Commercial

[Connect on LinkedIn](#)

Based in Singapore, the team covers all asset classes, including **EUA** and **Freight**.

# Carbon Markets at EEX

We develop and operate market infrastructure (trading, clearing, registries), with proven track-record of successful cooperation with governments and clients alike

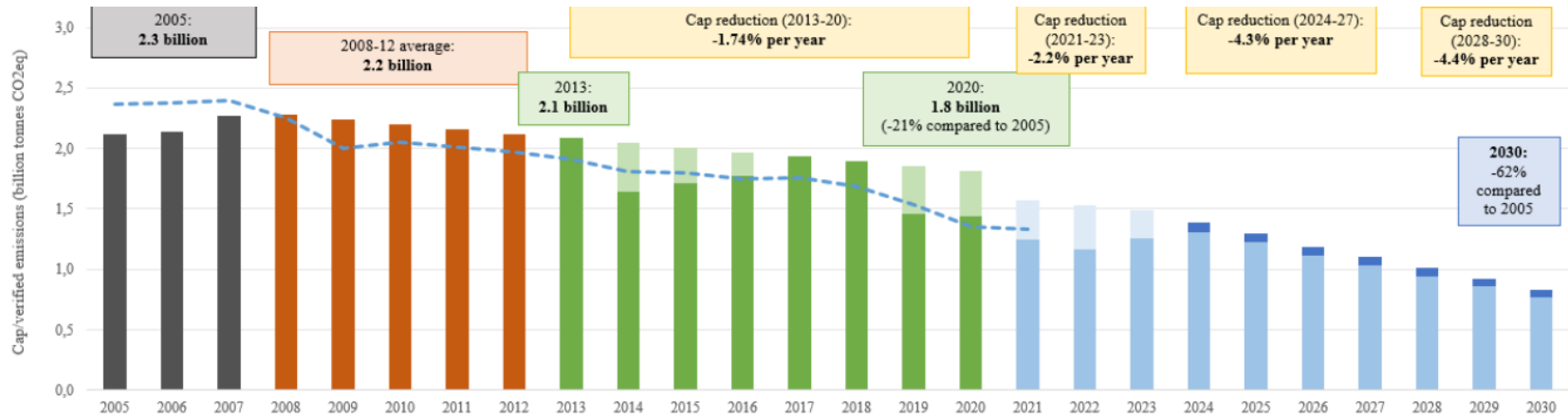


compliance markets	 <b>EU ETS</b>	- <b>Exclusive auction hosts</b> for all EU governments, operating auctions on almost daily basis - <b>Secondary Market</b> (Spot, Futures, Options)
	 <b>German nEHS</b>	- <b>Official sell-off platform</b> for German Fuel ETS (transport, heat sectors)
	 <b>UK ETS</b>	- <b>Secondary Market</b> in preparation
	 <b>Western Climate Initiative (WCI)</b>	- <b>Futures &amp; Options</b> , as well as other Environmental Markets (RECs, RINs, SO2/NOx)
	 <b>RGGI</b>	- <b>Futures &amp; Options</b> for the Regional Greenhouse Gas Initiative
	 <b>Washington ETS</b>	- <b>Futures &amp; Options</b> , launched in December 2022
	 <b>NZ ETS</b>	- Auction operator in <b>partnership with New Zealand Exchange (NZX)</b>
	 <b>China ETS</b>	- <b>Cooperation with partners</b> (CBEEEX Beijing, CNEEEX Shanghai, CEEX, GFEX Guangzhou)



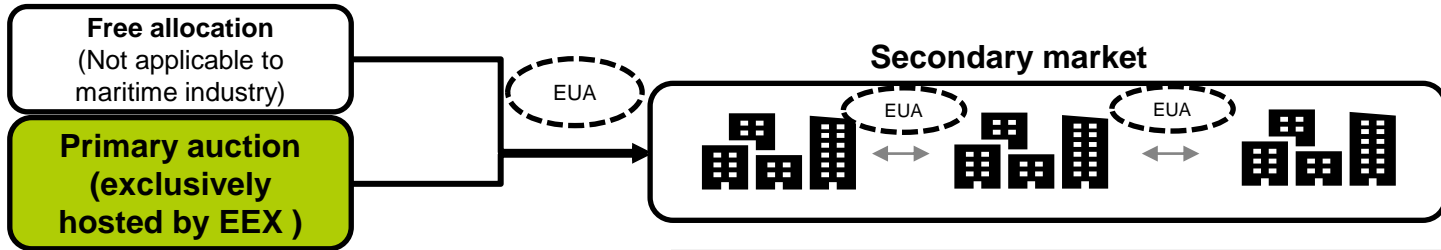
# EU ETS

- The EU Emissions Trading System (EU ETS) sets an overall limit (**the “cap”**) on the GHG emissions for the sectors included (currently power, industry, aviation). The cap **decreases every year, ensuring that total emissions fall.**
- **1 EUA = 1 ton of CO2 (equivalent).** One emission allowance gives the holder the right to emit 1 ton of CO2 (equivalent).



# Access to primary and secondary market

- Within the cap, companies **buy** emission allowances (through primary auction), which they can **trade** as needed (through secondary market).



## Access to **primary auction**

- a) bid directly (by becoming direct member at EEX), or
- b) bid indirectly through intermediaries

In both cases, the company needs to fulfill the **eligibility** of auction (explained later)

## Access to **secondary market**

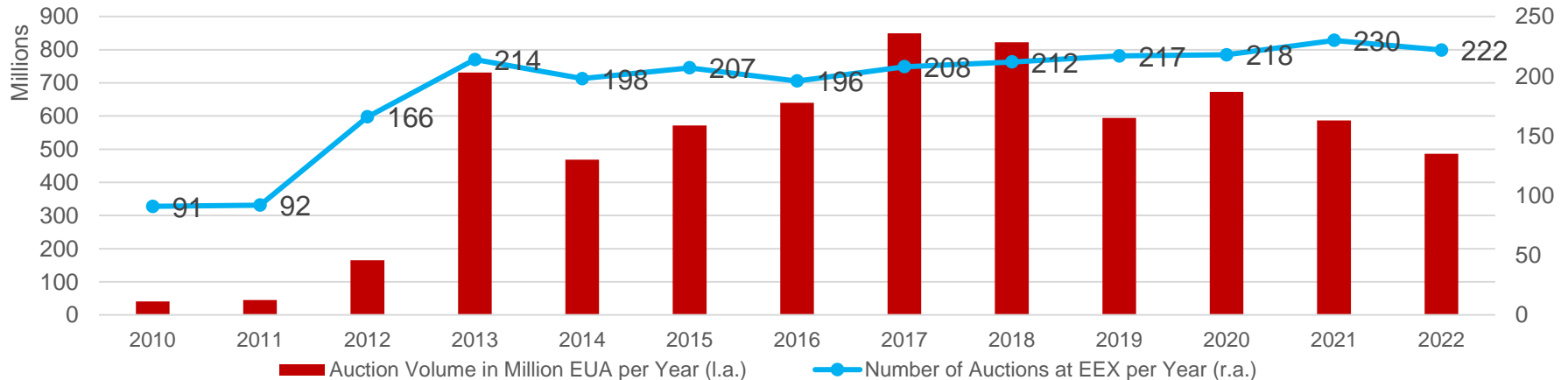
- c) become direct member at EEX, or
- d) become agency customer at a clearing member

In case of c), **ECC's internal account can be used.** There's **membership that covers both dry bulk freights and EUA** (explained later).



# Auctions - Background

- **A transparent method** for allocating emission allowances that allows participants to acquire the allowances concerned at **market price**
- **The default method** of allocating allowances since 2013 (phase 3 of the EU ETS). Up to **57%** of the allowances are allocated through auctioning. The proportion of allowances businesses have to buy through auctions is **increasing** due to decreased free allocation.
- The exact auctioning volume will be determined annually based on the provisions of the **ETS Directive**



# Auctions - Eligibility

Eligible participants according the EU Auctioning Regulation are:

- **Compliance buyers**
- **Investment firms** and **credit institutions** authorized under MiFID or Banking Directive
- **Business groupings** of compliance buyers
- **Other intermediaries** specifically authorized by the home Member State

These participants have to fulfil admission requirements according to EU and EEX rules, i.g.:

- **Establishment in the EU (except for compliance buyers)**
- Hold a nominated **holding account in the Union registry**
- Conclusion of **an agreement with a clearing member of ECC**

EEX's Eligibility form can be found [here](#)

## Examples of clearing members

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• ABN AMRO Clearing Bank N.V.</li> <li>• Banco Santander, S.A.</li> <li>• BNP Paribas S.A.</li> <li>• BofA Securities Europe SA</li> <li>• Citigroup Global Markets Europe AG / Citigroup Global Markets Limited</li> <li>• Commerzbank AG</li> <li>• Goldman Sachs International</li> <li>• J.P. Morgan SE</li> <li>• Macquarie Bank Europe Designated Activity Company</li> </ul> | <ul style="list-style-type: none"> <li>• MAREX Financial</li> <li>• Mizuho Securities USA LLC</li> <li>• Morgan Stanley &amp; Co. International plc / Morgan Stanley Europe SE</li> <li>• Société Générale SA</li> <li>• StoneX Financial Ltd</li> <li>• UBS AG</li> <li>• UniCredit Bank AG</li> </ul> |
|--|---|

Full list of ECC clearing members can be found [here](#)

# Auctions - Process

- Auction is held almost every business day. Bidding window is 9-11am CET, and result will be determined at 11:01am CET.

9:00-11:00 am CET	~11:01 am CET	~11:05 am CET	Auction Day + 1 ECC Business day	Upon Request
<p><u>Bidding Window:</u></p> <ul style="list-style-type: none"> <li>• Bids could be submitted, modified and withdrawn during the bidding window</li> <li>• Bids could be submitted directly in the Auction System (see Video Tutorial) or indirectly via EEX Helpdesk or via Intermediary</li> <li>• Bids are submitted without seeing other participant's bids</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">                     Min lot size: 500 EUAs                      (=500 t CO2e)                 </div>	<p><u>Determination of the auction clearing price:</u></p> <ul style="list-style-type: none"> <li>• Bids are sorted in descending order of the price bid</li> <li>• Tied bids are sorted through random selection according to an algorithm</li> <li>• Bid volumes are added, starting with the highest bid</li> <li>• The price at which the summed up bid volumes match or exceed the volume of allowances auctioned sets the auction clearing price for all successful bidders</li> </ul>	<p><u>Publication:</u></p> <ul style="list-style-type: none"> <li>• Detailed auction Results on the Website</li> </ul>	<p><u>Payment:</u></p> <ul style="list-style-type: none"> <li>• From the Clearing Member of a Trading Member to ECC</li> <li>• From ECC to the Auctioneer</li> </ul> <p><u>Delivery (internal):</u></p> <ul style="list-style-type: none"> <li>• Transfer of allowances within the ECC Union Registry Account from the Auctioneer (Seller) to the Trading Member (potentially an Intermediary*) having been successful in the Emissions Auction (Buyer)</li> </ul>	<p><u>Deliver (external):</u></p> <ul style="list-style-type: none"> <li>• Transfer of allowances from the ECC Union Registry Account to the Union Registry Account of the Trading Member</li> </ul>

\* Delivery between the Intermediary and his client, if applicable, is to be agreed bilaterally.

# Auctions - Cancellation

- An auction will be cancelled under certain conditions:
  - a) Total volume of bids falls short of the volume of auctioned allowances (Art. 7(5) Auctioning Regulation)
  - b) If the auction clearing price is significantly under the secondary market price (Art. 7(6) Auctioning Regulation)
  - c) Technical problems occur or are likely to occur (Art. 9 Auctioning Regulation)
  
- If an auction is cancelled, the following procedures will apply:
  1. Immediate information of market participants by EEX
  2. Re-adjustment of the auction calendar
  3. Auction volume will be evenly distributed over the next four (in case of EUAAs: two) scheduled auctions

# Secondary market products

- EEX offers all major trading instruments in the EU Emissions Trading Scheme (ETS).
- Since 2005, EEX is operating trading in Emissions secondary markets. By that, it provides all necessary tools for market players to maintain their trading and hedging needs.

## Secondary Market

<i>Spot trading with T+1 delivery</i>	EU Allowances (EUA) EU Aviation Allowances (EUAA)
<i>Futures trading with T+2 delivery after expiry, incl. related spreads</i>	EU Allowances (EUA) EU Aviation Allowances (EUAA)
<i>Options trading on Futures</i>	EU Allowance (EUA) Dec-Futures

**18 years**  
experience in operating  
EU ETS continuous markets



- State-of-the-art trading infrastructure
- Covers all EEX Futures plus Emissions spot
- Fully browser-based, platform independent
- Automatic and Algo trading, individual spreads

*(all other major ISVs supported)*

# Membership models

## Full membership

- Access to all EEX Markets (Spot, Derivatives) and products (power, natural gas, emission, coal)
- Membership fee (\*): € 37,000 p.a.

## Emerging and Environmental Markets

- Access to **EUA primary and secondary markets, freight**, other emerging products like natural gas
- Membership fee: € 5,000 p.a. (\*\*)

## Auction-only

- Access to EUA primary auctions only
- Membership fee: € 0 p.a.

(\*) There are other fees such as transaction fees, technical fees, clearing fees, etc.

(\*\*) Reduced to € 2,500 p.a. for participation exclusively in trading in emission allowances on the spot market

# Contacts

- Miyoshi Nishimura  
+65-8809-4260  
[mnishimura@eexasia.com](mailto:mnishimura@eexasia.com)

