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Assessment of the UK
Brexit White Paper on
energy trading

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The European Energy Exchange AG (EEX) as the leading energy exchange in Europe and with it the European Power Exchange EPEX SPOT, the pan-European gas trading platform PEGAS, operated by Powernext, and the clearing house European Commodity Clearing AG (ECC), EEX Group's Central Counterparty (CCP), will be directly affected by the consequences of the withdrawal of the United Kingdom from the European Union. EEX Group is currently making preparations in cooperation with trading participants and regulators to minimise the effects of this step after 29 March 2019.

Overall, we consider the White Paper to be lacking on many points. Many open questions on the future cooperation in the electricity and gas sectors are not addressed. The UK Government's top priority is to preserve the Northern Ireland market area, while other energy policy areas are insufficiently addressed.

The following points should be especially considered in the context of future cooperation between the European Union and the United Kingdom:

- In terms of physical short-term trading of electricity and gas:
 - Maintaining the efficiency of trade via interconnectors in both the electricity and gas markets,
 - Preservation of shipping rights for European Commodity Clearing AG (ECC) as Central Counterparty and sole nomination of energy volumes by ECC,
 - The whereabouts of the United Kingdom in market coupling and the forwarding of physical electricity deliveries, e.g. from France to Ireland, must be clarified in a timely manner. The benefits of market coupling for consumers in the United Kingdom are considerable. An appropriate benchmark for the benefits to UK consumers of the current Day-Ahead Market Coupling would be around £50 million per year;
 - securing third party access to today's shared gas infrastructure such as storage facilities, interconnectors or LNG terminals,
 - the whereabouts of the implicit allocation mechanism for IUK (gas).
- To enable energy trading between European marketplaces and their trading participants with uniform regulatory requirements, in particular:
 - maintaining a regulatory level playing field to prevent regulatory arbitrage between the UK and Continental Europe, in particular with regard to the MiFID II/ MiFIR financial market regulation package;
 - no duplication of existing reporting requirements under REMIT, MiFID II and EMIR and
 - the mutual recognition of licenses of trading participants and trading venues and thus minimisation of trade barriers.
- clarify the UK's position in the European Emissions Trading Scheme (ETS), in particular in order to remove uncertainties in the market as quickly as possible. However, the proposed withdrawal from the common set of rules announced by the British government with regard to climate targets appears counterproductive.

- The retention of the United Kingdom in the solidarity mechanism under SoS regulation.

In the light of the first results of the negotiation process so far EEX Group urges for a stronger focus on energy-specific issues to ensure a stable future partnership based on similar foundations.

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About the EEX Group:

The EEX Group offers a market platform for energy and commodity products worldwide. It provides its participants with easy market access, tailor-made solutions and integrated process settlement through its own clearing houses. The associated companies are specialized in different markets and support their customers locally. The following companies are part of the EEX Group: European Energy Exchange (EEX), European Power Exchange (EPEX SPOT), Powernext, Cleartrade Exchange (CLTX), Power Exchange Central Europe (PXE), Gaspoint Nordic, Nodal Exchange and the clearing houses European Commodity Clearing (ECC) and Nodal Clear. The EEX Group has 16 locations worldwide and belongs to Deutsche Börse Group.