Energy Derivatives Coordination Group (EDCG)

Energy Community Secretariat
PHLG, 16 July 2020
Background

- Energy markets are evolving; new ways of trading, new trading venues, new contracts, new instruments, new ways to manage credit risks, margining clearing, etc.

- Many of this activities fall under the financial regulatory framework as well
  - Contracts with financial settlement (in some cases also physical forwards)
  - Instruments/certificates that have significant importance for energy prices (CO2, RES certificates, etc.)
  - Margining and central clearing (PXs)
  - Market integrity (rules on prohibition of market abuse and powers of the regulators)

*(EU experience: overlapping areas/powers addressed via close cooperation)*
Proposal:

Establishing a coordination group composed of representatives of Energy Regulators and Financial Regulators

ENERGY DERIVATIVES COORDINATION GROUP (EDCG)

Consultative group focussing on cooperation of Energy and Financial Regulators to ensure market integrity, as well as to facilitate the development of a regulatory framework related to energy commodity derivatives and centralized clearing.
Tasks of EDCG

- Assessing the areas where E-Regs and F-Regs powers overlap
- Facilitating the development of regulatory framework supporting trading in energy derivatives and clearing through central clearing
- Ensuring cooperation and coordination in relation to oversight, monitoring and surveillance to ensure market integrity
- Exchange of experience in different Contracting Parties and EU Member States in relation to cooperation between E-Regs and F-Regs, and other competent authorities
- Issuing regulatory guidance to industry representatives and others in relation to overlapping areas
- As needed, cooperate and coordinate activities with other groups and task forces established under the Energy Community
- As requested, report to the Energy Community institutions
- Develop at least two reports per year on its activity
Governance

- ToR of the EDCG are developed and will be presented to the group in the first meeting
- Arben Kllokoqi (electricity expert) & Gregor Weinzellet (gas expert) will co-chair the EDCG
- ECS will facilitate the activities of the EDCG
- Task Forces or ad-hoc working groups dealing with specific areas may be established by ECDG
- One or two meetings of EDCG per year – initially virtual meetings
  - First virtual meeting to be proposed for the early September
Next steps

• We invite PHLG to welcome this proposal in Conclusions of the meetings

• We will follow up with an email requesting contacts/persons from Financial Regulators in CP
  • Contact and inform them (together with Energy regulators)
  • Invite for the meeting (in September tbc)
  • Launch formally the activity of the EDCG
  • As requested, report on activity to PHLG
Thank you!

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