Clearing in the SEEGAS Region –
Possibilities and how to get there

3rd SEEGAS Meeting, June 15, 2021

Michael Merz
Clearing in the SEEGAS Region
Centralised or fragmentated or something inbetween?

Central Variant
(Across Market Areas)

VS.

Decentral Status Quo
(No cooperation)

NCM

Legal, Regulation, ...

NCM

Processes & Org.

NCM

CCP, Novation

NCM

Netting

NCM

Margin Calculation

NCM

Risk Management

NCM

Settlement

NCM

Product Definition

NCM

TSOs / Nomination

NCM

Limit Management

NCM

Data Exchange

NCM

... 50 shades of grey

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NCM
Standardisation of the „Yin-Yang-Yong“

Successfull B2B Integration requires Yin-Yang-Yong

Yong
Standardised Communication Protocol

Yin
Standardised Data Format

Yang
Standardised Business Process
Let’s try to achieve Synergies and share the Effort „Synergy Identification Project“

- Status quo at SEEGAS members?
- Common goals?
- Gap analysis
- Synergy potential?
- Measures, next steps, Effort categorisation

Project Approach
- Meetings + Preparation
- Interviews, Analysis, Research, High-Level Design
- Report

Deliverable:
- Report:
  - Status Quo
  - Clearing functions
  - Target
  - Gaps
  - Potential way ahead

Analysis Phase

Coherence Phase (RFP Prep.)

July 1st
SEEGAS Meeting #4
Backup
Integrating Grids and Markets

**Grids**
- Redispatch Potential Management
- Clean Energy Package
- Congestion Management
- Redispatch 2.0

**Markets**
- Spot Market
- OTC Trading
- P2P Trading
- Energy Communities
  - Confirmation Matching
  - Regulatory Reporting
  - Clearing
  - Settlement

**Flexibility**
- B2B Integration
  - Processes
  - Communication
  - Standards

**Market Communication**
- Quality
- Innovation
- Security
Post-Deal Processing in the Energy Sector

Trade

Deal Capture → Reporting REMIT / EMIR → Conf. Matching → OTC Clearing Reg. → Settlement Matching

Broker


Broker 2


Broker 3


Exchange

Deal Capture → OTC Clearing Reg. → Reporting REMIT / EMIR

Exchange 2

Deal Capture → OTC Clearing Reg. → Reporting REMIT / EMIR

Exchange 3

Deal Capture → OTC Clearing Reg. → Reporting REMIT / EMIR

GU/TU

SMSS

PONTON X/P (AS4)

DCM

NCM

CM

Phys. Settlement

TSO (Gas)

TSO (Power)

Fin. Settlement

PONTON X/P

eCM
eSM
eRR
eXRP
eSM
eXRP

eCM
eRR
eXRP

eCM
Developing a Clearing Service for the SEEGAS Region

Phase 1: Gas Spot Clearing

- In the first development phase, core functions for the financial settlement of gas spot trades will be implemented.

- Apart from UEEX, a larger number of platforms may be connected to the CCP.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Market</th>
<th>Futures / Derivatives</th>
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<tbody>
<tr>
<td>Gas</td>
<td>Spot</td>
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<td>Member Mgmt.</td>
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<td>Multi-Marketplace Support</td>
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<td>Regulated MTF / OTC</td>
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<td>Financial Settlement</td>
<td>Physical Settlement</td>
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Prioritisation may be adjusted!
Developing a Clearing Service for the SEEGAS Region
Phase 2: Derivatives

As the next step, the clearing system will be extended for derivatives.

Apart from cleared trades from connected exchanges, give-up / take-up will be supported for OTC platforms.

Further functions: Margining & default management, central limit system.

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- Multi-Marketplace Support
- Regulated MTF / OTC
- Financial Settlement
- Physical Settlement
Developing a Clearing Service for the SEEGAS Region
Phase 3: Other Commodities + Nomination

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- Finally, the CCP will be extended for further commodities beyond gas: power, oil.
- Physical settlement: TSO interfaces for nomination / scheduling.

Multi-Marketplace Support
Regulated MTF / OTC
Financial Settlement
Physical Settlement

Prioritisation may be adjusted!