Europe 2020: Bane or Boon to European Energy and Power Markets?
Editor’s Letter
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News from Data Vendors
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ZE Launches ZEMA Curve Manager 4
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Pierre Bornard Appointed Powernext’s Chairman of the Board
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InDepth
When the Intergovernmental Panel on Climate Change (IPCC) published its Fourth Assessment Report in 2007 and affirmed that global warming is anthropogenic, its climate model projections indicated that, without immediate intervention to reduce our greenhouse gas emissions, global surface temperature would rise by 1.1°C to 6.4°C within the century and cause extreme weather events, such as floods, droughts, and heat waves, to name a few.
I’m not sure if Barack Obama’s July 25 presidential climate change speech could beat anything else this month in its prominence and tentative consequences for the energy, commodity and financial markets. For the most part, it did not surprise many. Mr. Obama went full speed ahead in his fight against carbon polluters. He threatened once again to use his executive powers to ensure that laws on reducing the amount of carbon dioxide emitted by the nation are adopted. The Environmental Protection Agency was promised more authority in developing rules that limit emissions from power generators, specifically coal-fired power plants. Cutting carbon emissions from power plants formed the center point of the policy. Directions were even given to specialists working in specific fields, such as scientists (to design new fuels), farmers (to grow those fuels), and engineers (to develop new technologies).

Some doubts and room for speculation remain on the fate of the Keystone XL pipeline proposed by the Canadian company, TransCanada Corp. Mr. Obama’s statement in regard to the pipeline’s approval to be granted only if “this project does not significantly exacerbate the problem of carbon pollution” was met with a lot of enthusiasm from opponents, as well proponents. Interestingly, this comment was interpreted by the both sides as a positive sign. Proponents are hanging on the next comment that “the net effect of the pipeline’s impact on our climate will be absolutely critical to determining whether this project is allowed to go forward.” The Canadian authorities and pipeline supporters reacted immediately by stating that the net effect on climate will remain unaltered by the decision on the pipeline because development of the oil sands, being the main culprit of carbon emissions in this project, will not be impacted by whether the pipeline is constructed or not. Oil will continue being extracted and shipped by alternative transportation types, such as rail, trucks, and barges. Those alternatives will produce higher carbon emissions than transporting oil via the pipeline. In effect, according to this line of reasoning, rejection of TransCanada’s proposal will result in higher carbon emissions. No doubt, it will be interesting to see how proponents will play this card in the future debates.

Other aspects of Obama’s plan include increasing efficiency standards, preparing communities to deal with higher temperatures, and boosting renewable energy production on federal lands.

In the same line of announcements (even though grossly smaller in its expanse), PG&E revealed Yerba Buena Battery Storage System in San Jose, California, the second energy storage project for the largest California utility, intended to balance energy supply and demand and to support integration of intermittent renewable generation.

Carrying the most aggressive renewable portfolio standards, the state of California is most concerned with the integration of all those windmills, sun panels, and geothermal power generators into the grid. The power generated by these renewable sources and their integration into the grid system have been increasing steadily. The graph in Figure 1 shows that the CAISO transmission system has been handling steadily increasing volumes of wind and solar generation, which jumped abruptly to even higher levels in 2013.

Economically viable energy storage is probably the most awaited solution to the intermittency of the renewable power generation. The story of the Yerba Buena project just demonstrates how far we are from this at this point of time. Based on a sodium-sulfur technology, the project has been stalled by lease disagreements, delays to get integrated into the CAISO grid, and even a fire on a project of the similar technology in Japan, which almost pushed PG&E to canceling the whole venture. It is up and running now, with the price tag of $18.1 million and capable of storing 4 MW of electricity for six hours. Whether it’s worth it, only the future will tell.

Meanwhile, an interesting issue that emerged in the course of this project’s development has yet to be responded to: how will energy storage installations fit into the existing market structure. Perceived by transmission system operators as providers of ancillary services, not load resources, energy storages are economically limited and might not be financially viable unless transmission operators revise the stance on this issue.

Olga Gorstenko
EEX Adds Swisselectric to Transparency Platform

On May 13, 2013, European Energy Exchange (EEX) announced it will be adding power market data from Swisselectric members Axpo Group, Alpiq, and BKW to its Transparency in Energy Markets platform by the end of 2013. These Swiss electricity suppliers, who produce more than 50 TWh annually, will report generation and storage data from Switzerland in compliance with the European REMIT Ordinance and the Swiss Electricity Supply Regulation.

APX Expands Services in PJM

In March 2013, APX announced it will be expanding its services in PJM to include scheduling of trades, self-schedules, bids (including Up To Congesting bids), and offers, due to an increase in Up To Congesting bid volumes that could negatively affect the ability for the Day Ahead Market to solve in the required time line.

APX Adds PJM Data Tool

On May 18, 2013, APX announced it will be taking its Software-as-a-Service (SaaS) model to PJM in order to provide a better tool for data harvesting and reporting.

Genscape Real-time Monitoring Service Expands

On May 1, 2013, Genscape announced its real-time power generation and transmission monitoring service network had been expanded to cover 55% of Europe’s totally installed capacity. The real-time monitoring system covers nine fuel types in 11 countries throughout Europe in order to provide more comprehensive and accurate market data.

Platts Launches M2MS-Power Product

On May 31, 2013, Platts announced it will launch its M2MS-Power product that will provide daily M2MS Forward Curves for 120 months (10 years) for all 48 North American power hubs covered by the Platts M2M Power product, effective July 1. The new product will replace Platt’s M2M Power product and will contain daily 120-month Historical Volatility Curves as an add-on and a 240-month (20-year) version of forward and volatility curves monthly.

Platts to Add and Dual-List UK Power Forward Contracts

On May 21, 2013, Platts announced it will launch Gregorian calendar-based UK power forward curve assessments as of July 1. These proposed assessments will be published in GBP/MWh and in Eur/MWh and will run parallel to Platts’ current UK EFA calendar forward contracts during the transitional period. The proposed assessments are September 29/30 EFA-Gregorian gap, baseload and peakload; Winter 14/15 Gregorian baseload and peakload; March 30/31 EFA-Gregorian overlap, baseload and peakload; Summer 15 Gregorian baseload and peakload; and, Winter 15/16 Gregorian baseload and peakload.

CAISO Design Change to Help Develop Green Energy

On May 15, 2013, CAISO announced its board of governors had approved a market design change effective on May 15 that would help renewable development on its grid. CAISO now offers its generators the option to schedule power in 15-minute intervals to better forecast and schedule green energy. This change does not affect the current five-minute dispatch approach for internal ISO resources and imported energy.

CAISO Submits PacifiCorp Agreement for Fed Approval

On May 2, 2013, CAISO announced it had filed an approval request to the Federal Energy Regulatory Commission (FERC) to implement its agreement with PacifiCorp, a move that would expand real-time services to the energy market. This energy sharing market, if approved, would allow PacifiCorp to start using the market in 2014, with interested balancing authorities starting in 2015.
Shell to Take Part in US Ethanol Physical MOC

On May 1, 2013, Shell Trading US Company advised Platts that it intends to take part in Platts’ U.S. Ethanol Physical Market on Close assessment process. All participation interest expressions will be published under Shell Trading US Company.

Argus Launches Global Toluene and Xylenes Reporting

On June 25, Argus announced it launched the Argus DwWitt Toluene and Xylenes Daily report, which covers prompt and forward assessments for toluene, mixed xylenes, paraxylene and PTA in the derivatives markets in Asia, Europe, and in the U.S.. Due to a tight paraxylene supply, historically high prices and changing U.S. refinery feedstock slates and aromatics production economics, daily price swings have greatly affected this area’s trading decisions.

NGX Adds Three Locations to US Clearing Network

On May 15, 2013, Natural Gas Exchange Inc. (NGX) announced it had added three U.S. natural gas clearing locations in Cheyenne, Wyoming, TETCO M3, and Transco Zone 6 NY, which brings its total list to 69 natural gas, crude oil, and power locations in North America.

EEX, Powernext Launch Gas Co-op PEGAS

On May 29, 2013, Powernext and the European Energy Exchange (EEX) launched PEGAS, a natural gas trading cooperation where both companies will combine their activities in the natural gas markets to create a pan-European gas offering. Effective May 29, all Powernext natural gas products are tradable on the platform and all EEX products are available for mapping and testing on the PEGAS server. As of June 4, EEX’s 10 MW Natural Gas Futures will be transferred to PEGAS, making spread trading between the GASPOOL and TTF market areas possible for the first time.

The graph below shows the historical changes in price of EEX Natural Gas Futures (EUR/MWh) from May 25, 2011 to May 22, 2012.

Tradition Energy Expands Nat Gas Services

On May 28, 2013, Tradition Energy announced it was expanding its natural gas services to its traditional, governmental and commercial clients in the Texas and Gulf Coast regions.

Genscape Launches Custom Nat Gas Portal

On May 21, 2013, Genscape announced the launch of its new Natural Gas Portal, which consolidates hundreds of electronic bulletin board (EBB) maintenance and notice events in order to help traders keep informed of market events. Genscape collects over 200 pipeline notices and provides over 70 interstate pipeline maintenance events.

Platts Announces Oseberg, Ekofisk Crude Quality Premiums

On May 1, 2013, Platts announced the crude Quality Premium for North Sea Ekofisk will be $0.8806/barrel and North Sea Oseberg will be $0.9805 for June-loading cargoes, effective June 1. These month-ahead QPs are found on Platts Global Alert (pages 1210 and 1212) and in Crude Oil Marketwire (under AAZDZ00 and AAXDX00).
On May 2, 2013, Platts announced the availability to bid, offer, and trade on cleared weekly Brent crude Contract for Different swap instruments in Platts Market on Close assessment process. There are no changes to the previous ability to transact and post interest on a bilateral basis. These new instruments can be found under the product names of Platts Brent Diff, Platts Brent Diff Bal Week, and Platts Brent Diff Spread.

On May 2, 2013, Platts announced that, effective June 7, it will be adding total weekly volumes to its Weekly Weighted Averages table in the Gas Daily and Energy Trader publications in order increase information and transparency.

On May 2, 2013, Platts announced that, effective June 1, it will publish the Official Selling Prices (OSPs) for Nigerian grades Oyo, Okwuiborne, Ebok and Usan, which are issued monthly by the Nigerian National Petroleum Corporation. The OSPs will be published on page 1065 of Platts’ Global Alert.

On May 15, 2013, Platts launched its new Follow-the-Sun (FtS) oil forward curves, which, in combination with its Platts Forward Curve – Oil combine to create three regional global oil forward curves at market-on-close (MOC) time stamps. Asia, EMEA and the Americas will stamp at 16:30 Singapore and London time and at 15:15 New York time, respectively. There will also be six FtS series, which are as follows: FtS Asia+1, FtS Asia+2, FtS EMEA+1, FtS EMEA+2, FtS Americas+1 and FtS Americas+2.

On May 28, 2013, Platts announced it will be launching assessments for U.S. Gulf Coast ultra-low sulfur heating oil, effective July 1. The assessment will reflect the value of a minimum 25,000 barrels delivered to Pasadena, Texas, the Colonial Pipeline’s origin point. Specifications for the ULS assessment are alike the Colonial Pipeline 67-grade heating oil: undyed, 11 ppm sulfur maximum at point of injection, Cetane number of 40 minimum, aromatics volume max 31.7%, API min 30, and flash point min 130F.

On May 31, 2013, Platts announced it will be launching a new M2MS-Gas product, which offers daily M2MS Forward Curves for 120 months (10 years) for all North American natural gas hubs covered by the Platts M2M Gas product, effective July 1. The new product will replace Platt’s M2M Gas product and will contain daily 120-month Historical Volatility Curves as an add-on and a 240-month (20-year) version of forward and volatility curves monthly.

On May 9, 2013, Platts discontinued posting crude averages for Canada Crude Mixed Light Sour, Sour Edmonton and Midale Cromer, due to Suncor Energy no longer posting these crude prices. Platts has also discontinued sharing these crude prices, previously found in its Global Alert, Oilgram Price Report and Oil Arbitrage Wire publications.

On May 3, 2013, Platts, due to changing regional supply and demand trends, proposed discontinuing its assessment for its FOB Mediterranean jet premium as of January 1, 2014. This does not affect the Platts CIF Mediterranean jet fuel assessment launched in October 2012.

On May 6, 2013, Platts proposed to discontinue some of its daily, weekly, and monthly spot prices, crude yields, and netbacks, effective November 1. The following locations will be affected: U.S. Gulf Coast, U.S. MidContinent, Caribbean, and the U.S. Atlantic Coast. For listings of the proposed discontinued products, see Platts’ Subscriber Notes/Methodology Updates.
ICE Brent Transitions to ICE Brent NX Futures, Options

On May 2, 2013, IntercontinentalExchange (ICE) announced that extra steps are required to facilitate the transition of the Brent Forties Oseberg Ekofisk (BFOE) forward market to 25 days from a 21-day basis with the expected future transition to be a month-ahead basis (from March 2015). The steps will help with the transition of open interest and liquidity from “Existing Brent” (ICE Brent) to “Brent NX” (ICE Brent NX) options and futures. ICE will implement these changes during 2013 and 2014, with effect for the contract month of March 2015. For more details, see ICE Futures Europe Circular 13/068. The graph below demonstrates ICE Brent NX Crude Futures in U.S. dollars per barrel from August 2013 to June 2015, which would be of interest to fossil fuel market participants.

Platts to Review Singapore Gas Specifications

On May 3, 2013, Platts announced it will be reviewing its assessment specifications for its gasoline, including FOB Singapore gasoline 92 RON unleaded, 95 RON unleaded, and 97 RON unleaded. Platts invites submissions from parties interested in the review process.

Platts Proposes Changes to RIN Methodology

On May 3, 2013, Platts announced it will be reviewing its Renewable Identification Number (RIN) methodology in the contract volume, assessment schedule and transfer dates areas. D6 RIN assessments will be adjusted to 500,000 trades from 1,000,000. Year-ahead RIN assessments will be assessed for the first business day in July for the previous year (for example, the RIN for 2014 will launch on the first business day of July 2013). Finally, where a seller has the obligation for transferring the RIN to a buyer during the first full calendar month forward from the date of execution, Platts will show current year and previous year RIN.

Platts Reviews Oxygenate Limits in European Naphtha

On May 3, 2013, Platts reopened its consultation period on oxygenate limits in its European CIF NWE physical naphtha assessment, which currently reflects only open-specification merchantable quality naphtha. This quality of naphtha has a maximum total oxygenate content of 100 ppm with a MTBE content of 50 ppm.

Platts Proposes B99.9 Biodiesel Assessment Changes

Effective May 31, 2013, Platts proposed changes to the Chicago and US Gulf Coast Biodiesel B99.9 SME assessments. In order to reflect current market practices, the two would be changed to B100 Assessments.

Platts Limits NWE Ethanol MOC Bids, Offers

On May 7, Platts will stop reflecting bids and offers in its Northwest European fuel ethanol barge assessments where a

*Graph created with ZEMA
buyer retains an option to nominate loading dates during the loading period. Effective August 1, all assessments will include any one of the laycan periods: the front-end (first five days), mid-window (middle five days), and back-end (loading five days).

**Platts Changes Asian Orthoxylene Credit Term**

On May 8, 2013, Platts announced it will change the credit term for the CFR China orthoxylene assessment (AAOTS00) to 90 days from 30 days, effective June 3.

**Platts to Narrow N Sea, Urals, Med, WAF Ranges**

On May 15, 2013, Platts is narrowing its high and low assessment ranges for its Mediterranean, West African, Urals and North Sea crude assessments, which will better reflect the primary mid-point benchmark. The low-high range will be $0.02/barrel, when the mid-point is a round number and a range of $0.01/barrel spread when the mid-point is assessed at half a cent.

**Platts Aligns Cash BFOE MOC Spreads, Timings**

On May 17, 2013, Platts announced the alignment of its timing guidelines for European Cash Brent Forties Oseberg Ekofist (BFOE) outright prices and spreads in the market-on-close (MOC) assessment process, which accepts cash BFOE partial spread bids and offers until 16:25:00:99 London time. The new timing deadline is 10 minutes earlier than under the old rules.

**Platts Amends US Biofuels RIN Methodology**

Effective May 20, 2013, Platts amended the U.S. biofuels Renewable Identification Number (RIN) methodology by contract volume, assessment schedule and transfer date. The D6 RIN assessments will be reduced to 500,000 from the current 1,000,000 trades standard. They year-ahead RIN assessments will be launched on the first business day in July and will stop publishing on the last business day of January two years after the year in question. Finally, where the RIN seller has the obligation to transfer during the first full calendar month following the execution date, Platts will reflect the previous and current year RIN.

**Platts Changes NYMEX Heating Oil Name**

On May 31, 2013, Platts announced it will be changing all references to “NYMEX heating oil” and “NYMEX No. 2 oil” to “NYMEX NY ULSD” effective June 3, in order to reflect the contract switch to an ultra-low sulfur diesel specification. The “HO” contract designation remains unchanged.

**Platts Updates US Steam Cracker Margin Model**

On May 20, 2013, Platts announced it will launch an updated margin calculation for its average U.S.-based ethane cracker production model, which will balance the input and output masses from the cracker and update the yields for each feedstock. Effective June 3, the assessments will be published in cents/lb and converted to $/mt (with a conversion factor of 22.04).

**Platts Updates European Steam Cracker Margin Model**

On May 17, 2013, Platts announced it will refine the European steam cracker margin model, effective July 1. To view the refined calculation, see the Platts Subscriber Notes/Methodology Update here.

**DCE Discusses Delivery Quality Standards for PP Futures**

On May 24, 2013, Dalian Commodity Exchange (DCE) held a meeting with industry experts to discuss the delivery quality standards of polypropylene (PP) futures and inspection of polypropylene products. The discussion ended with position commentary on the quality indicators and delivery quality standards for the PP futures, and will help further the contracts’ listing of the product.
Genscape Acquires
Vesseltracker.com GmbH

On May 22, 2013, Genscape announced it had acquired Vesseltracker.com GmbH, as part of Genscape’s real-time network service expansion. In order to deliver better oceangoing fleet analytics and customized reporting, Vesseltracker was purchased to acquire its advanced algorithms and data synthesis of its 800 worldwide AIS antenna stations and world-largest satellite data feed.
USDA Releases Water Quality Index for Agriculture Runoff

On May 10, 2013, the USDA’s Natural Resources Conservation Service released its simple, web-based Water Quality Index for Agricultural Runoff (WQIag) that defines the quality of water flowing off producers’ fields. The producers input information about their fields (like slope, nutrients, pets, etc) and WQIag calculates the variables into a 0-10 single rating scale, 0 being very poor and 10 being excellent. You can find the Water Quality Index here.

MCX Starts Guar Seed, Gum Futures Trading

On May 13, Multi Commodity Exchange of India Ltd (MCX) announced it will start trading futures in Guar Seed and Gum contracts, effective May 14. In order to facilitate price risk management and discover for contracts in the guar area, the Forward Markets Commission (FMC) approved trading for the months of June, July, October and November 2013. The contract price quote is ex-warehouse Jodhpur (including sales tax/VAT) and the trading unit is 1MT. The physical delivery takes place at Jodhpur (basis delivery center), with additional delivery to Bikaner, NOkha, Sri Ganganagar, Hanumangarh and Barmer in Rajasthan, Adampur and Sirsa in Haryana, and Deesa in Gujarat.

Platts Adds Global Caustic Soda Assessments

On May 2, 2013, Platts announced that as of June 4, 2013, it will publish additional global caustic soda price assessments, to benefit subscribers with interests in alumina and inputs in aluminum. The added assessments (found in the Platts Metals Alert, page PMA 0050) include Weekly Domestic ex-works China, weekly FOB Rotterdam, Northwest Europe contract price monthly, US FOB US Gulf weekly spot price, US FOB plant monthly, and US contract price monthly. The monthly averages and caustic soda market commentary for the Asian market are found on pages PMA 0052 and PMA 0051 respectively. The caustic soda prices can also be found in Platts Metals Daily and Metals Week.

The graph below shows the change in prompt prices for NYMEX Comex Aluminum Futures from 2004 to 2009, which would be of interest to caustic soda investors.

Platts Launches Domestic East China Caustic Soda Assessments

On May 3, 2013, Platts announced it will launch domestic east China caustic soda assessments starting May 7. Tuesday’s weekly Yuan/mt assessment will be based on market-sourced information until the end of the Platts Market on Close assessment process at 4:30 pm Singapore time (0830 GMT). The assessment will reflect a 32% solution ex-work cargoes of 100-500mt, traded with letters of credit at sight.

Platts Proposes EU Rebar Export Assessment

On May 13, Platts proposed a launch of the European rebar export weekly assessment, which will reflect the 12-16 mm euro value that is normalized to an FOB Mediterranean port basis.

Platts Publishes Iron Ore Lump Spot Assessment

Effective May 15, 2013, Platts will be publishing to SBB Steel Markets Daily and Metals Alert the weekly iron ore lump premium spot price assessments, which are published on a dollar per dry metric ton unit basis to the Platts 62%-Fe Iron Ore Index. Information obtained from trades, bids, and offers on a flat-price basis will be converted to a premium-on-a-dmtu basis. The assessment’s underlying chemical specifications are 62.5% iron, 1.5% alumina, 3.5% silica, 0.075% phosphorus, and 0.02% sulfur; the assessment’s physical specifications are a maximum of 15% under 6.3 mm
and 15% (at most) over 31.4 mm on a wet basis at the first discharge port.

The graph below shows the price and volume of derivatives with an underlying commodity of iron ore, Iron Ore Futures prompt contracts traded on NYMEX.

The graph below shows the price and volume of derivatives with an underlying commodity of iron ore, Iron Ore Futures prompt contracts traded on NYMEX.

Platts to End Select SBB Iron Ore Series

On May 15, 2013, Platts proposed to end select iron ore price series in order to harmonize and integrate prices between the newly acquired Steel Business Briefing company and itself. The assessments affected include contract and spot pricing for iron ore pellet and fines (listed as SB01095 - Iron Ore Pellet 65.7% Fe Est Mthly CtrPr Brazil Exp FOB Mthly; SB01096 - CVRD/Vale Carajas Fines CJF 66% Fe Jap Brazil Exp FOB Ponta Da Madeira ; SB01097 - CVRD/Vale Standard Sinter Feed 65% Fe Eur Brazil Exp FOB Tubarao; SB01030 - BHPB Mt Newman Hi-Grd 63% Fe Fines Jap Aus Exp FOB W Aus Port; and, SB01158 - Indian Iron Ore 63% Fe Fines Dry China Imp CFR N China Port Wkly), effective August 16.

DCE Preparers for Plywood, Fiberboard Futures

On May 17, 2013, Dalian Commodity Exchange (DCE) announced it had conducted extensive surveys and research into continuing the process to build the plywood and fiberboard markets. Some of the items considered were improvements of contracts, product rules, and active promotion for the new futures in the forestry industry.

DCE Continues Cotton Yarn Futures Development

On May 31, 2013, Dalian Commodity Exchange (DCE) announced it was continuing to develop its cotton yarn futures, a project that was applied for in February. DCE held discussions with the Circulation Branch of China National Textile and Apparel Council (CNTAC) to design contract rules and describe the future listings of the cotton yarn futures.

RTS to Open Dubai Data Center

On May 22, 2013, RTS Realtime Systems Group (RTS) announced it will open a new data center in Dubai, a new hub which will offer ultra-low latency access to the Dubai Gold and Commodities Exchange (DGXC). The new center is expected to open mid-July.
AccuWeather Launches 30-Day Forecast

On May 8, 2013, AccuWeather announced the launch of its 30-Day Forecast, the only free, detailed, 30-day information source. The 30-Day Forecast, in addition to its 7-, 10-, 15- and 25-day forecasts, offers a large amount of detailed information, including high and low temperatures, sky conditions, wind speed, precipitation type and amounts, and more.

The graph below shows AccuWeather RealFeel data for temperatures and humidity levels in Boston, Massachusetts, aggregated to month of year for the last five years.

Data Source: AccuWeather*

NOAA Completes First GOES-R Instrument Early

On May 2, 2013, the National Oceanic and Atmospheric Administration (NOAA) announced that the first of its six instruments for the GOES-R, the NOAA’s next-generation geostationary operational environmental satellites, has been completed seven months early. The Extreme Ultraviolet and X-ray Irradiance Sensors (EXIS) enable NOAA to better forecast and create early warnings for solar storms, which can disrupt power grids, travel and telecommunications.

APX, ACR to Create Carbon Registry Platform

On April 10, 2013, APX announced it will be partnering with the American Carbon Registry (ACR) to create a carbon offset project registry that was built to meet California compliance offset market regulatory requirements and APX’s own voluntary carbon offset protocols. Launching May 1, 2012, the platform is APX’s fifth carbon offset registry platform.
ISE and YieldShares to Develop ISE High Income Index

On May 6, 2013, International Securities Exchange (ISE) announced its partnership to YieldShares and the two companies’ shared development of the ISE High Income Index, which enables investors to track portfolios of high income and high discount closed-end funds. The index will be a benchmark for investors tracking the income and returns of the ISE’s top 30 U.S.-listed closed-end funds. The partnership will also license the index as the basis for an ETF to be launched through a third-party in June 2013.

S&P Dow Jones Indices Launch MILA Sector Indices

On May 16, 2013, S&P Dow Jones Indices launched the S&P MILA Sector Indices, which measure the primary sectors in the regional equity market on the Mercado Integrado Latinoamericano (MILA) platform. The MILA Sector Indices include the S&P MILA Financials and S&P MILA Resources and all constituents for these new indexes must meet all eligibility requirements and be trading on MILA.

ASX To Seek OTC Clearing Regulatory Approval

On June 3, 2013, the Australian Securities Exchange (ASX) announced it will seek formal regulatory clearance now that it had received approval from the majority of its future clearing participants to implement the new Australian market OTC Derivatives Clearing Service, which will create a central clearing of standardized Australian dollar denominated interest rate swaps. The exchange expects to have the service operational by July 2013.

ASX Adds Exchange-Traded AGBs

On May 8, 2013, the Australian Securities Exchange (ASX) announced the trading availability of exchange-traded Australian Government Bonds (AGBs) as of May 21. The AGBs can be quoted and transacted on the ASX like shares and each bond has a face value of $100.00 and is quoted as a gross price.

CBOE Disseminates New Volatility Index

On May 23, 2013, Chicago Board Options Exchange (CBOE) and CME Group (CME) announced the dissemination of values for a new volatility benchmark index that uses futures options data, the CBOE/CBOT 10-year U.S. Treasury Note Volatility Index (VXTNY).

The graph below shows the changes in open interest of CBOE Volatility index since the beginning of May 2013.

Clearstream Offers Market Access, Muni Bonds to Russia

On May 30, 2013, Clearstream announced it was offering support to Russia in the midst of its capital market reform in order to improve Russia’s settlement framework and to introduce municipal bonds through Clearstream’s direct link to the new Russian Central Securities Depository (CSD), its National Settlement Depository (NSD).

BM&FBOVESPA Adds Interest Rate Derivatives

On May 8, 2013, BM&FBOVESPA announced it will increase its interest rate product range with three new derivatives backed by Federal securities, effective May 27. Added to the OC Family of Products, the new derivatives are: the U.S. Dollar Spread Futures Contract Referencing One-Day Repurchase Agreements (DCO), the Forward Rate Agreement on One-Day Repurchase Agreements (FRO), and the U.S. Dollar Swap with Reset Referencing One-Day Repurchase.

*Graph created with ZEMA
Agreements (SCS). Underlying these contracts is the average rate in transactions executed in the Central Bank of Brazil’s managed Special System for Settlement and Custody (SELIC) for Federal Securities. For full details, view the BM&FBOVESPA technical contract specifications.

**TMX Re-Introduces ETF Option Class**

On May 7, 2013, the Montreal Exchange (TMX) re-listed the Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF (HGU), effective May 9. The strike prices for the monthly series are as follows: June, $10.00; July, $11.00; August, $12.00; September, $13.00; and, December, $14.00.

The margin interval, ISIN and position limit are as follows:

<table>
<thead>
<tr>
<th>Margin Interval</th>
<th>ISIN</th>
<th>Position Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.96%</td>
<td>CA44045W1124</td>
<td>75,000</td>
</tr>
</tbody>
</table>

**TMX Amends Overnight Index Swap Futures Specs**

On May 8, 2013, the Montreal Exchange (TMX) approved amendments to the Overnight Index Swap (OIS) Futures contract specifications to raise the minimum fluctuation price to 0.005 or C$31.25 (or, one-half of 1/100 of 1% of C$5 million on a 45.625/365 day basis).

**TMX Modifies 30-Day Overnight Repo Rate Futures Specs**

On May 8, 2013, the Montreal Exchange (TMX) approved final settlement price methodology amendments to its 30-Day Overnight Repo Rate (ONX) Futures contract. The calculation methodology was changed to a geometric average from a simple arithmetic average in order to align with the OTC market and provide a cleaner hedge for OIS positions.
Markit Launches CLO Pricing Service

On May 2, 2013, Markit launched a pricing for collateralized loan obligation (CLO) tranches service, which covers over 5000 investment-grade U.S. and European CLOs. The service will provide data which can be used for price discovery, verification, valuation and risk management.

Thompson Reuters Launches Australian Elektron Services

On May 27, 2013, Thompson Reuters launched its Elektron managed services in Australia, which will provide sophisticated risk management and trading strategies. Coming off the heels of its Asian launches in Hong Kong, Tokyo, Singapore, Taipei and Mumbai, the Australian center will connect local and international financial institutions to financial market data.

Interbolsa Adds SWIFT T2S Connectivity

On May 30, 2013, NYSE Euronext and Central Securities Depository’s Portuguese market subsidiary Interbolsa announced it had added financial communications provider SWIFT to connect to its Target2Securities (T2S) technology, which provides financial and physical settlements for central bank money.

GFI Builds Next-Gen Trading Infrastructure

On May 21, 2013, GFI Group Inc. announced it will be deploying Violin Memory Flash Memory Arrays in order to increase the capacity and speed of all of GFI’s asset class trading platforms. This solid state storage is part of GFI’s electronic trading infrastructure upgrades for its planned futures exchange and swap execution facility.

Barchart Releases Free Market Data Widgets

On May 29, 2013, Barchart.com, Inc. introduced a series of free market-data widgets in order to help users integrate widgets onto their own websites that would feature customizable commodity, stock, and foreign exchange charts and quotes. Barchart also released quote boards that highlight stock market leaders by volume, popularity and price change.

NASDAQ OMX and LCH.Clearnet To Launch London Market, Clearing

On May 31, 2013, NASDAQ OMX announced it had received regulatory approval to create the new London market NLX, which will off short-term and long-term interest rate (STIR and LTIR) euro- and sterling-denominated listed derivative products on a single market. LCH.Clearnet also received regulatory approval for the NLX market, effective May 31, and will clear the NLX’s futures products: 3-month EURIBOR, 3-month Sterling, Long Gilt, 2-year Schatz, 5-year Bobi, and 10-year Bund.

FT Portfolios Launches Three ETFs on TSX

On May 31, 2013, FT Portfolios Canada Co. added three new ETFs to the Toronto Stock Exchange (TSX). It is only the fourth Canadian affiliate of a U.S. firm to offer ETFs on the TSX.

Markit Receives Temasek Investment

On May 21, 2013, Markit announced it had received a large equity investment from Temasek, a Singapore investment company. The large stake in Markit will increase links to Asia and further diversify the shareholder base.

NYSE Liffe Transitions to ICE Clear Europe

On June 3, 2013, IntercontinentalExchange (ICE) shareholders approved the acquisition of NYSE Euronext. ICE will seek approval from U.S. and EU competition and regulatory authorities to complete the combination. NYSE Liffe announced it will start clearing the London-based derivatives market, effective July 1, 2013.
Crude Oil Brent vs WTI: Prompt-Month Contract (NYMEX)

The volatile price fluctuations between Europe’s Brent and West Texas Intermediate (WTI) crudes seem to be losing traders’ interest. In June, the gap between the two contracts shrank even further (compared to last month) to its narrowest level in the past 24 months. Although the spread between the contracts dropped only few cents in June compared to May, it settled with WTI at a roughly 5 USD per barrel (USD/bbl) discount to Brent.

Due to flooding in Alberta, the damage to Canadian pipelines carrying oil to the U.S. and refiners returning from maintenance has put pressure on U.S. crude prices.

Brent crude prices went slightly higher in June compared to May. The demand concerns are back in focus, and, with Commerzbank AG in Frankfurt predicting that Brent will average 105 USD/bbl in the next quarter, it seems like no one is worried about supply risks any more.

In June, NYMEX forward curve for Brent-WTI spread widened but not by much compared to the previous month. Brent for August delivery settled at 103 USD/bbl whereas WTI traded at 95 USD/bbl for delivery in the same month, a premium of 7 USD/bbl for the European benchmark grade. This is almost 1 USD/bbl higher than the previous month for August delivery. The Brent-WTI Spread of the NYMEX Forward contracts averaged 8 USD/bbl in June, a difference of 2 USD/bbl compared to May.

NYMEX WTI futures slumped after the U.S. Energy Information Administration reported U.S. crude stockpiles remained near the highest level in more than 30 years. Also, WTI is heading for another decline this quarter amid speculation that the U.S. Federal Reserve will taper its stimulus program, which promoted further economic growth for the world’s biggest oil consumer. Brent crude futures held above 103 USD/bbl, while a glut of oil at Cushing has kept U.S. oil prices below Brent prices for some time.

North American Natural Gas Spot Prices (ICE)

Natural gas prices exhibited less volatility compared to the previous month. With temperatures staying somewhat elevated, a decline in demand caused prices in the Northeast to stay slightly lower in June.

The expectation of an announcement for new processing capacity to be added in West Virginia and Ohio in June, and the warnings by pipelines regarding high liquids, led Transco zone 6 prices to slip by 6.5 cents between June 14 and 20. Later on in the month, the rise in demand led Transcontinental Pipeline’s Zone 6 delivery point to see spike in the daily prices.
There was a surprise drop in temperature in Sacramento in the month of June, with the average daily temperature falling to 17 degrees Celsius. In contrast, temperatures in Chicago, Raleigh, and New York City rose in the beginning of June and continue to stay around 25-, 27-, and 30-degree level respectively.

The monthly trend in temperature continues to rise a little bit from May to June, but the year-on-year trend for the month of June has been colder in 2013 than 2012.

Due to relatively warmer weather in June, the power prices continued to fall slightly for Northeast, NYISO, and CAISO. All locations were trading around the $45 mark, with NYISO being the most pricy one. But, PJM prices showed an upward sign, almost continuing the trend set from January to March.

The monthly trend in temperature continues to rise a little bit from May to June, but the year-on-year trend for the month of June has been colder in 2013 than 2012.
ZE Launches Curve Manager 4

ZE PowerGroup Inc. (ZE) announced the launch of Curve Manager 4 this month, the latest product to be added to the recent release of ZEMA 4, the comprehensive data management solution for energy and commodities markets. Curve Manager takes complex processes normally built out of fragile spreadsheet systems and simplifies them through a logical, secure, transparent and consistent workflow. To learn more about Curve Manager, click here.

New Data Reports for ZEMA

At ZE, we are continuously growing our data coverage. Our highly flexible data parsers can collect information in any electronic format, from any source and at a frequency. Since the April 2013 edition of DataWatch, we have added several new data reports to ZEMA:

<table>
<thead>
<tr>
<th>Data Source</th>
<th>ZEMA Report</th>
<th>Commodity Type</th>
</tr>
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<tbody>
<tr>
<td>CAISO CMRI</td>
<td>AQ - Nomogram Constraint Definitions</td>
<td>Electricity</td>
</tr>
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<td>CAISO CMRI</td>
<td>AQ - Transmission Contingencies</td>
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<tr>
<td>CAISO CMRI</td>
<td>AQ - Nomogram Constraint Enforcements</td>
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<tr>
<td>CAISO CMRI</td>
<td>AQ - Transmission Corridor Constraints</td>
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<tr>
<td>CAISO OMAR</td>
<td>AQ - Resource Meter ID Map</td>
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</tr>
<tr>
<td>CAISO SLIC</td>
<td>AQ - Outage Search by Criteria (Outage Card)</td>
<td>Electricity</td>
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<td>AQ - Outage Search by Criteria (Outage Card)</td>
<td>Electricity</td>
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<tr>
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<td>Forecast Prices</td>
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<td>Historical Spot Prices</td>
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<td>EARTHSAT</td>
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<tr>
<td>EARTHSAT</td>
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<td>Day Ahead Electricity Market Flow Data</td>
<td>Electricity</td>
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<td>HND Bayern</td>
<td>15-Minute Flow Data</td>
<td>Water</td>
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<td>US Soft (by Strike Price) - Options</td>
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<td>IESO</td>
<td>Day Ahead Scheduled Energy and Operating Reserve</td>
<td>Electricity</td>
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<td>NordPool</td>
<td>AQ - Urgent Market Message (UMM)</td>
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<td>OATI</td>
<td>OASIS Ancillary Service Request Summary</td>
<td>Others</td>
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<td>European LP Forwards - Futures</td>
<td>Natural Gas</td>
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<td>European LP Forwards - Spot</td>
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<td>LP and NGL Spot Prices</td>
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<td>Weather Underground</td>
<td>Airport Daily Weather</td>
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</table>

EPEX SPOT: New record on Swiss Day-Ahead market

Paris, 4 June 2013. In May 2013, a total volume of 29.5 TWh was traded on EPEX SPOT’s Day-Ahead and Intraday markets (May 2012: 29.2 TWh). Trading volumes on the Swiss Day-Ahead market hit a new all-time high, as well as the volume traded in 15-minute contracts on the German Intraday market, which reached a new all-time high for the third month in a row.

Day-Ahead markets
In May 2013, power trading on the Day-Ahead auctions on EPEX SPOT accounted for a total of 27,595,294 MWh (May 2012: 27,786,654 MWh) and can be broken down as follows:
Trading volume on the Swiss Day-Ahead market registered a new all-time high. The new record is a 6% increase from previous record in June 2012 (1,685,028 MWh). Prices within the French and the German market, both coupled with Belgium and the Netherlands within the market coupling initiative in Central Western Europe (CWE), converged 67% of the time.

**Intraday markets**

On the EPEX SPOT Intraday markets, a total volume of 1,901,964 MWh was traded in May 2013 (May 2012: 1,452,955 MWh). This is the second best result since their creation.

<table>
<thead>
<tr>
<th>Areas</th>
<th>Monthly volume MWh</th>
<th>Monthly volume – previous year MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE/AT</td>
<td>1,733,201</td>
<td>1,319,013*</td>
</tr>
<tr>
<td>FR</td>
<td>168,763</td>
<td>133,942</td>
</tr>
</tbody>
</table>

* without Austrian market, which was launched in October 2012

In May, cross-border trades represented 13.1% of the total Intraday volume. Volume in 15-Minute contracts amounted to 238,183 MWh. In May, they represented 14% of the volume traded on the German Intraday market. This is a 1% increase from previous record in April 2013 (235,398 MWh).

In May, three new members started trading on EPEX SPOTs markets: ecoSWITCH AG on the German/Austrian Day-Ahead and Intraday markets; EN.E.R. Trading SpA on the French and Swiss Day-Ahead market; and HB Trading S.p.A. on the Swiss Day-Ahead market.

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EPEX SPOT SE operates the power spot markets for France, Germany, Austria and Switzerland (Day-Ahead and Intraday). Together these countries account for more than one third of the European electricity consumption. EPEX SPOT SE is a European company (Societas Europaea) based in Paris with a branch in Leipzig. 339 TWh have been traded in 2012 on EPEX SPOT’s power markets.

Clearing and settlement of all EPEX SPOT transactions are provided by European Commodity Clearing AG (ECC), the clearing house based in Leipzig.

### Areas

<table>
<thead>
<tr>
<th><em><em>Price – monthly average (Base / Peak</em>) Euro/MWh</em>*</th>
<th>Monthly volume – previous year MWh</th>
<th>Monthly volume MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE/AT 32.06 / 40.34</td>
<td>21,595,882</td>
<td>20,953,184</td>
</tr>
<tr>
<td>FR 31.18 / 41.36</td>
<td>4,577,040</td>
<td>4,850,971</td>
</tr>
<tr>
<td>CH 32.34 / 41.43</td>
<td>1,613,731</td>
<td>1,791,139</td>
</tr>
<tr>
<td>ELIX – European Electricity Index 29.38 / 38.74</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**EEX GASPOOL Futures**

**Now Tradeable on PEGAS**

**New Market Maker on Board**

Leipzig, Paris, 4 June 2013 – Today, European Energy Exchange (EEX) successfully migrated its Natural Gas Futures for the market area GASPOOL onto PEGAS – the common platform of EEX and Powernext, which was launched on 29 May 2013.

From today onwards, physical EEX gas futures for delivery in the GASPOOL area (Months, Seasons, Quarters and Years) are available for trading on the Trayport® Exchange Trading SystemSM under the cooperation brand of PEGAS, together with all existing gas products offered by Powernext. By adding the EEX GASPOOL futures onto the PEGAS platform, exchange trading of location spreads will be possible between GASPOOL and TTF futures for the first time. Until now, a volume of 29,760 MWh was traded on PEGAS in GASPOOL Futures.

Moreover, EEX admitted PGNiG Sales & Trading GmbH (PST), the international trading arm of the Polish Gas and Oil company PGNiG SA, as a new market maker for the GASPOOL futures market. With immediate effect, PST will provide buy and sell orders in the Trayport order book. PST will quote Months, Seasons, Quarters and Years products which will support the liquidity to the admitted members trading the GASPOOL market area.

„We are looking forward to work together with EEX in our role as an official market maker at GASPOOL and see the PEGAS initiative as a positive move for the European gas market“, said Uwe Bode, Head of Trading of PGNiG Sales & Trading GmbH.

Within the next weeks, EEX plans to also migrate the natural gas futures for the market area NetConnect Germany (NCG) as well as the Spot Market products for the GASPOOL, NCG and TTF area onto the common platform and hence increase the product range tradeable on PEGAS. The Go-live date of the further EEX products on PEGAS will be announced in due course.
About PEGAS – Pan-European Gas Cooperation:

PEGAS is a cooperation between the European Energy Exchange (EEX) and Powernext. In the framework of this cooperation, both companies combine their natural gas market activities to create a pan-European gas offering. Members benefit from one common Trayport gas trading platform with access to all products offered on the exchanges: spot and derivatives products for the German, French and Dutch market areas. Furthermore, spread products between these market areas are tradable on the same trading platform. For more information: www.pegas-trading.com

About EEX:

The European Energy Exchange (EEX) develops, operates and connects secure, liquid and transparent markets for energy and related products on which power, natural gas, CO2 emission allowances and coal are traded. Clearing and settlement of all trading transactions are provided by the clearing house European Commodity Clearing AG (ECC). EEX is a member of Eurex Group. For more information: www.eex.com

About Powernext:

Powernext SA manages complementary, transparent and anonymous energy markets. Powernext Gas Spot and Powernext Gas Futures were launched on 26 November 2008 in order to hedge volume and price risks for natural gas in France and in the Netherlands. In 2011, GRTgaz and Powernext launched the first gas market coupling initiative in Europe between PEGs Nord and Sud. Powernext owns 50% in EPEX SPOT and 20% in EEX Power Derivatives. For more information: www.powernext.com

Pierre Bornard appointed Powernext’s Chairman of the Board for a fifth consecutive term

Paris, 10 June 2013 - Powernext’s Management Board has appointed Pierre Bornard as its Chairman for a fifth consecutive term on 28th May 2013. Jean-François Conil-Lacoste is Powernext’s Chief Executive Officer since the creation of the company in 2001, while Mr. Bornard, also Vice-President of RTE’s Board of Directors (Réseau de Transport d’Électricité, the French TSO), is its non-executive President.

This stability in the company’s governance shows the trustful bond that was established in the original Board which regroups the large System Operators (RTE and its Belgian and Dutch “colleagues” Elia and TenneT, as well as the French gas TSOs GRTgaz and TIGF), and the main European energy groups, such as the French EDF, GDF Suez and Total, the German E.ON, the Italian ENEL et the Swiss Alpiq.

Their common objective is to contribute to a true European energy market by operating non-discriminatory and transparent exchange platforms, models for energy efficiency, better security of supply and flexibility in order to successfully complete the energy transition.

Through an alliance with its German counterpart EEX, Powernext created EPEX SPOT in 2008, a leading organised power spot market in Europe, where Pierre Bornard assumes the Vice-Chairmanship of the Supervisory Board, with Jean-François Conil-Lacoste being the Chairman of the Management Board.

Today, within the context of PEGAS’s technical and commercial cooperation, the Powernext and EEX teams are committed to the development of services around the gas market in France and on the entire European continent.

The Powernext-EEX cooperation is an exemplary success story of a Franco-German cooperation. It protects the development of the Paris market place and the French teams’ capacity of innovation.

Additionally, since May 2013, Powernext assumes the duties of registry for guarantees of origin of electricity following a successful bidding process launched by the French government.

At the very moment when France has opened a debate on the energy transition towards renewable sources and when the European energy policy is under severe criticism, Powernext remains committed to innovate and offer pragmatic and flexible solutions to adapt the markets to the European electricity and gas new challenges.

About Powernext:

Powernext SA, incorporated in 2001, manages several complementary, transparent and anonymous energy markets:

- Powernext Gas Spot and Powernext Gas Futures launched on 26th November 2008 in order to hedge volume and price risks for natural gas in France. On 1st July 2011, GRTgaz and Powernext launched the first gas market coupling initiative in Europe between GRTgaz’s PEGs Nord and Sud.
- Powernext launched on 1st February 2013 a natural gas Futures market on the TTF hub in the Netherlands and assumes the duties of registry for guarantees of origin of...
electricity since 2nd May 2013.
• Powernext Energy Savings, a dedicated spot market for French White Certificates (Certificats d’Economies d’Énergie) launched on 10th January 2012.
• Powernext owns a 50% equity stake in EPEX SPOT and a 20% in EEX Power Derivatives.

For more information: www.powernext.com

Exchange council speaks up for integrated German/Austrian Day-Ahead market
Launch of Swiss Intraday market on 26 June 2013

Leipzig | Paris, 10/06/2013 – Splitting the successfully integrated German/Austrian Day-Ahead price zone would put at stake liquidity and competition on the wholesale market and might reduce the incentive for crucial investments into the German transmission grid. These are the key results of the second meeting of EPEX SPOT’s Exchange Council in 2013. Following a presentation by the German regulator, Federal Network Agency (Bundesnetzagentur), the members of the Council expressed their strong support to maintain the common German/Austrian Day-Ahead market as it is shaped today.

“The idea of splitting this highly liquid and developed Day-Ahead market is conflicting with the goal of integrating power markets across Europe”, says Peter Heydecker, Chairman of the Exchange Council. Liquidity on the market would be spread to the new price zones but become less dynamic as in those new price zones the concentration of market power of some utilities would increase. Smaller price zones would hence have a severe impact on Day-Ahead price formation.

“As the German/Austrian price zone is the leading European reference market in terms of maturity and liquidity, market participants require the reference price emerging from this integrated market area. Europe’s power markets put their trust in the signal from Germany/Austria”, concludes Jean-François Conil-Lacoste, Chairman of the Management Board of EPEX SPOT.

Furthermore, the Exchange Council discussed several developments to improve Intraday trading on EPEX SPOT markets:
• First of all, the Council was informed about the launch of the Swiss Intraday market, scheduled for 26 June 2013. It will be integrated with the existing Austrian, French and German Intraday markets of EPEX SPOT from the start via the mechanism for Intraday cross-border capacity allocation already used by eight European transmission system operators (TSOs) on key continental borders. In so doing, the Swiss Intraday market will immediately benefit from the liquidity of the neighboring markets. The launch of an integrated Swiss Intraday market marks another milestone for Intraday power trading in Europe and facilitates implementing the European Intraday Target Model faster.
• To guarantee compatibility with the European Intraday Target Model, EPEX SPOT will switch volume ticks on the Intraday market from 1 MW to 0.1 MW.
• Moreover, EPEX SPOT is working together with the concerned TSOs and the clearing house ECC on reducing local and cross-border lead-time on the Austrian and the Swiss Intraday markets. The same applies for 15-minute contracts which today are available exclusively on the German Intraday market. They will be available for trading in Switzerland by 26 June 2013 and will also be expanded to Austria during the next months.

The members of the Exchange Council welcomed these steps and support EPEX SPOT’s work on the Intraday markets. “Power markets are facing an increasing amount of power from renewables difficult to forecast, and the harmonization of Intraday trading across Europe is underway. The solutions we offer will help market participants to cope with the challenges ahead”, says Jean-François Conil-Lacoste.

The second meeting of the Exchange Council in 2013 was held in Leipzig on 5 June 2013 and chaired by Peter Heydecker, Head of Origination Gas & Power at Vitol.

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The Exchange Council of EPEX SPOT is an official body of the Exchange. 16 members and 7 permanent guests represent adequately the diversity of economic and corporate profiles that exists among the Exchange Members from various sectors: power trading companies, transmission system operators, regional suppliers, brokers and financial service providers, as well as commercial consumers and academics. Its missions include in particular the adoption of the Exchange Rules and the Code of Conduct of EPEX SPOT and their amendments. The Exchange Council approves new trading systems as well as new Contracts or Market Areas and approves the appointment of the Head of the Market Surveillance Office. It meets up quarterly.

EPEX SPOT SE operates the power spot markets for France, Germany, Austria and Switzerland (Day-Ahead and Intraday). Together these countries account for more than one third of the European electricity consumption. EPEX SPOT SE is a European company (Societas Europaea) based in Paris with a branch in Leipzig. 339 TWh have been traded on EPEX SPOT’s...
power markets in 2012, of which 18 TWh on the Intraday markets.

EEX: NCG Futures to be migrated onto PEGAS on 27 June

Leipzig, Paris, 18 June 2013 – The European Energy Exchange (EEX) continues to migrate its natural gas products onto PEGAS, the EEX and Powernext common exchange platform.

From 27 June 2013 onwards, the EEX 10 MW Gas Futures products for physical delivery in the NetConnect Germany area (Months, Seasons, Quarters and Calendar Years) will be available for trading on the Trayport® Exchange Trading SystemSM. This will increase the range of tradeable spreads on PEGAS, allowing Market participants to trade locational spreads on Futures products between the market areas of GASPOOL, NCG, TTF and PEG Nord on integrated order books for each market area. Liquidity of the single products will then be combined and, for the first time, spreads cleared at European Commodity Clearing (ECC) will be tradable on an exchange without execution risk.

PEGAS was launched on 29 May 2013 with all existing Powernext gas products. On 4 June, EEX successfully migrated its Natural Gas Futures for the market area GASPOOL onto the platform. Following the migration of the NCG Gas Futures, EEX will also migrate the Spot Market products for the GASPOOL, NCG and TTF area onto PEGAS. EEX will announce the exact launch date in due time.

About PEGAS – Pan-European Gas Cooperation:

PEGAS is a cooperation between the European Energy Exchange (EEX) and Powernext. In the framework of this cooperation, both companies combine their natural gas market activities to create a pan-European gas offering. Members benefit from one common Trayport gas trading platform with access to all products offered on the exchanges: spot and derivatives products for the German, French and Dutch market areas. Furthermore, spread products between these market areas are tradable on the same trading platform. For more information: www.pegas-trading.com

About EEX:

The European Energy Exchange (EEX) develops, operates and connects secure, liquid and transparent markets for energy and related products on which power, natural gas, CO2 emission allowances and coal are traded. Clearing and settlement of all trading transactions are provided by the clearing house European Commodity Clearing AG (ECC). EEX is a member of Eurex Group. For more information: www.eex.com

About Powernext:

Powernext SA manages complementary, transparent and anonymous energy markets. Powernext Gas Spot and Powernext Gas Futures were launched on 26 November 2008 in order to hedge volume and price risks for natural gas in France and in the Netherlands. In 2011, GRTgaz and Powernext launched the first gas market coupling initiative in Europe between PEGs Nord and Sud. Powernext owns 50% in EPEX SPOT and 20% in EEX Power Derivatives. For more information: www.powernext.com

Argus Launches North American Crude Oil Forward Curves

Argus has launched a forward curves service for North American crude oil markets. The new service, Argus North American Crude Oil Forward Curves, complements Argus’ existing in-depth coverage of global crude markets. Request more information

Argus North American Crude Oil Forward Curves are derived from Argus’ deep well of crude market data. Argus uses prompt and forward market data, in addition to proprietary models and algorithms, to arrive at the forward curve prices.

Key features:
- Daily assessments for 24 crude oil grades and trading locations, providing monthly granularity
- A minimum of five years forward curves
- Time-stamped at 2:30pm EST, in alignment with the NYMEX settlement price
- Basis differentials to the ICE Brent Crude futures contract and CME NYMEX Light Sweet (WTI)
- Independent and transparent market-appropriate methodology
- Delivery options include: FTP data feed, Argus proprietary platform “Argus Link” and third party delivery partners

View the complete list of markets covered
Carbon Market Data publishes the EU ETS Company Rankings 2012

London, 4 June 2013 - Carbon Market Data, a European company providing carbon market research and data supply services, published the rankings of companies included in the European Union’s emissions trading scheme, following the recent release of verified emissions reports for the year 2012. Based on Carbon Market Data’s research, RWE, Vattenfall and E.ON were the three biggest CO2 emitters of the EU emissions trading scheme (EU ETS) during the year 2012.

RWE, Vattenfall and E.ON emitted in 2012 respectively 157 MtCO2, 92 MtCO2 and 90 MtCO2. This ranking is unchanged from last year. These figures are calculated at group level, taking into account both minority and majority stakeholdings in other companies included in the EU emissions trading scheme.

In the table below are shown for the year 2012 the freely distributed carbon allowances and the CO2 emissions of these three companies.

Table 1: EU ETS Company Emissions Ranking (Mt CO2)

<table>
<thead>
<tr>
<th>company</th>
<th>free allowances 2012 *</th>
<th>verified emissions 2012</th>
<th>verified emissions 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWE</td>
<td>111</td>
<td>157</td>
<td>141</td>
</tr>
<tr>
<td>Vattenfall</td>
<td>64</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>E.ON</td>
<td>86</td>
<td>90</td>
<td>86</td>
</tr>
</tbody>
</table>

* Allowances distributed to “new entrants” are not included. RWE figures include Essent’s power generation assets, acquired in 2009 by the German energy giant. RWE’s emissions are up by 16 MtCO2 from the previous year.

Unsurprisingly, the three companies having in 2012 the highest shortage of EU carbon allowances are all involved in the electricity generation business. These companies are RWE (shortage of 45 Mt), Vattenfall (28 Mt) and Enel (17 Mt). At current EUA price of 3.9 Euros, RWE’s shortage represents a value of 175 million Euros.

Companies having surrendered the largest amounts of CERs and ERUs

The three companies having surrendered the biggest number of CERs (Certified Emissions Reductions) to EU Member States are E.ON (27 million CERs), Enel (16.5 million CERs) and GDF-Suez (8.5 million CERs).

The three companies having surrendered the biggest quantity of ERUs (Emissions Reductions Units) for 2012 compliance are RWE (15 million ERUs), CEZ (12.5 million ERUs) and E.ON (11 million ERUs).

Important note: New entrants’ data disclosure

Figures displayed in this press release do not include the EU allowances distributed for free to new entrants, as these data are not shown in the Community Independent Transaction Log (the EU carbon trading registry, also called CITL).

A “new entrant” is defined in the EU directive establishing the carbon trading scheme as a new installation, or as an existing...
installation that has experienced a change of its activity “in the nature or functioning or extension of the installation”. As stated above, data on the number of EU carbon allowances distributed to these new entrants are not made available publicly in the EU carbon registry. Only the emissions reports of these installations are published.

About Carbon Market Data
Carbon Market Data is a carbon market research company and data vendor offering information, consulting and technology services to a wide range of organisations in the world.

Carbon Market Data developed the EU ETS Companies Database, a unique and innovative carbon disclosure solution. The EU ETS Companies Database is a corporate carbon tracking tool that provides the following strategic information on more than 900 companies included in the EU emissions trading scheme:

- CO2 verified emissions
- Allocated allowances
- CERs surrendered
- ERUs surrendered
- Emissions-to-cap figures
- List of installations
- List of parent companies
- List of subsidiaries
- List of underlying CDM-JI projects
- Sector of activity
- Contact details

A free version of the EU ETS Companies Database is accessible online at http://www.carbonmarketdata.com.

EPEXSPOT: INTEGRATED SWISS INTRADAY MARKET SUCCESSFULLY LAUNCHED

Leipzig / Paris, 27 June 2013. The Swiss Intraday market was successfully launched on 26 June 2013. It joins France, Germany and Austria as the fourth national market to be integrated using ComXerv, the commodity trading system provided by Deutsche Börse AG. ComXerv allows implicit cross-border transactions which lead to an efficient use of capacity on interconnectors.

Market participants of all four countries benefit from pooled liquidity and standardised trading and operational rules. ComXerv connects to the Intraday capacity platform run by the transmission system operators (TSOs), ensuring a non-discriminatory access to cross-border capacity. ComXerv uses existing infrastructure with minimal adaptation to current market rules. In 2012, 18 TWh were traded on EPEX SPOT’s Intraday markets, making ComXerv one of the most liquid and mature Intraday platforms for power trading in Europe.

15-minute contracts which were thus far available exclusively on the German Intraday market are now also available for trading in Switzerland and can for the first time be traded across borders (between Germany and Switzerland).

On the first trading day, 699 MWh were traded on the Swiss Intraday market. Hourly and 15-minute contracts were traded locally and across borders.

The integrated Swiss Intraday market has been made possible by the cooperation of the TSOs Amprion and TransnetBW in Germany, RTE in France and Swissgrid in Switzerland, the European Power Exchange EPEX SPOT SE and the clearing house European Commodity Clearing AG (ECC). Physical and financial settlement of the new power contracts for the Swiss Intraday market will be provided by ECC. In line with the processes on the German Intraday Market, ECC will also dispatch fully automated schedules to Swissgrid every 15 minutes.

The launch of an integrated Swiss Intraday market marks another milestone for Intraday power trading in Europe. It facilitates the implementation of the European Intraday Target Model.

The Swiss spot markets are key to the integration of the European power markets. “We are confident that we will continue to strengthen our close working relationship with Swiss stakeholders in order to benefit both Intraday and Day-Ahead markets”, says Jean-François Conil-Lacoste, Chairman of the Management Board of EPEX SPOT.

EPEX SPOT SE operates the power spot markets for France, Germany, Austria and Switzerland (Day-Ahead and Intraday). Together these countries account for more than one third of the European electricity consumption. EPEX SPOT SE is a European company (Societas Europaea) based in Paris with a branch in Leipzig. 339 TWh were traded on EPEX SPOT’s power markets in 2012, of which 18 TWh on the Intraday markets.

European Commodity Clearing AG (ECC) is the central clearing house for energy and related products in Europe. In its capacity as the central counterparty ECC assumes clearing as well as physical and financial settlement of transactions concluded on CEGH Gas Exchange of the Vienna Stock Exchange, EEX, EPEX SPOT, HUPX, ICE ENDEX and Powernext. In addition, ECC offers clearing and settlement for those transactions which are registered for clearing on Exchanges.
PEGAS: Successful migration of EEX NCG Futures

Leipzig, Paris, 27 June 2013 – As from today, trading in natural gas futures for the market area NetConnect Germany (NCG) listed at the European Energy Exchange (EEX) is activated on PEGAS, the joint platform of EEX and Powernext.

At 4:00 PM CET today, a volume of 44,640 MWh was traded in the NCG futures market on PEGAS with a total of 6 companies participating in trading, including GDF Suez Trading SAS, Freepoint Commodities Europe LLP, Koch Supply and Trading Sarl and optimization engineers GmbH. Among the trades, the first NCG/TTF location spread transaction was traded today.

The Natural Gas Futures of EEX and Powernext comprising the market areas GASPOOL, NCG, PEG Nord, and TTF, are tradable on the Trayport® Exchange Trading SystemSM as well as the location spread combinations of these products.

Since the migration of EEX GASPOOL futures to PEGAS on 4 June 2013, a volume of 780,890 MWh has been traded which corresponds to a significant increase compared with the previous months.

As a next step, the products of the 24/7 EEX Spot Market for the GASPOOL, NCG and TTF market areas will be migrated to PEGAS on 9 July 2013 increasing the range of tradable spreads available for spot trading.

About PEGAS – Pan-European Gas Cooperation:

PEGAS is a cooperation between the European Energy Exchange (EEX) and Powernext. In the framework of this cooperation, both companies combine their natural gas market activities to create a pan-European gas offering. Members benefit from one common Trayport gas trading platform with access to all spot and derivatives market products offered by the two exchanges for the German, French and Dutch market areas. Furthermore, spread products between these market areas are tradable on the same trading platform. For more information: www.pegas-trading.com

About EEX:

The European Energy Exchange (EEX) is the leading European energy exchange. It develops, operates and connects secure, liquid and transparent markets for energy and related products on which power, natural gas, CO2 emission allowances and coal are traded. Clearing and settlement of all trading transactions are provided by the clearing house European Commodity Clearing AG (ECC). EEX is a member of Eurex Group. For more information: www.eex.com

About Powernext:

Powernext SA manages complementary, transparent and anonymous energy markets. Powernext Gas Spot and Powernext Gas Futures were launched on 26 November 2008 in order to hedge volume and price risks for natural gas in France and in the Netherlands. In 2011, GRTgaz and Powernext launched the first gas market coupling initiative in Europe between PEGs Nord and Sud. Powernext owns 50% in EPEX SPOT and 20% in EEX Power Derivatives. For more information: www.powernext.com

MDA EarthSat Use Climetrix® for Analyzing Enhanced Temperatures and Tracking Risk

MDA EarthSat Weather offers a variety of data and reports used throughout the energy, agriculture, and weather markets. In addition to providing the basic data products used by traders worldwide throughout these industries (historic, ongoing, and forecast temperatures, precipitation, etc.), EarthSat goes beyond the numbers to provide unique datasets tailored for traders in each industry. Product offerings include:

Enhanced Temperature Data and Climetrix®

While it is important to stay up-to-date with cleaned temperature data, enhanced temperature data is a critical tool for anybody that trades weather derivatives or makes evaluations based on historical analysis. While cleaned data accounts for erroneous or missing values, it does not capture any microscale events that occur in the temperature sensor’s proximity. An enhanced temperature data set takes into account any discontinuities that occur. A discontinuity (see image) could result from the relocation of a station, new (or faulty) instrumentation, or any other changes in the microscale environment (ex. nearby construction). It is not a reflection of regional trends or climate change. So why is this important? If you are trading weather derivatives, an adjustment of merely a ½ degree causes the degree day total for a given month to change by 15 – enough to potentially make or break your payout! There has also been a massive increase in weather derivative valuations. Climetrix® is MDA’s internet-based weather derivative trading and risk management system that uses a comprehensive range of weather data and state-of-the-art modeling capabilities for analyzing and tracking risk. It is the perfect tool for such valuations, including those that use enhanced temperatures.
Europe 2020: Bane or Boon to European Energy and Power Markets?

By Karen Hung

When the Intergovernmental Panel on Climate Change (IPCC) published its Fourth Assessment Report in 2007 and affirmed that global warming is anthropogenic, its climate model projections indicated that, without immediate intervention to reduce our greenhouse gas emissions, global surface temperature would rise by 1.1 °C to 6.4 °C within the century and cause extreme weather events, such as floods, droughts, and heat waves, to name a few.

When the European Union (EU) produced its 10-year growth strategy in 2010 — aptly named, Europe 2020—it naturally included specific, legally binding, EU-wide climate change and energy sustainability targets that must be achieved by 2020:

- Derive 20% of energy from renewable sources
- Reduce greenhouse gas emissions by 20% lower than 1990 emission levels
- Increase energy efficiency by 20%

Not only would these targets help keep world emissions below 445 parts per million, these targets also would help create a European Union that is more unified, resource efficient, and energy independent.

In the three years since Europe 2020 was formally adopted by the 27 countries of the EU (EU-27), these targets, as well as the various world events, have already begun to reshape European power and energy markets. Let’s take a look at some of these changes below.

The Impact of an Electricity Grid Dominated by RES

The EU has enjoyed relatively strong renewable energy generation capacity since the late 20th century. In 2001, the EU set a goal of raising the share of renewable energy sources (RES) in the electricity supply to 21% by 2010, and, as shown in Figure 1, they surpassed that goal in 2009. From 1990 to 2011, the share of RES in European electricity generation increased by almost 311.089 TWh. b

![Figure 1: Data from Eurostat; graph generated in ZEMA](image-url)
In comparison to conventional fuel sources, RES is the only source that has seen significant growth in the last decade for use in electricity generation. As shown in Figure 2 below, use of both natural gas and petroleum has decreased substantially since 2009. With Europe 2020, this trend is likely to continue, especially as natural gas and petroleum prices continue to remain high.

One notable exception is the 5% increase in coal use in 2011, while use of all other fuel sources fell. This brings us to one of the interesting twists in the European energy market.

**The Paradoxical Return of Coal**

With electricity grids becoming increasingly dependent on RES, which is expensive in its own right, member states are also becoming more price-sensitive to fuels for base load generation.

An analysis of power prices in Germany in comparison to RES growth exemplifies how increasing RES in electricity generation has also, ironically, increased dependence on fossil fuels.

**Germany: Large RES Capacity, High Base Load Fuel Price Sensitivity**

![Figure 2: Evolution of the EU-27 Energy Mix (Source: Data from Eurostat, graph generated in ZEMA.)](image)

Germany has led the EU in RES growth, especially in terms of wind energy development. Thanks to a combination of feed-in tariffs and loan programs for renewable energy development, Germany has seen an increase of 39,531 GWh\(^\text{ii}\) in wind energy capacity between 2000 and 2011, which has allowed German citizens to enjoy sufficient renewable energy for daytime use.

This has meant higher costs for end-users, however, particularly with the closures of several nuclear power plants after the aftermath of Fukushima precipitated a nuclear moratorium in Germany, and 8.5 GW worth of nuclear power taken offline in March 2011.\(^\text{iii}\)
In Figure 3 below, these power prices for industrial consumers are shown to have increased by nearly 0.07 €/KWh alongside the 100-TWh increase in renewable energy generation from 2000 to 2011.

And because of already-high power prices, it has been important for system operators to find cheaper fuel alternatives to handle German base load energy requirements.

Given that European gas is indexed to oil and almost double the price of American gas, Germany has been turning to U.S. coal, whose price has dropped due to the shale gas boom in North America. Brand new, state-of-the-art, gas-fired power plants have subsequently been shuttered in Germany, because they are no longer economical to operate.

The Impact (or Absence) of a Low Carbon Price

One of the reasons why the use of fossil fuels has continued, and even grown, is the low price of carbon.

Overall, all three Europe 2020 targets are intended to help reduce greenhouse gas emissions in the EU, but one of the main mechanisms has been putting a price on carbon, by way of the EU Emission Trading Scheme (EU ETS).

The EU ETS is a regulated carbon market that covers over 11,000 installations across the EU-27. Each installation must monitor its own emissions and purchase allowances to compensate; failure to do so would incur a penalty of €100 per tonne of CO2. The EU ETS, in theory, would price emissions in a way that would discourage installations from emitting overly much, for instance, at €30 per tonne of CO2. However, due to the complexity of monitoring emissions, setting emissions caps, and regulating trades across 27 different member states, the EU ETS has been plagued with issues since its inception in 2005. The price of an emission allowance, as of today, is €4.04 per tonne of CO2.
Figure 5 demonstrates how, even after pricing an emission at €22.87 per tonne of CO2, U.S. coal would be still more economically attractive than European gas.

The return to natural gas and coal has been fairly consistent across the EU-27, particularly for member states that have already established sufficient renewable energy capacity. Austria, for example, exceeded its interim RES target by 7.1 percentage points, and, as shown in Figure 6, there is a visible increase in the use of, at first, natural gas and then coal as RES use peaks.

Figure 6: Comparison of Fuels Used in EU-27 Electricity Generation (Data Source: Eurostat, graph generated in ZEMA.)
For member states who are not on track to meet their RES targets, regulation has been more of a determinant to their energy mix than fuel price. The United Kingdom, who was 0.7% away from meeting its interim RES target in 2010, is a good example of this. Because the UK’s Energy Bill 2012-2013 will phase out several old and inefficient coal and nuclear power stations to meet its 2020 emissions targets, and the UK is still behind on building up renewable generation capacity, it has been forced to rely more heavily on natural gas from Norway and Qatar.

This trend of the UK relying on natural gas may be changing. In May this year, it was reported that the UK is close to signing with Electricité de France (EDF) to build two to four new nuclear reactors at Hinkley Point. The UK also plans to have 16 GW of new nuclear capacity on line by 2030.

How Energy Efficiency Targets are Reshaping the Grid

The goal of Europe 2020’s energy efficiency targets is to reduce total energy consumption in the EU-27 by 20% below 2005 levels. While it seems likely right now that the EU-27 will not be able to meet this goal by 2020 (current projections predict energy savings of only 206.9 mtoe by 2020, instead of the 368 mtoe set by the Europe 2020 target), efforts to do so have had an interesting impact on utilities.

The combination of high power prices and the need to meet the Europe 2020 targets have spurred consumers to lower their energy use by investing more in energy efficiency technology, such as better insulation, heat pumps, condensing boilers, and smart thermostats, as well as in independent power generation, such as rooftop solar panel installations.

This is leading to two major developing trends.

One, utilities may have to turn to providing full energy services in order to avoid revenue loss, and there are signs that this is already happening. French gas giant GDF Suez’s unit Savelys is already providing maintenance services for the heating systems of individuals and businesses, and German utilities E.ON and RWE are working with boiler makers to sell CHP systems to households.

Two, the European grid is moving from the conventional, centralized energy grid to a “smarter,” distributed energy grid, which will be more resilient and energy efficient. This, however, will require upgrades and development to the EU’s energy networks, including incorporating information technologies such as sensors, digital meters, and an advanced communication network.

Europe 2020, and Beyond

Given time to adjust, the Europe 2020 climate change and energy sustainability targets will likely be a boon to European power and energy markets.

The growth of renewable energy is not only developing new markets but also bringing some business back to old ones.

Wind energy alone has contributed significantly to the European economy. Between 2007 and 2010, the number of jobs in the sector grew by nearly 30%, even as EU unemployment rose by 9.6%, and the wind energy sector’s contribution to GDP increased by 33%.

Moreover, even though the European economy is still in recovery, the urgency of meeting the Europe 2020 targets will draw out the necessary investments to modernize the European power grid.

The European Commission had already allocated €50.521 billion for renewable energy research and development, with €2.35 billion dedicated to non-nuclear energy, and half of that dedicated to renewable energy and energy efficiency from 2007 to 2013. And, as of 2014, the EU’s new framework programme, Horizon 2020, will be allocating €80 billion to research and development.

In the next six-and-a-half years, as the European economy pulls itself together and consumption gradually returns to pre-crisis levels, and with the upcoming European Parliament
election in 2014, there should be many more developments to look forward to in the European power and energy markets.

i Meehl et al., Chap. 10: Global Climate Projections, Sec. 10.ES: Mean Temperature, in IPCC AR4 WG1 2007.

About ZE PowerGroup Inc

ZE is an experienced software and strategic consulting firm that combines energy industry expertise with advanced software development capability. The company possesses deep industry knowledge and comprehensive operational experience. ZE is the developer of ZEMA Suite, a sophisticated Enterprise Data Management and Analysis solution built to meet the specific challenges of energy and commodity market participants.

About ZEMA

ZEMA is an enterprise data management suite designed for collecting data and performing complex analysis. ZEMA replaces fragmented data collection and analysis processes with a sophisticated, unified and automated data management system. Each ZEMA component can perform as an independent product; this means greater flexibility when integrating ZEMA into your organization. ZEMA is consistently ranked #1 for preferred system, #1 for ease of system integration, and #1 for customer service. ZEMA is easy to use and backed by our support team around the clock.

Disclaimer

ZE DataWatch is a report, comprised of data updates and expectations for energy and commodity markets and powered by ZEMA. The information contained in the ZE DataWatch is for information purposes only. Although ZE PowerGroup believes the information in this report to be correct and attempts to keep the information current, ZE PowerGroup does not warrant the accuracy or completeness of any information. Information in this report is not intended to provide financial, legal, accounting, or tax advice and should not be relied upon in that regard. ZE PowerGroup is not responsible in any manner whatsoever for direct, indirect, special or consequential damages, howsoever caused, arising out of the use of this report.