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EEX Market Monitor
by the Market Surveillance of EEX
Q1/2009

1 Quarterly report by the Market Surveillance

The sixth issue of the EEX Market Monitor is published this month. It constitutes the report by the EEX Market Surveillance (HÜSt) for the first quarter of 2009.

The Market Monitor focuses on subjects of regulation and monitoring of the energy market in general and on EEX in particular. Furthermore, it is intended to provide a report on the development of the markets during the respective past quarter in a neutral and objective manner.

This issue for the first quarter of 2009 will be supplemented with a glossary of further terms, which was already begun in the last issue with a list of terms regarding emissions trading. In this case, the list will comprise terms related to exchanges.

Since we already included a report on the innovations on account of the EEX Code of Conduct in the Market Monitor for the second quarter of 2008, we would now like to follow up on this subject and present the Sanctions Committee that is to be established on the basis of an ordinance by the exchange supervisory authority, the Saxon Department of Economic Affairs and Labour. In this connection, the exchange council elected Prof. Dr. Ulrich Ehrlicke of the University of Cologne and Prof. Dr. Jürgen Kühling of the University of Regensburg as equal chairmen of the Sanctions Committee in its meeting on 12th March 2009. Following this report we will provide a summary of the developments on the markets of EEX during the past three months as in the previous issues of this publication.

The EEX Market Monitor is not only intended for the EEX trading participants and their compliance departments but also and in particular for the interested public. With this publication, we hope to reach associations and authorities as well as all those persons interested in the liberalised energy market and in EEX. We provide the EEX Market Monitor on the website but are also pleased to send it out via e-mail. For this purpose, we provide the possibility of subscription. After that, you will automatically receive the respective current EEX Market Monitor upon its publication. Please send a short e-mail to surveillance@eex.com to that end.

We hope that you will enjoy reading the EEX Market Monitor.

We are very grateful for recommendations and suggestions.

Your EEX Market Surveillance Office

2 The EEX Sanctions Committee

In September 2007, the exchange council of EEX commissioned its compliance committee to develop general rules of conduct, the so-called Code of Conduct, and a model for a best practice standard for energy exchanges. On 13th June 2008, the exchange council of EEX adopted the Code of Conduct prepared by the compliance committee as a new element of the rules and regulations of EEX.

In addition to general rules of conduct for the trading participants towards the public and their customers, the Code of Conduct contains far-reaching requirements and prohibitions banning any form of manipulation of exchange trading or the exchange prices as well as any unfair use of the exchange and its facilities. However, the Code of Conduct does not release the trading participants from the obligation to comply with other statutory and internal rules and regulations of the exchange, such as the rules of the exchange and the EEX trading conditions. The Code of Conduct specifies the existing legal framework in more detail.

The rules established in the Code of Conduct can only have an effective impact if violations of the prohibitions specified are connected with firm sanctions. In future, these sanctions are to be imposed by a Sanctions Committee as a new body of the exchange.

The exchange supervisory authority, the Saxon State Ministry of Economic Affairs and Labour, has prepared a regulation on administrative penalties, which was published in the Saxon Law and Ordinance Gazette on 18th February 2009.

The statutory authorisation for enacting the ordinance is contained in art. 22 BörsG [German Exchange Act].

The Sanctions Committee will constitute the “court” of EEX. In order to ensure its independence the Sanctions Committee will be organised as an independent fourth body of the exchange in addition to the exchange council, the management board of the exchange and the Market Surveillance Office. It is exclusively subject to the legal supervision by the exchange supervisory authority and carries out its activity free from instructions by the other bodies of the exchange.

The Sanctions Committee will consist of up to three presiding members with the qualification for judicial office plus five to, at maximum, ten committee members. The presiding members will be appointed at the proposal of the exchange council after consultation with the exchange supervisory authority. The committee members come from the ranks of the trading participants licensed to trade on EEX and are also appointed by the exchange council after consulting with the exchange supervisory authority; the licensed trading participants themselves as well as the management board of the exchange have a right of proposal with regard to this. Decisions will be taken by the Sanctions Committee comprising one presiding member and two committee members (panel of judges). In its meeting of 12th March 2009, the EEX exchange council elected Prof. Dr. Ulrich Ehrlicke of the University of Cologne and Prof. Dr. Jürgen Kühling of the University of Regensburg as equal chairmen of the Sanctions Committee.

The Market Surveillance Office effectively operates as the investigative authority of the exchange, i.e. it has to investigate the facts of the matter comprehensively in case suspicious facts emerge in the daily continuous monitoring of the EEX market platform. In this context, it commands the extensive powers granted under the German Exchange Act, such as rights to demand information or the right to enter the trading participants’ premises. Once it has ascertained sufficient suspicious facts, the Market Surveillance Office forwards its findings to the management board of the

exchange and the exchange supervisory authority, which can then apply for proceedings by the Sanctions Committee. After that, the Sanctions Committee operates the proceedings under its own responsibility.

The sanctions procedure is governed by legal elements such as the principle of judicial investigation and rules for the protection of the parties involved, which are already known from other fields of law. This e.g. includes the possibility of rejecting a member of the committee on grounds of prejudice. This right arises in case a member of the committee is affected by the proceedings, might obtain a direct advantage or sustain a direct disadvantage on account of his or her work or is related to the persons on whose matters the body is to render a judgment.

A sanctions procedure is initiated upon written request by the management board of the exchange or the exchange supervisory authority specifying the essential reasons for such a procedure. On principle, the Sanctions Committee renders decisions in written procedures unless a member competent to decide requests a verbal debate to be held. In both procedures the person concerned is given sufficient opportunity to comment on the matter both with regard to facts and the legal perspective.

In the framework of the establishment of the facts of the matter, the Sanctions Committee can use the following evidence: obtaining information of any type, hearing parties involved, i.e. also the Market Surveillance, hearing witnesses and experts, obtaining documents and files as well as visual inspection.

The sanctions procedure is concluded with a decision by the Sanctions Committee which is adopted with a simple majority. The Committee decides in a composition consisting of one presiding and two committee members which are allocated to the sanctions procedure in an alphabetical order. In as far as a violation of provisions under the German Exchange Act is ascertained, a sanction can be imposed on the person concerned, otherwise the proceedings are discontinued. The sanctions are based on art. 22 paragraph 2 of the German Exchange Act. These extend from a mere reprimand to administrative fines to an amount of at maximum EUR 250,000 and to the temporary suspension of the trading participant from exchange trading for a period of up to 30 trading days. However, the full and permanent exclusion of a trading participant still lies in the hands of the management board of the exchange as in the past.

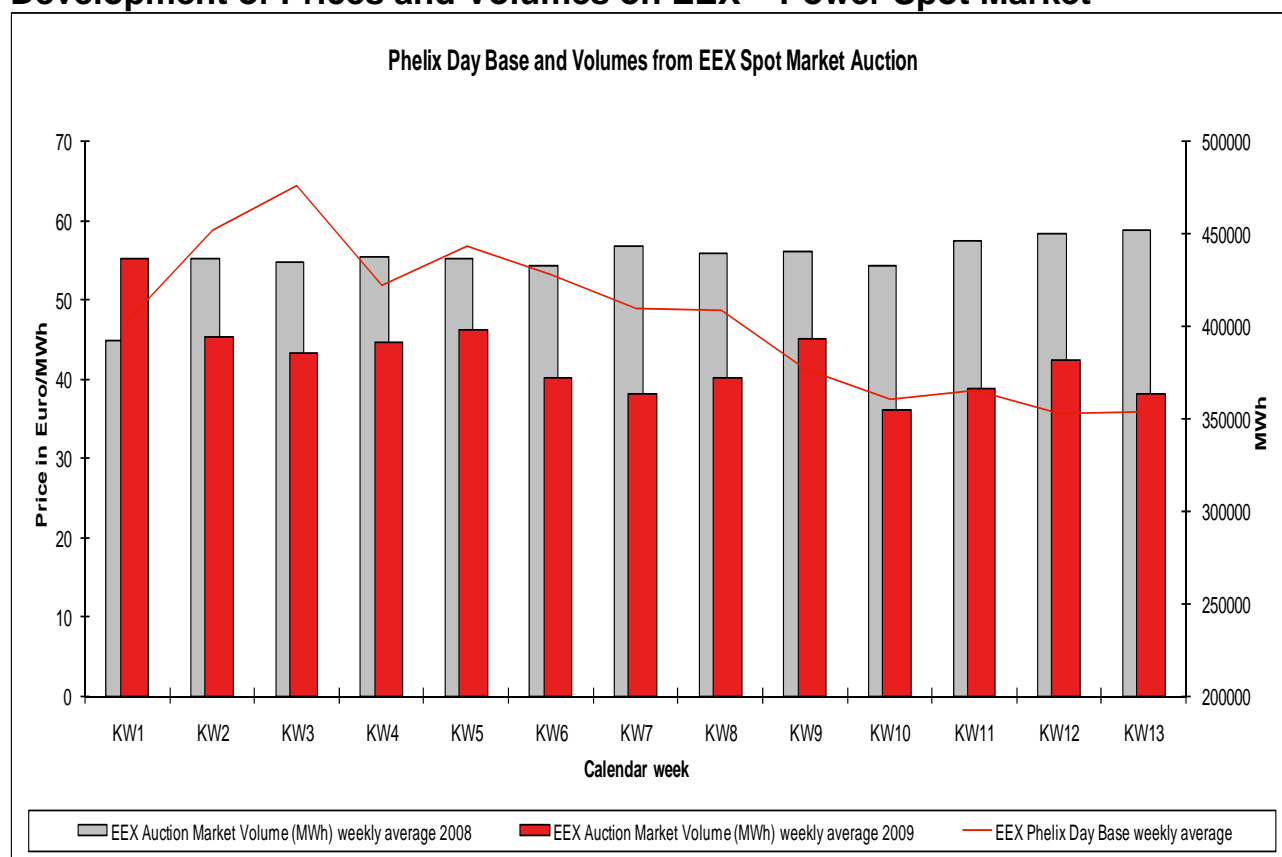
Conclusion: The set of rules and regulations of the exchange and especially the Code of Conduct, being part of these rules and regulations, comprise rules of conduct in order to protect the efficiency of the market. The Sanctions Committee has a flexible set of tools and a procedure in line with the applicable legislation at its disposal in order to punish possible violations.

3 Market Developments

The overview below provides a summary of the development of the markets during the past period under review. The report is only intended as general information regarding the events on the markets of EEX for the trading participants and the interested public. The Market Surveillance Office does not engage in analysts' activities. Neither it nor EEX itself comment or evaluate the development of prices on the different markets. The Market Surveillance does not prepare forecasts under any circumstances since this is diametrically opposed to its task.

Power

Development of Prices and Volumes on EEX – Power Spot Market –

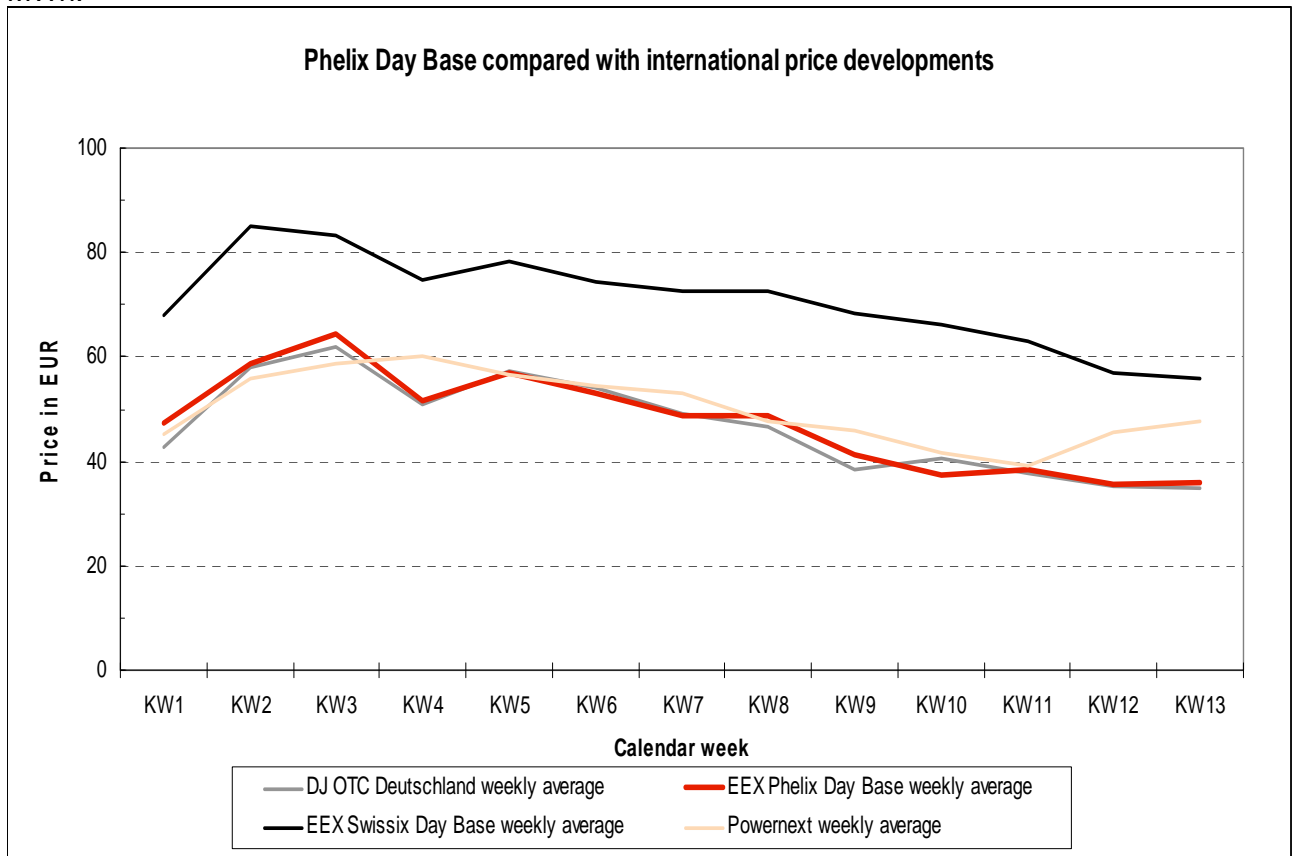


The power prices for the physical delivery of power within the German/Austrian market area on the one hand and within the Swiss market area on the other hand are established on EEX in the course of daily auctions. On the basis of the auction results, EEX then establishes the Phelix Day Base, which constitutes a reference for the development of the power prices in Germany and Austria.

The chart above shows the development of prices and volumes during the period under review for the German/Austrian market area. During the first quarter of 2009, the trade volume ranged between 355 GWh and 437 GWh on a weekly average. On average, approx. 382 GWh were traded per day. The average during the first quarter of the previous year amounted to approx. 436 GWh per day. A comparison between the first quarter of 2009 and the same period during the

previous year shows that, on average, 54 GWh less were traded per day than during the first quarter of 2008.

Prices developed analogously to the development of the volumes. During the first quarter of 2009, average prices declined considerably. At the beginning of the period under review, the average price increased to up to approx. EUR 64 per MWh. As of calendar week 3, the weekly average fell continuously until the end of the period under review, at which time it amounted to EUR 36 per MWh.



The chart shows the Phelix Day Base compared with the OTC prices as well as the prices for Switzerland (Swissix) and France (Powernext). Throughout the entire period under review, all prices displayed a clear decline. The high degree of correlation between the Dow Jones, Phelix and Swissix indexes, in particular, is noticeable. Moreover, the EEX Phelix Day Base weekly displays almost the same price level as the Dow Jones OTC weekly and Powernext weekly. The prices of these three weekly averages ranged between approx. EUR 34 per MWh and EUR 64 per MWh. The price development of the Swissix weekly average alone displayed a different level. In this case, the weekly average ranged between EUR 56 per MWh and EUR 85 per MWh.

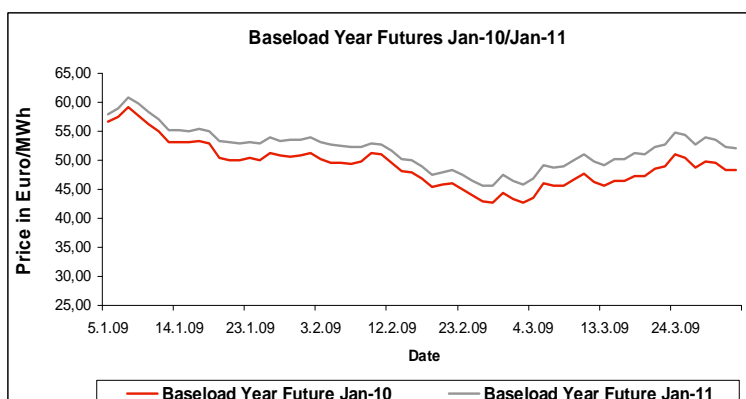
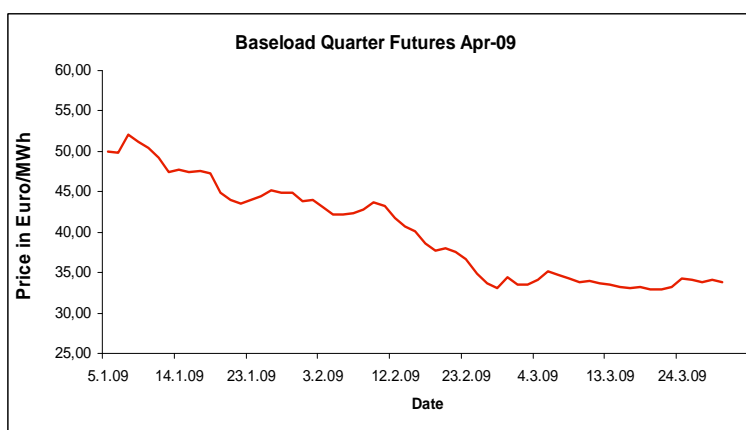
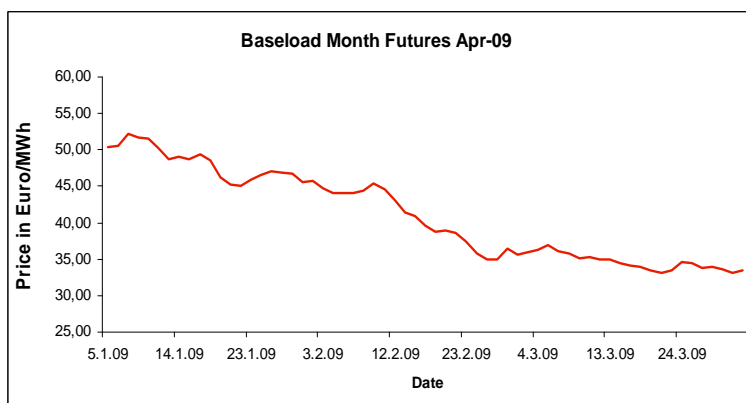
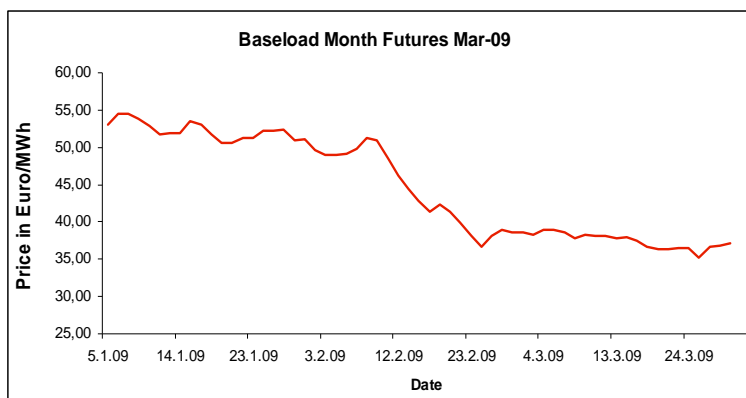
Development of Prices on EEX – Power Derivatives Market –

On the Derivatives Market futures on power are traded in addition to options. Futures comprise the right and the obligation to buy a certain quantity of power at a price established upon the conclusion of the contract at a certain point of time/ during a certain period of time in the future.

The development of the prices on the market for power futures is similar as long as all are based on the same expectations regarding the development of the market until the time of the fulfillment of the contracts. The development of the prices of the month and quarter futures, in particular, display major parallels; however, the development of the front year future slightly differs from this.

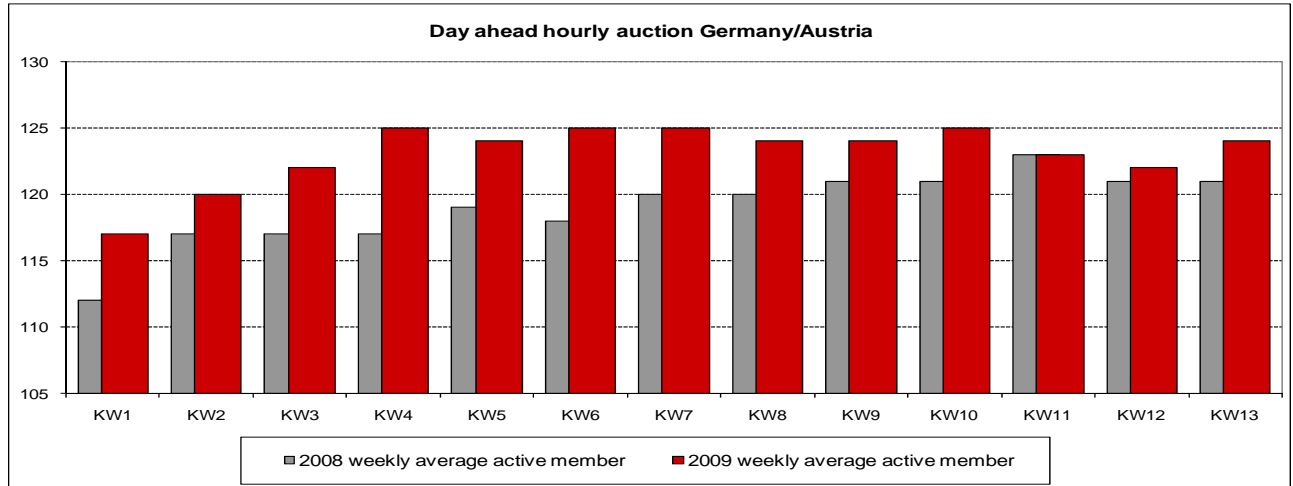
During the period under review, all charts displayed falling prices during the months of January and February. As of the end of February, the prices of the month and quarter futures displayed a sideward movement. The year future, the price of which has increased slowly and continuously since March, displayed a different trend. Furthermore, the decline of the price of the year future proved to be lowest.

Hence, the month and quarter futures displayed stronger similarities. However, prices in all three futures dropped by up to EUR 19. The biggest decline of the price in the annual futures amounted to approx. EUR 17 per MWh.

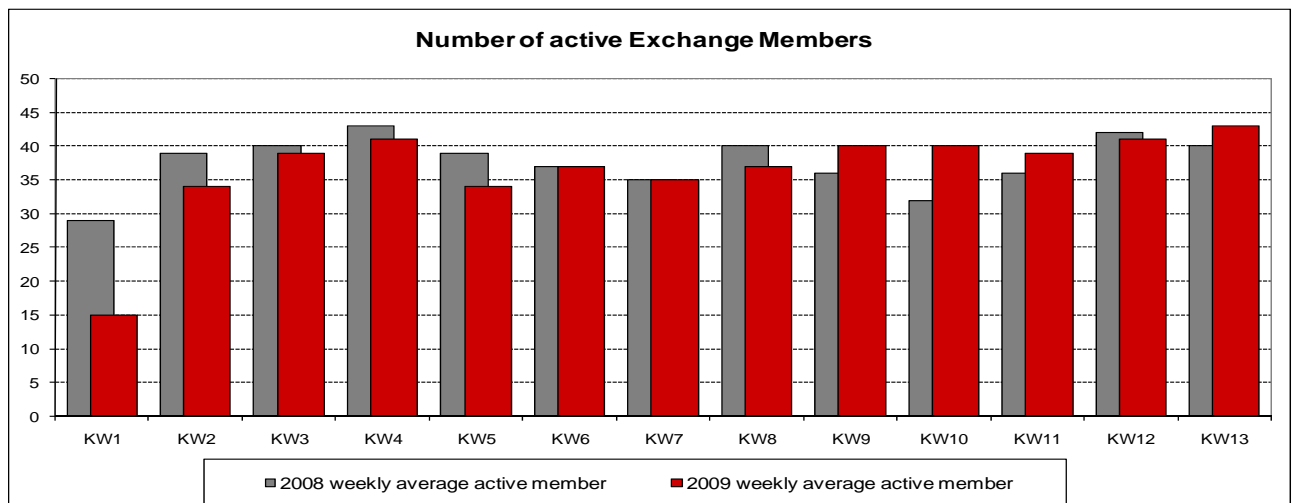


Number of Active Trading Participants on the Power Market

In deviation to the development of the trade volumes, the number of active trading participants on the Power Spot Market for the German/ Austrian market area has increased.



During the first quarter of 2009, the number of active trading participants increased continuously. With an average of 125 trading participants, the highest number of trading participants was active in the hourly auction for Germany/ Austria in February 2009. On average 122 trading participants were active in January 2009 and on average 123 trading participants were active in March. On a quarterly average 123 trading participants were active during the first quarter of 2009. During the first quarter of 2008, 119 trading participants were active on the Power Spot Market on average.



During the first quarter of 2009, the number of active trading participants on the Power Derivatives Market did not display a clear development. While, up until calendar week 8, the number of active trading participants was lower during the first quarter of 2009 than during the first quarter of 2008, this trend was reversed during the following weeks. With a total of 50, the highest number of active trading participants was recorded in March. On average, approx. 38 trading participants were active on the Power Derivatives Market during the first quarters of 2008 and 2009.

Natural Gas

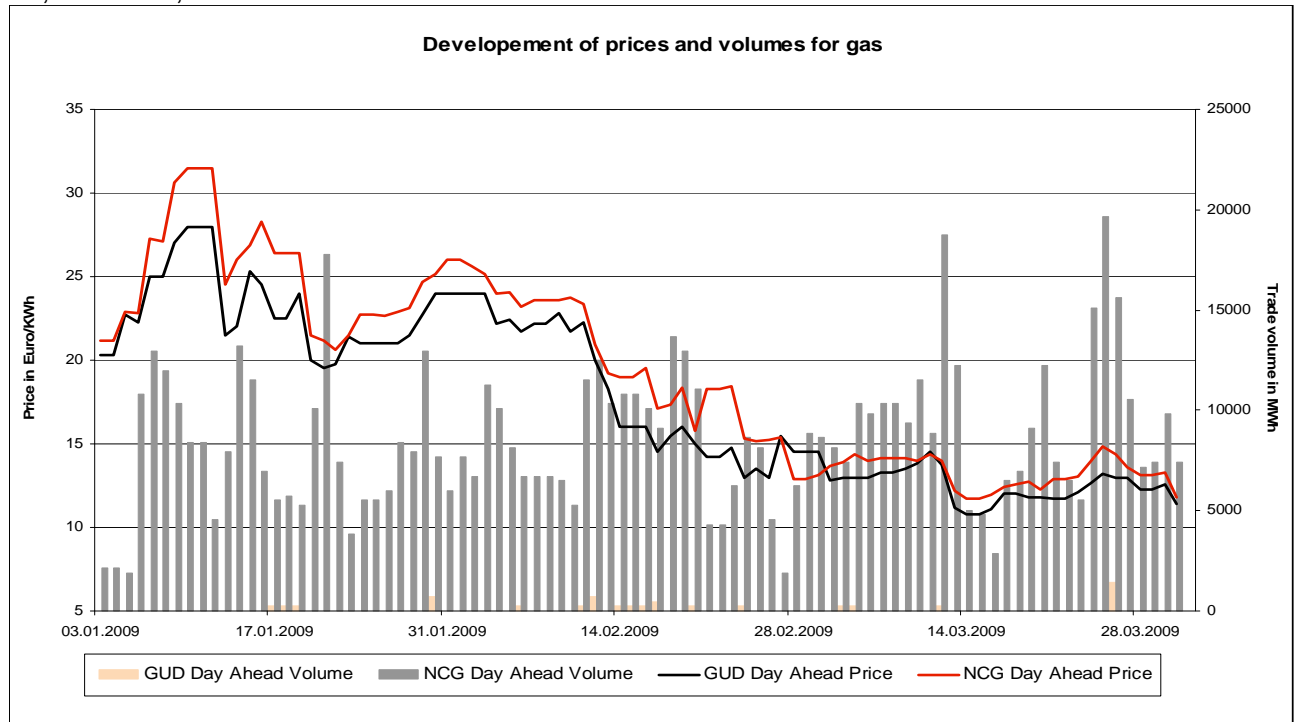
On EEX, natural gas is traded on the Spot and on the Derivatives Market. On the Spot Market, natural gas is traded for the next and next-but-one day as well as for the weekend. The Spot Market for natural gas is used for the short-term optimisation of gas procurement and sales, for trading external balancing energy as well as for arbitrage transactions between market areas.

On the Derivatives Market, natural gas is traded for the current month, the next six months, seven quarters and six calendar years. The Derivatives Market is used for the medium- to long-term optimisation of gas procurement and sales.

EEX offers spot and derivatives trading for the GUD and NCG market areas.

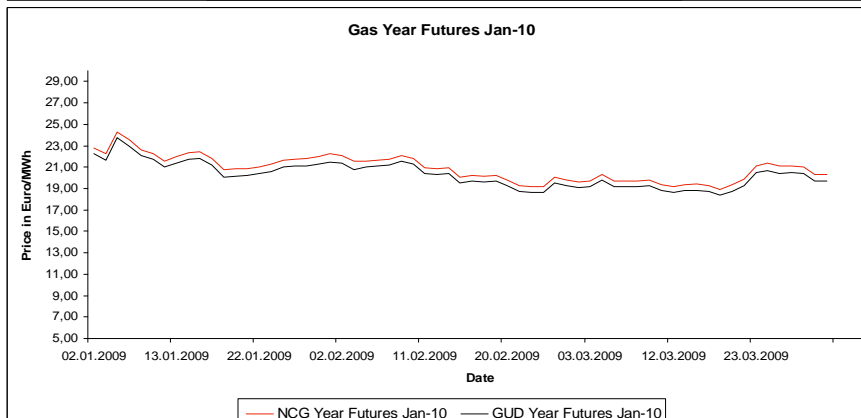
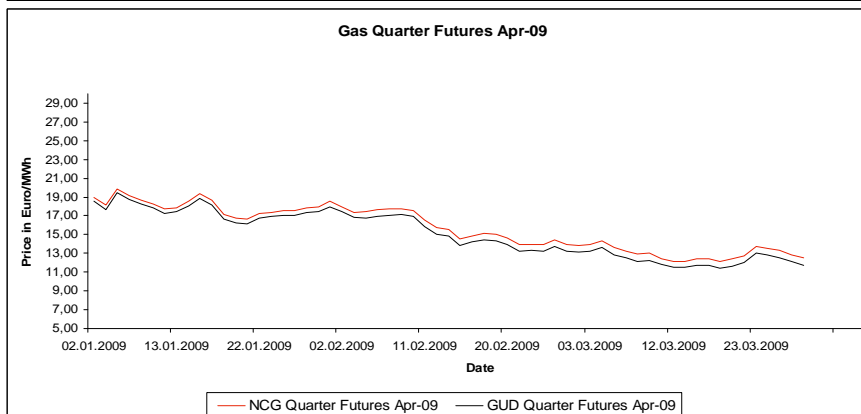
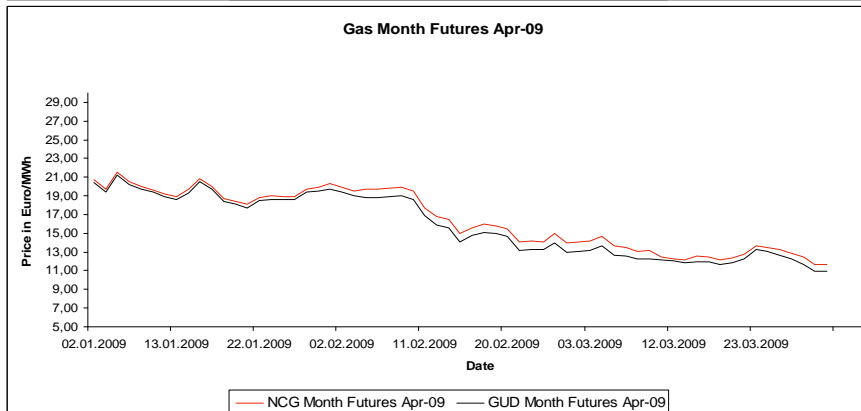
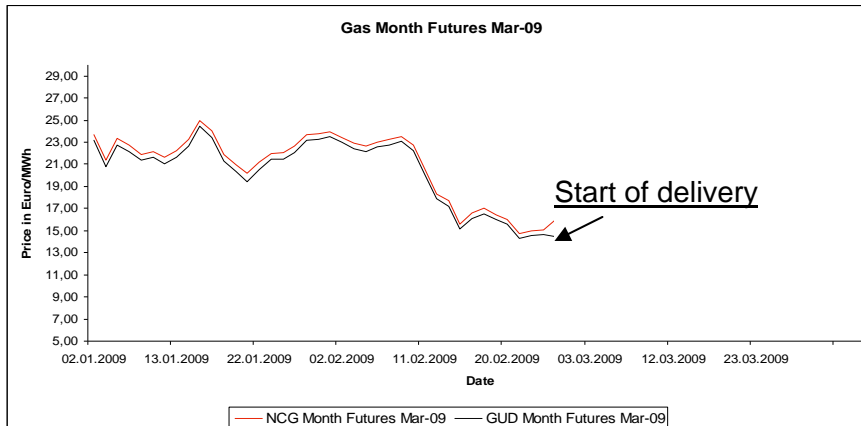
Development of Prices and Volumes on EEX – Gas Spot Market -

During the first quarter of 2009, the volume in the NCG Market area was highest with a total of 756,410 MWh. In the GUD market area, on the other hand, a total trading volume of 6,480 MWh was achieved. The highest day-ahead volume on any given trading day, which amounted to 19,680 MWh, was achieved in the NCG market area.



The development in both market areas was similar during the first quarter of 2009 with prices quoted between EUR 10.80 per MWh (GUD) and EUR 31.50 per MWh (NCG) with a high volatility. At the beginning of the year, prices between both market areas increased initially from roughly about EUR 20 per MWh to EUR 31.45 per MWh and EUR 28 per MWh for the NCG and GUD market area respectively. These values also correspond to the maximum values in the development of the two prices during the period under review. As of the middle of January, prices fell continuously until a slight recovery with a short-term sideways movement was reached at the end of January. Prices for both market areas closed the quarter at approx. EUR 11.50 per MWh.

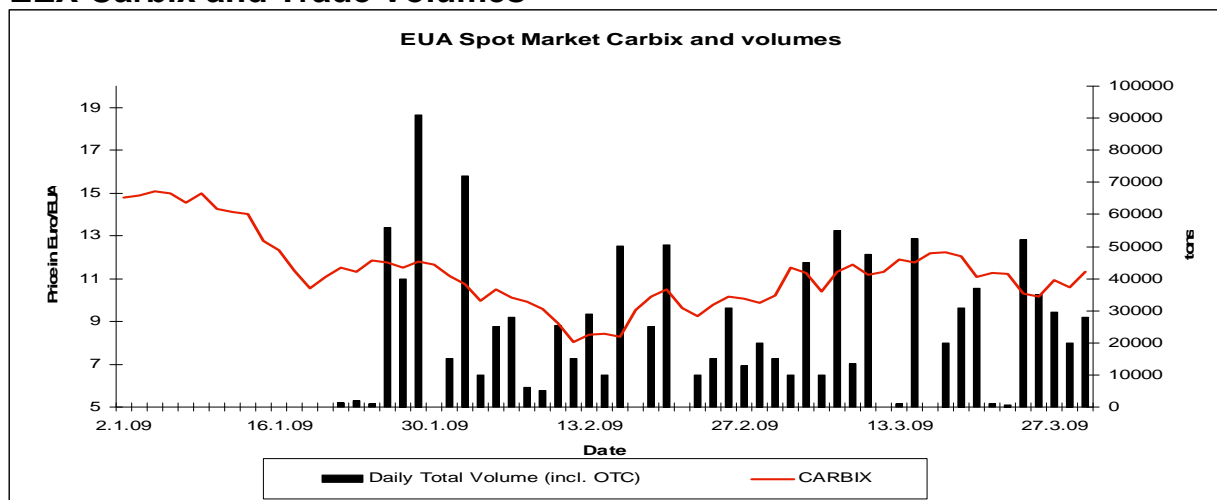
Development of Prices on EEX – Derivatives Market for Gas –



The delivery or purchase of natural gas in H-gas quality in accordance with DVGW [German Technical and Scientific Association for Gas and Water] guideline 260 with a constant output of 1 MW during the time from 06:00am on any given delivery day of the delivery month until 06:00am of the following calendar day at the virtual trading point within the market areas of NetConnect Germany GmbH & Co KG 3 (NCG Natural Gas Futures) or Gasunie Deutschland GmbH & Co. KG 4 (GUD Natural Gas Futures) constitutes the subject of the contract of the physical gas futures on the EEX Derivatives Market. All calendar days of the delivery month are delivery days. Just like on the Spot Market, the prices on the Derivatives Market also declined during the first quarter of 2009. The prices in the two market areas displayed a comparable development with NCG futures prices generally being slightly higher than those for the GUD market area. In this context, the most severe absolute decline in prices was recorded for the month future for April 2009 – with a decline by approx. EUR 10 per MWh to about EUR 11 per MWh.

Emission Rights

EEX Carbox and Trade Volumes

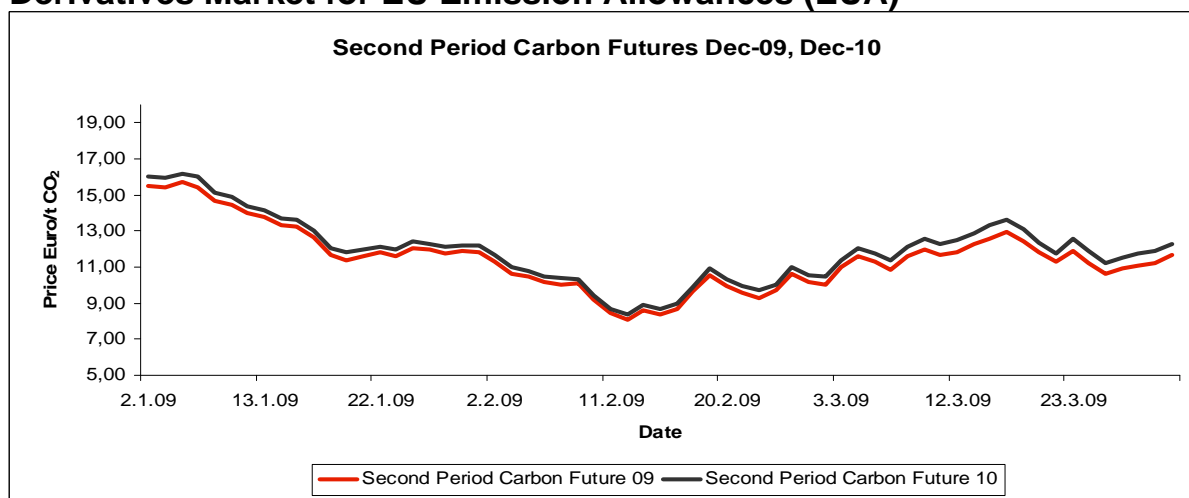


The EEX Carbox is a price index for EU emission allowances (EUA), which is established in an intraday auction on the Spot Market of EEX on every exchange trading day.

On 16th January 2009, EEX launched spot trading in CO₂ emission allowances (EUA) for the second phase. While only small quantities of EUA were traded during the first days of trading, the volumes increased considerably towards the end of the month and reached the maximum during the period under review with a daily volume of 91,000 EUA on 29th January. In the further course of the period under review, the number of EUA traded every day continued to be very volatile, fluctuating in a range of 0 to 55,000 EUA per day.

A decline of prices was recorded up until roughly the middle of the period under review. As a result, the price fell by roughly one half to a minimum of EUR 8.02 per EUA; however, it then rallied and closed at a value of approx. EUR 11.30 following a slight decline in the last-but-one week of March.

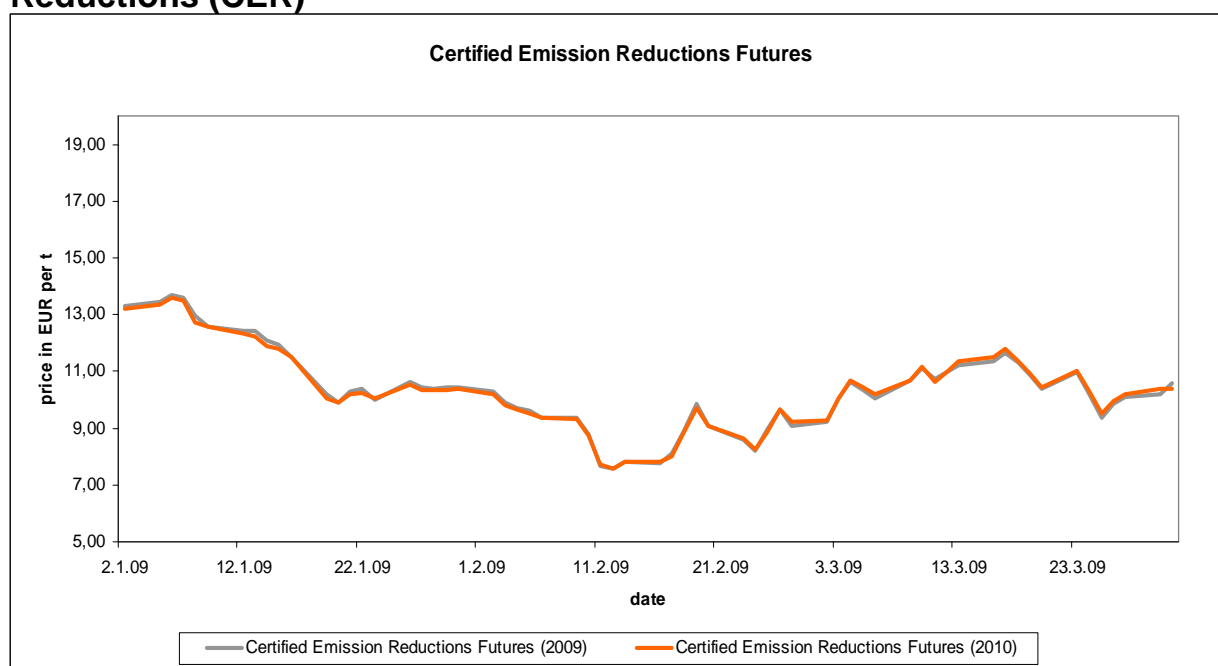
Derivatives Market for EU Emission Allowances (EUA)



The second phase of EUA distribution began on 01st January 2008. As of 01st January 2009, futures contracts with the maturities of December 2009, December 2010, December 2011 and December 2012 for the second phase were traded.

During the first three months of the year 2009, the prices on the Derivatives Market for EUA with the maturities of December 2009 and December 2010 displayed a comparable development to the prices on the Spot Market and, moreover, they developed in parallel. For example, the lowest price, which amounted to about one half of the prices of the beginning of January at roughly a little more than EUR 8 per t CO₂, was also traded in mid-February. After that, prices increased to values of approx. EUR 13 per t CO₂ for about one month and then fell again slightly towards the end of the period under review.

Development of Prices on EEX – Derivatives Market for Certified Emission Reductions (CER)



Certified Emission Reductions (CER) Futures are emission credits which are generated through emission reduction projects in developing countries and can be used towards the fulfillment of obligations under the Kyoto Protocol. On EEX, they can be traded for the maturities from 2009 until 2012.

The development of the prices of the CER with the maturities 2009 and 2010 was almost identical and displayed strong parallels to the development of the prices for the EUA futures during the first quarter. In the case of the CER, too, prices fell at the beginning by approx. EUR 6 per t; however, they increased again as of the second half of February. After that, prices on the CER Derivatives Market fell again during the last two weeks of March.

4 Glossary

In the future, we would like to present a short glossary of exchange trading as well as the energy and its related markets at this point of the publication. In this issue, we extend the glossary by means of several terms related to exchanges.

Closing of a Position / Closing out of a Position

An open position is closed by the conclusion of an equal but opposite transaction. A long position can thus be closed by an offsetting short position, and vice versa.

When entering an order, the trader can decide via the so-called open/close flag whether this order shall be used to open a new position or to close an existing position.

The enforced closing of a position by a third party such as the Clearing House or the Exchange is frequently referred to as the closing out of an open position

Long Position

A long position is a deal of the buyer of a futures or options contract that is not yet fulfilled in parts or in its entirety. It constitutes thus an obligation for the buyer to purchase a certain good at a specified date in the future.

Offset Transaction: Short Position

Open Interest

The Open Interest characterizes the number of all open positions in a specific futures or options contract at one point in time. It corresponds thus to the total number of futures contracts in a given market that have not yet been closed, delivered physically or executed via cash settlement.

The Open Interest increases whenever on balance, new (open) futures contracts are being created while it decreases if existing futures contracts are being closed.

Position

A position is a deal in the futures or options market that is not yet fulfilled in parts or in its entirety. It constitutes thus an obligation to fulfill the transaction at a specified date in the future.

The exchange participants' positions are being held in position accounts that are managed by their Clearing House or, in the case of Non-Clearing Members, by the respective Clearing Members. In the context of those position accounts, the balance of long and short positions, namely the collective arrangement of positions, is also called a position.

Position Limit

A position limit is the maximum number of Derivatives contracts that may be held by one exchange participant or one customer for its own account. In derivatives trading, the position limits for each product can be defined by the Board of Management as the maximum total number of contracts purchased and sold.

The definition of position limits ensures that trading proceeds in an orderly manner. In particular, it is intended to prevent individual exchange participants from acquiring disproportionately sized positions.

Short Position

A short position is a deal of the seller of a futures or options contract that is not yet fulfilled in parts or in its entirety. It constitutes thus an obligation for the seller to sell a certain good at a specified date in the future.

Offset Transaction: Long Position

Trade Limit

A trade limit is a limit established by means of a monetary value or a maximum number of transactions. Within this value, set by the respective Clearing Member, the exchange participant can buy contracts in continuous trading on the Spot Markets of the EEX between two settlement days of the ECC AG. The value of sales which have not been settled yet is taken into account with regard to the trade limit.

The seller of an option is called an option writer.

The establishment of trade limits serves the provision for the individual creditworthiness of the respective exchange participants.

Trading Volume

The trading volume is the number of contracts traded on an exchange during a given time span, mostly within one day. In addition to the Open Interest, it constitutes a key figure in evaluating the liquidity of a given product on its market.

5 EEX in the Press

02/04/2009

Integration of Powernext Futures into EEX Power Derivatives implemented as scheduled

An essential milestone in the framework of the power trading co-operation between European Energy Exchange AG (EEX) and Powernext SA has been reached with the contribution of the Powernext power futures to EEX Power Derivatives GmbH as of 1 April 2009. EEX Power Derivatives, in which EEX holds 80 percent of the shares while the Paris-based Powernext holds the remaining 20 percent, will continue power derivatives trading for France with immediate effect in accordance with the co-operation agreement.

The Powernext Power Futures have now been integrated into the EEX Power Derivatives product "French Power Future". Physical settlement of the base load and peak load futures (month, quarter and year futures) is provided through the delivery of power into the TSO zone of RTE. Clearing and settlement of all products is ensured by European Commodity Clearing AG (ECC), the clearing house of EEX and its partner exchanges.

12/03/2009

EEX Exchange Council launches Sanctions Committee

Exchange council appoints two chairmen for the sanctions committee Düsseldorf/Leipzig, 18th March 2009 – In its meeting in Düsseldorf on 12 March 2009 the exchange council chaired by Dr. Günther Rabensteiner elected Prof. Dr. Ulrich Ehricke of the University of Cologne and Prof. Dr. Jürgen Kühling of the University of Regensburg as equal chairmen of the newly established sanctions committee.

The task of the sanctions committee will be to take action against violations of statutory and exchange rules, especially the provisions of the code of conduct, committed by trading participants. To that end, the sanctions committee has the following possible sanctions at its disposal: It can issue a letter of censure, it can impose fines of up to EUR 250.000 or a suspension from the exchange for up to 30 trading days on trading participants in case the trading participant concerned or one of its vicarious agents deliberately or negligently violates legal provisions governing exchange transactions and intended to safeguard the proper execution of trading on the exchange or of the settlement of exchange transactions.

The establishment of the sanctions committee as an independent body of the exchange in addition to the exchange council, the management board of the exchange and Market Surveillance within the meaning of the German Exchange Act is based on an ordinance by the exchange supervisory authority from the Saxon State Ministry of Economic Affairs and Labour of 16th January 2009.

Prof. Uwe Leprich guest at the meeting of the exchange council

In the framework of the discussion of scientific documentations, which has become a regular feature of the meetings, the exchange council welcomed Dr. Uwe Leprich, Professor at the University of Applied Sciences of the Saarland and author of the study "Stromwatch II", the results

of which he presented in the meeting, as a guest. In a comprehensive discussion the exchange council explained the supervision mechanisms of the management board of the exchange and of Market Surveillance as well as the competences and fields of responsibility of the individual bodies of the exchange. Moreover, the different initiatives by EEX for increased transparency in the field of information which is relevant with regard to market prices, e.g. power plant information, were also covered in this discussion.

Approval of Gas Intraday Price Window

Furthermore, the exchange council discussed the proposals by the management board of the exchange regarding the reduction of the minimum contract volume on the Spot Market for natural gas to 1 MW. As a result, a resolution to introduce an Intraday Pricing Window in the trading form of an intraday auction was adopted. The required adjustments in the rules and regulations will be effected until the next meeting of the exchange council and adopted then. The implementation in daily trading is to be effected at the latest by the beginning of the new gas business year on 1st October 2009. By means of this step EEX pursues the aim of offering its trading participants a platform on which smaller quantities of gas can also be traded in order to strengthen overall liquidity.

Election of new exchange council in June

In accordance with the rules governing its term of office, the exchange council will be re-constituted in its next meeting on 10th June 2009. To that end, the exchange supervisory authority presented the current Saxon Ordinance on Exchange Council Elections, which has recently been amended, to the members of the exchange council. In addition to the trading participants with a total of 19 members elected from within various groups, the German Association of Energy and Water Industries, registered association (BDEW), the German Association of the Energy and Power Supply Industry, registered association (VIK), the Federation of German Industries, registered association (BDI) and the Federation of German Consumer Organisations, registered association (vzbv), delegate one representative each as members of this body of the exchange. In addition to that, one investors' representative can be elected by the other members of the exchange council.

02/02/2009

Record Volumes on the Spot Market for Natural Gas – 60th Trading Participant Admitted to Natural Gas Trading

Spot trading in natural gas on European Energy Exchange AG (EEX) has reached a new record level in January. The highest volume for any month so far since the launch of trading was sold on the Spot Market with a volume of 237,120 MWh (GUD and NCG market areas) (same period during the previous year: 70,080 MWh). More than 350 trades were concluded. The highest daily volume during this period amounted to 17,760 MWh (20th January 2009).

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