

TRANSPARENCY

AT THE EUROPEAN ENERGY EXCHANGE

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Confidence

Proper functioning of an exchange is based on the confidence which the public and the trading participants have in this market, its pricing mechanism as well as the pricing signal resulting from it, which even has the effect of a reference for all of Europe in the case of the European Energy Exchange (in the form of the Physical Electricity Index, abbreviated: Phelix).

The confidence which the trading participants have in the EEX market is based on two decisive elements: transparency and market supervision. Diverse and intense supervision of exchange trading on EEX ensures that equal opportunities for all trading participants are safeguarded in anonymous trading and that the legal provisions are complied with. There is no "secret data" – this is ensured by the Market Surveillance, which checks and examines all the data of exchange trading and the settlement of exchange transactions systematically and without any gaps and carries out any necessary investigation activities if required.

Transparency pursues the aim of making trading and, in particular, the results of trading understandable, comprehensible and, hence, transparent for all those involved in the process as well as for the public. Wherever the anonymity of those trading on the exchange needs to be preserved, Market Surveillance takes over monitoring and ensures proper trading. The significant increase in the number of trading participants during the last years (2005: 132 trading participants, 2006: 158, 2007: 191) and the development of the trade volumes (total volumes on the Spot and Derivatives Market for Power – 2005: 602 TWh, 2006: 1,133 TWh, 2007: 1,273 TWh) confirm the trust placed in EEX and its control mechanisms.

The transparency and information offer by EEX is permanently discussed critically on the exchange council of EEX; moreover, it is expanded steadily and developed further to a level exceeding the statutory requirements of EEX by far. As regards power plant and grid data, the trustful co-operation with the energy suppliers, the transmission system operators and the Federal Network Agency is of the same core significance as the exchange of information and opinions which is carried out intensively on the level of the EU. The EEX Transparency Balance Sheet – which has been a firm element of the business report since the year 2005 – provides information on the latest state of affairs.

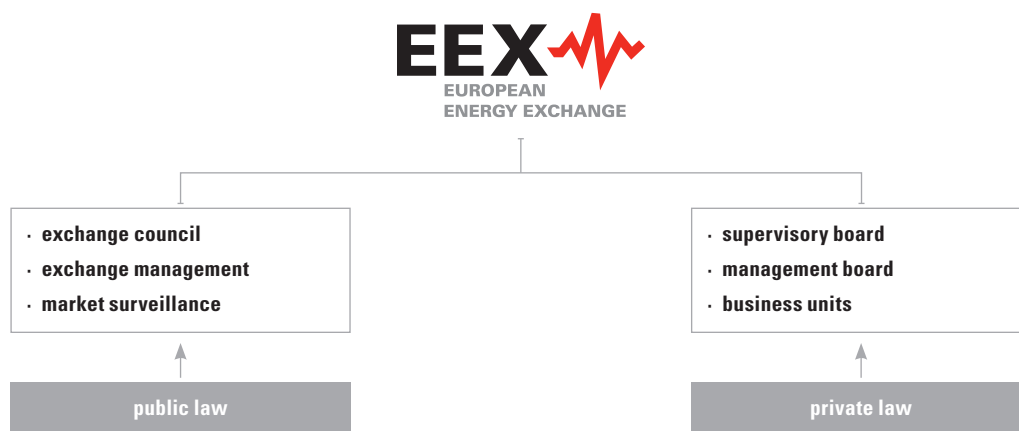
However, the topic of transparency is the subject of a discussion which is partly a very emotional one and the bone of contention is the power prices, which are considered to be too high. Last but not least, this has led to a situation in which EEX was exposed to strong criticism on the part of the media, the political sector and the public. Against this background, the public relations work of EEX – in particular as an exchange under public law – is of a special importance: EEX has to provide information on the exchange and the market for which it stands in a manner which should be as comprehensive and objective as possible. It fulfils this important task at many events for the representatives of the political sector, the press and business circles as well as for the interested public – all of whom can inform themselves of the functioning of the exchange on site in Leipzig at any time. However, EEX also fulfils this task by means of its participation in congresses, international forums, conferences, trade fairs and seminars.

This brochure is divided into two parts: The first part contains information regarding Market Surveillance as well as the current status achieved in the exchange's own transparency on the Spot and Derivatives Market. The second part comprises information regarding the publication of power plant data for which the exchange constitutes the platform.

Comprehensive Control on a National and International Level

EEX is subject to comprehensive supervision both nationally and internationally. On a national level, the supervision mechanisms are based on a structure which is unique throughout Europe: Whereas the exchange is operated by a public limited company under private law, the exchange as such is an institution under public law which is subject to the German exchange act (see chart). This means the same rules apply to EEX as to any other securities exchange in Germany. Against the backdrop of the strategy towards Europeanization pursued by EEX, the exchange council has asked a compliance committee to develop a concept as to how these tried and tested structures and, in particular, the trading participants' integration into the decision-making processes of the exchange can be preserved and developed further in order to ensure that this will continue to be the case also in the future.

Market supervision is governed by public law



On account of the fact that trading participants from 20 countries are now trading in Leipzig, EEX has entered into a dialog with the political sector and supervisory authorities which has the same degree of intensity both on the level of the EU and beyond. In this context, the permission by the American exchange supervisory authority, Commodity Future Trading Commission (CFTC), which permits EEX to admit trading participants based in the United States to trading on the exchange, has to be emphasized.

The work on the level of the EU takes place in particular at forums, such as the Florence Forum or the Madrid Forum, and in working groups, such as the European Regulators Group for Electricity and Gas (ERGEG). These activities explicitly aim at promoting the liberalisation of the European wholesale markets with the help of a transnational regional approach.

EEX is subject to extensive supervision



** Source: Dr. Hans-Bernd Menzel, Chairman of the EEX Management Board*

Tasks of the Market Surveillance

According to the German exchange act, the most important task of an exchange is to ensure that trading and pricing take place at fair conditions and without manipulations. On EEX, the Market Surveillance (HÜSt.) assumes the task of monitoring this duty.

The Market Surveillance with its staff of four is an independent and autonomous body of the exchange within the meaning of the German exchange act in addition to the exchange council and the management board of the exchange. It is only subject to the instructions by the exchange supervisory authority of EEX, the Saxon State Ministry for Economic Affairs and Labour (SMWA) in Dresden. The independence of other bodies of the exchange and the company operating the exchange ensures the objectiveness and neutrality of HÜSt.

The Market Surveillance has the main task of recording all the data regarding exchange trading and the settlement of exchange transactions without any gaps on a daily basis, of analysing these and carrying out required investigation activities. In short: HÜSt looks for any suspicious facts and circumstances in the trading process. In particular the correctness of pricing and the question of whether indications of collusion between the trading participants are discernible constitute the special focus of the daily investigation activities.

In addition to this, special investigations regarding a specific cause are carried out in the course of which HÜSt intensively analyses the market behaviour, market structures and market strategies of individual trading participants or certain groups of trading participants either at the own initiative of HÜSt or upon an instruction to that end by the exchange supervisory authority or the management board of the exchange. However, the execution of special investigations is based on the precondition of the observation of suspicious facts and circumstances in the course of daily monitoring or on external information and events. Moreover, HÜSt also looks into accusations by the media.

So far, e.g. the long-term market behaviour of major trading participants and of the financial service providers operating internationally have been the subject of investigations. In the course of another investigation, HÜSt analysed the interactions between exchange prices on the Spot and Derivatives Market and the price for the final customer. In addition, HÜSt has carried out special investigations

regarding a specific cause with regard to the amount of the power price on the Spot and Derivatives Market several times. Moreover, the question of whether affiliate companies trade amongst themselves in a particular manner has also been looked into.

However, a suspected manipulation was not substantiated or even proven in any of these investigations.

In order to fulfil its tasks, HÜSt commands extensive powers. It has access to all the data from trading and settlement. It evaluates these with the help of automated processes and by means of manual enquiries. In addition to this, the German exchange act grants it far-reaching rights of information, such as e.g. the right to request information and the presentation of documents from the trading participants even without a special cause and the right to enter the business premises and offices of the trading participants during the usual business hours. In addition, the far-reaching powers of investigation apply towards anyone – regardless of whether or not the party concerned is a trading participant. This is based on one precondition: There must be suspicious facts indicating that provisions and instructions under exchange law have been violated which might affect exchange trading or the settlement of exchange transactions.

HÜSt uses the findings and experience from the ad-hoc investigations to further develop and optimise the quality, efficiency and content of its continuous monitoring processes.

HÜSt reports to the exchange supervisory authority and the management board of the exchange on a regular basis or with regard to specific causes. It communicates with various national, European and international authorities, in particular, in the field of exchange and financial market supervision, energy regulation and competition monitoring.

It reports on its work to the exchange council.

Tasks of the Exchange Council

All of the transparency measures on EEX are carried out in close concert with the exchange council. This close connection ensures that the exchange continues to develop the market in line with the trading participants and that a permanent exchange of experience takes place.

The exchange council of EEX is an official body of the exchange under the German exchange act. It consists of in total 23 members who adequately represent the various interest groups and business circles: In addition to the trading participants with 18 elected members from various sectors (national and international transmission system operators and power trading companies, municipal utilities and regional suppliers, brokers and financial service providers as well as commercial consumers), four representatives from associations (VIK Verband der Industriellen Energie- und Kraftwirtschaft e. V. [German Association of the Energy and Power Industry, reg. ass.], Verbraucherzentrale Bundesverband e. V. – vzbv [Federation of German Consumer Organisations], Bundesverband der Energie- und Wasserwirtschaft – BDEW – e. V. [German Association of Energy and Water Industries, registered association] and BDI - Bundesverband der Deutschen Industrie e. V. [Federation of German Industries]) and Prof. Wolfgang Pfaffenberger as the investors' representative are members of the exchange council.

The tasks of the exchange council include, in particular, the adoption of the rules and regulations of the exchange, the appointment and supervision of the management board of the exchange and the appointment of the head of the Market Surveillance.

Members of the exchange council

Name	Company	Function
Phil Atkinson	ICAP Energy AS	Director of Corporate Development
Gregor Bäumerich	Ezpada s.r.o.	Managing Director
Kurt Baumgartner	Aare-Tessin AG für Elektrizität (ATEL)	Member of the Management Board
Sven Becker	Trianel European Energy Trading GmbH	Member of the Management Board
Gerd Billen	Verbraucherzentrale Bundesverband e. V.	Director
Pierre Chevalier	DB Energie GmbH	Head of Energy Trading
Marc Ehry	PCC Energie GmbH	Managing Director
Marco Fessler	BKW FMB Energie AG	Energy Trading
Dr. Christoph Helle	MVV Energie AG	Chief Executive Officer
Ralf Henze	Stadtwerke Hannover AG	Head of Energy Trading
Peter Heydecker	EOS Trading	Managing Director
Wilfried Köplin	Bayer MaterialScience AG	Head of Corporate Policy & Reporting
Dr. Wulf Lammert	ENERGIEUNION AG	Executive Director
Tobias Lausch	BNP Paribas	Marketer Commodity Futures
Peter Lintzel	Stadtwerke Leipzig GmbH	Head of the Department of Energy Procurement
Dr. Thomas Niedrig	RWE Trading GmbH	Head Short Term Position Management
Prof. Dr. Wolfgang Pfaffenberger	Jacobs University Bremen	Adjunct Professor of Economics (European Utility Management)
Dr. Günther Rabensteiner	VERBUND-Austrian Power Trading AG	Director of the Managing Board
Edgar Röck	TIWAG-Tiroler Wasserkraft AG	Head of Energy Trading
Dr. Peter Sentker	VIK Verband der Industriellen Energie- und Kraftwirtschaft e. V.	Managing Director
Andrea Vittorio Siri	Edison Trading S.p.A.	Manager International Power Trading
Vincent van Lith	BHF-BANK Aktiengesellschaft	Managing Director
Dr. Bernhard Walter	BDEW Bundesverband der Energie- und Wasserwirtschaft e. V.	Deputy Head of Trading Division

Exchange supervisory authority

Reinhard Flaskamp	Saxon State Ministry for Economic Affairs and Labour	Undersecretary
Dr. Eckhard von Bülow	Saxon State Ministry for Economic Affairs and Labour	Assistant secretary
Volker Zuleger	Saxon State Ministry for Economic Affairs and Labour	Assistant secretary

Spot and Derivatives Market: Transparent Pricing Procedure

The publication of current trading data ensures the transparency of pricing on the Spot and Derivatives Market (cf. tables). The data is available for the trading participants in the "Download" section of the web site www.eex.com in an up-to-date manner. In this way, exchange trading as such creates transparency in a market. This is an advantage from which gas trading has also benefited since the launch of gas trading on the exchange in July 2007.

In the framework of the continuous expansion of transparency, EEX has considerably expanded the range of information in the course of the year 2007.

For example, whereas, traditionally, the bid curves were available on the day after the auction at 4.00 p.m., the trading participants can now see these at 9.00 a.m. – i.e. before the next auction. This gain of time enables analysts to better understand liquidity, pricing and the bidders' behaviour and to draw conclusions regarding the further development of prices from these.

Following an intense discussion on the exchange council, new steps towards transparency were concluded and implemented for the Spot and Derivatives Market for Power. These are provided on the EEX web site (www.eex.com) under the menu item "Market information" under the heading "Transparency Information". With this step, EEX far exceeds statutory requirements without violating the German exchange act.

In particular the number of the net sellers on the Spot Market for Power, i.e. of the trading participants who sell more than they buy, is revealing. On an annual average for 2007, there were already more than 40 of these trading participants, more than one half of whom came from other European countries. This is certainly proof of the fact that the development of a European power market has made far more progress than is frequently assumed.

Spot Market: Number of buyers/net buyers



Spot Market: Number of sellers/net sellers



Number of sellers per delivery day across all TSO zones of EEX for the market area Germany/Austria

Number of net sellers per delivery day across all TSO zones of EEX for the market area Germany/Austria



What is interesting for the Derivatives Market is, in particular, that the average share of the five trading participants with the highest share in turnover (buy and sell side) per trading participant is published. This share regularly amounts to no more than 12 percent.

Derivatives Market: Average share of the five trading participants with the highest turnover (buy and sell side)



Average share of the five trading participants with the highest turnover (buy and sell side) per trading participant for all trades of Phelix Futures per month

Details regarding Market Making

The publication of details regarding market making on the web site of EEX constitutes one further step towards more transparency. Those trading participants who are available as trading participants at all times and, hence, safeguard basic liquidity are referred to as market makers. On the one hand, the specifications refer to those products with regard to which the market makers have entered into obligations to quote and, on the other hand, they refer to the obligations to quote as such. This is defined as the conditions regarding time, quantity and price at which the market makers have to submit binding bid and sell orders.

The share in the total turnover on the Derivatives Market for Power for which the market makers account has been published on the web site of EEX since last year. While more than 80 percent of the volume on the EEX Derivatives Market was traded by the market makers up until the middle of the year 2003, their share amounts to less than 20 percent today.

Derivatives Market: Market makers' share in the total turnover



Representation of the market makers' share in the total turnover on the Power Derivatives Market

In addition to the information regarding the marker makers, so-called fast market situations are also reported on the EEX ticker. Such a situation is deemed to exist in case prices change very quickly and with high fluctuations within a very short period of time. So far, the existence of a fast market situation was only communicated via the trading system, whereas now it is announced to the broad public.

Spot Market: Own Information of the Exchange

Information	Time frame	Publication
Intraday Power Trading – prices and volumes per hour	For the same delivery day	Publication after the end of trading in the Download Centre
Phelix Base/ Peak incl. prices and volumes per hour	For the next delivery day	Immediately accessible via the trading system, additional publication on the web site of EEX and in the Download Centre 50 minutes after the auction
Phelix Base/Peak prices	For the next delivery day	Approx. two minutes after pricing on the EEX web site in the EEX ticker
Swissix Base/Peak incl. prices and volumes per hour	For the next delivery day	Immediately accessible via the trading system, additional publication on the EEX web site and in the Download Centre 50 minutes after the auction
Aggregated bid curves of the hourly auction for power (FTP server, for members only)	For the next delivery day	Publication at 9.00 a.m. on every exchange trading day for the preceding exchange trading day
Continuous block trading regarding power – prices and volumes	For the next delivery day	Up-to-date publication (t + 15 min) on the web site, additional publication in the Download Centre after the end of trading
Carbix CO ₂ auction price and volumes	For the same trading day (delivery t + 2)	Publication on the web site of EEX immediately after pricing
CO ₂ continuous trading – prices and volumes, settlement price	For the same delivery day (delivery t + 2)	Up-to-date publication on the web site of EEX, additional publication in the Download Centre after the end of trading
Cogeneration index	For the preceding quarter	Publication on the web site of EEX, immediately after the end of the quarter
Gas prices and volumes for the market areas EGT/BEB	For the next delivery day and t+2	Up-to-date publication (t+15 min) on the web site, additional publication in the Download Centre after the end of trading
Number of active trading participants per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and annual basis	Publication on the web site of EEX at 9.00 a.m. on the following delivery day
Number of the sellers per trading day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and annual basis	Publication on the web site of EEX at 9.00 a.m. on the following delivery day
Number of buyers per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and annual basis	Publication on the web site of EEX at 9.00 a.m. on the following delivery day
Number of net sellers per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and annual basis	Publication on the web site of EEX at 9.00 a.m. on the following delivery day
Number of net buyers per delivery day across all TSO zones of EEX for the German/Austrian market area	View on a weekly, monthly, quarterly and annual basis	Publication on the web site of EEX at 9.00 a.m. on the following delivery day
Average share of the five participants in trading with the highest share in turnover (buy and sell side) per trading participant	View on a weekly, monthly, quarterly and annual basis	Publication on the web site of EEX at 9.00 a.m. on the following delivery day

New
in
2007

Derivatives Market: Own Information of the Exchange

Information	Time frame	Publication
Open order book	During the trading hours	Immediately
Prices and volumes of products on the Derivatives Market (current trading data) and OTC prices and volumes	During the trading hours	Up-to-date (t + 15 min) on the EEX web site, immediately in the trading system
Data on a daily basis, for all contracts (traded volume, number of contracts traded, prices upon opening of the market, highest price, lowest price, last price, settlement price, open interest)	For the day	After the end of the trading day
Number of active trading participants (EEX and OTC) on the basis of the transactions per day across all Phelix Futures Contracts	View on a weekly, monthly, quarterly and annual basis	Publication on the web site of EEX at 9.00 a.m. on the following delivery day
Average share of the five participants in trading with the highest share in turnover (buy and sell side) per trading participant across all transactions in Phelix Future Contracts on a monthly basis (EEX)	For the last year	Publication on the web site of EEX at 9.00 a.m. on the first day of the month for the previous month
Average share of the five participants in trading with the highest share in turnover (buy and sell side) per trading participant across all transactions in Phelix Future Contracts on a monthly basis (EEX/OTC)	For the last year	Publication on the web site of EEX at 9.00 a.m. on the first day of the month for the previous month
Presentation of the share in the total turnover on the Derivatives Market for Power for which the market makers account	For the last year	Publication on the web site of EEX at 9.00 a.m. on the first day of the month for the previous month

New in 2007

General Information and Services

EEX continuously optimises the general range of information services on its web site. The year 2007 was a special year since EEX has completely revised its Internet site. In the framework of this re-launch it has managed to make its on-line appearance more user friendly. Everyone who is interested can now access, in particular, customer information newsletters and press releases quickly and easily.

The introduction of MyEEX permits the personalised compilation of the Internet starting page in line with the respective user's wishes. As of January 2008, more than 1,700 users have already done that.

Moreover, the registration for information products and their payment has become even easier with the conversion to an automated information product shop.

With the help of RSS feeds the trading participant can obtain information regarding changes on the web site in real time individually and free of charge.

Moreover, new forms of presentation have been introduced on the web site. For example, EEX makes important press conferences available as pod casts. In this way, trading participants, journalists and the interested public can experience current developments on the exchange "live".

Transparency also means that EEX presents all the trading participants who approve of such a publication on its web site. The exemplary information offer is supplemented by the list of shareholders and by an illustration of the corporate structure.

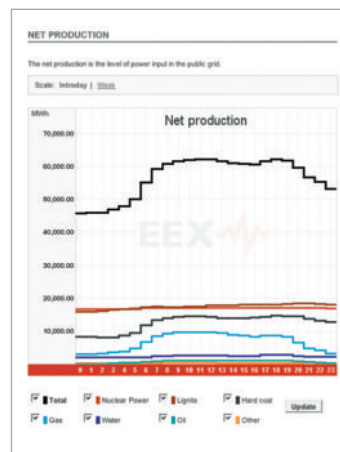
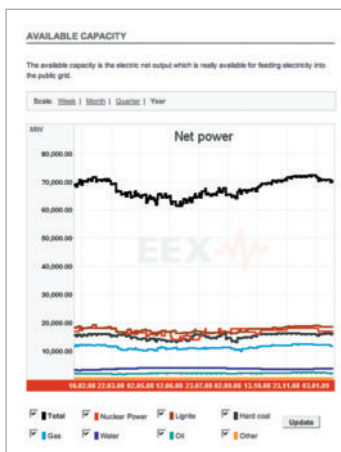
The trading data is available in an electronic format for downloading on an FTP server. In addition to this, updated presentations of the price development are provided by means of tables, charts and analyses. Trading data can be received via SMS on every exchange trading day.

Information	
Market Maker Information: Directions for publication and current publications	
Information regarding fast market situations	
Market concept	
Clearing concept	
Margining concept	
Trading participants (provided they have agreed to the publication)	
Clearing banks	
Brokers with contact data	
Members of the exchange council	
Members of the supervisory board	
New in 2007	Re-launch of the entire EEX web site with improved structure and user friendliness
	Introduction of MyEEX: Possibility of personalised set-up of the starting page
	Introduction of the Info Product Shop: Automation of registration, modification, invoicing, payment of the information products
	Introduction of RSS feeds with market data, changes in the download section and customer newsletters and press releases
	New media: Pod casts of press conferences

Power Plant Data

Since April 2006 information regarding power plants has been published in a central, neutral and bundled fashion on the web site of EEX. This practice of publishing information contributes to the establishment of an equal and fair information basis for all trading participants and is, hence, one of the essential building blocks for a transparent market. To date, 20 companies from Germany and Austria (see overview) have joined this initiative in which the electricity companies of EnBW Energie Baden-Württemberg, E.ON Energie AG, RWE AG and Vattenfall Europe AG were the first to take part. This publication is based on a voluntary commitment on the part of the generating companies. The EEX platform is the place of publication which is generally recognised by the market.

The power plant data is reported to EEX on every exchange trading day until 9.00 a.m. On the part of the exchange, this data is aggregated (summarized) and shown per energy carrier in the categories of installed capacity, available capacity and net production (see charts).



In 2007, EEX further expanded the information regarding power plants on its web site.

Since that time, EEX has published its standard messages via a news board at 10.00 a.m. on every exchange trading day. On the one hand, the standard messages refer to technical problems in the transmission of data regarding the available capacity and regarding effective generation. On the other hand, expected restrictions not caused by plant technology problems, such as restrictions on account of cooling water limitations, stretch-out operation or orders by authorities regarding generation are reported. The reports are published in a manner aggregated as per cause of the change and per energy carrier (as far as available/ reported). They are published anonymously.

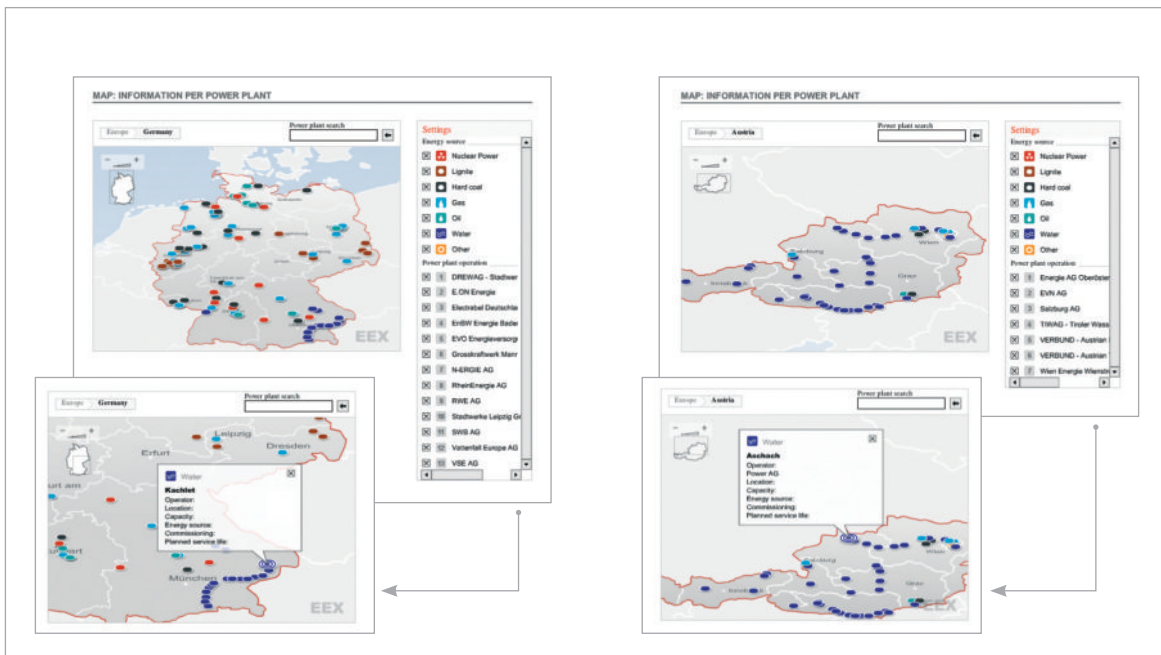
The installed capacity, which is the electric net output of the power plants, is not only communicated as an aggregated capacity but also per power plant site. The user has the possibility of having the sites displayed according to the energy carrier or according to the operator (see map).

The EEX transparency initiative on the German/ Austrian power market is a success. This fact is recognised both generally and by the media. What is important in the future is that the initiative is expanded further and that further power plant operators have to be persuaded to publish their data. In particular the so-called consumers, i.e. large industrial companies which have a high power consumption and operate their own power plants, are invited to take part.

In addition to this, the aim is to further expand the range of data offered and to further improve the quality of the data. The Congestion Management Guideline adopted by the EU provides the right framework for this. Against this backdrop, the publication of transmission system data on the web site of EEX in addition to a more sophisticated range of power plant data in the near future is both conceivable and desirable.

Building Confidence: An Ongoing Process

10 years after the beginning of liberalisation on the European power market, the complaint that the desired competition has not been established so far is frequently voiced in Germany. Some see the intransparent market structures which might lead to an imbalance in information among the participants in the market as one of the reasons for this. EEX takes this criticism and the latent mistrust, which is connected with it, seriously – regardless of whether it concerns the exchange directly or only indirectly. Against this background, one aspect has to be emphasized clearly once again: The exchange can only provide the data which permits conclusions to be drawn regarding the pricing mechanisms to a sufficient degree by means of the publication of prices and traded volumes as well as of further market-specific and price-relevant information. It is, hence, a basic precondition for fair competition. Furthermore, it successfully advocates increased transparency in the fields of production and transmission systems. For this reason, building confidence is an ongoing process for EEX.



Reporting companies

No.	Name	Country	Reporting since
1	DREWAG - Stadtwerke Dresden AG	D	30/06/2007
2	E.ON Energie	D	10/04/2006
3	Electrabel Deutschland AG	D	01/11/2006
4	EnBW Energie Baden-Württemberg	D	10/04/2006
5	Energie AG Oberösterreich	A	27/11/2006
6	EVN AG	A	14/12/2006
7	EVO Energieversorgung Offenbach AG	D	08/08/2007
8	Grosskraftwerk Mannheim AG	D	13/04/2007
9	N-ERGIE AG	D	12/11/2007
10	RheinEnergie AG	D	28/11/2006
11	RWE AG	D	10/04/2006
12	Salzburg AG	A	25/06/2007
13	Stadtwerke Leipzig GmbH	D	11/04/2007
14	SWB AG	D	02/08/2007
15	TIWAG - Tiroler Wasserkraft AG	A	24/10/2006
16	Vattenfall Europe AG	D	10/04/2006
17	VERBUND - Austrian Hydro Power AG	A	20/04/2007
18	VERBUND - Austrian Thermal Power GmbH & Co. KG	A	18/04/2007
19	VSE AG	D	02/07/2007
20	Wien Energie Wienstrom GmbH	A	15/10/2007

