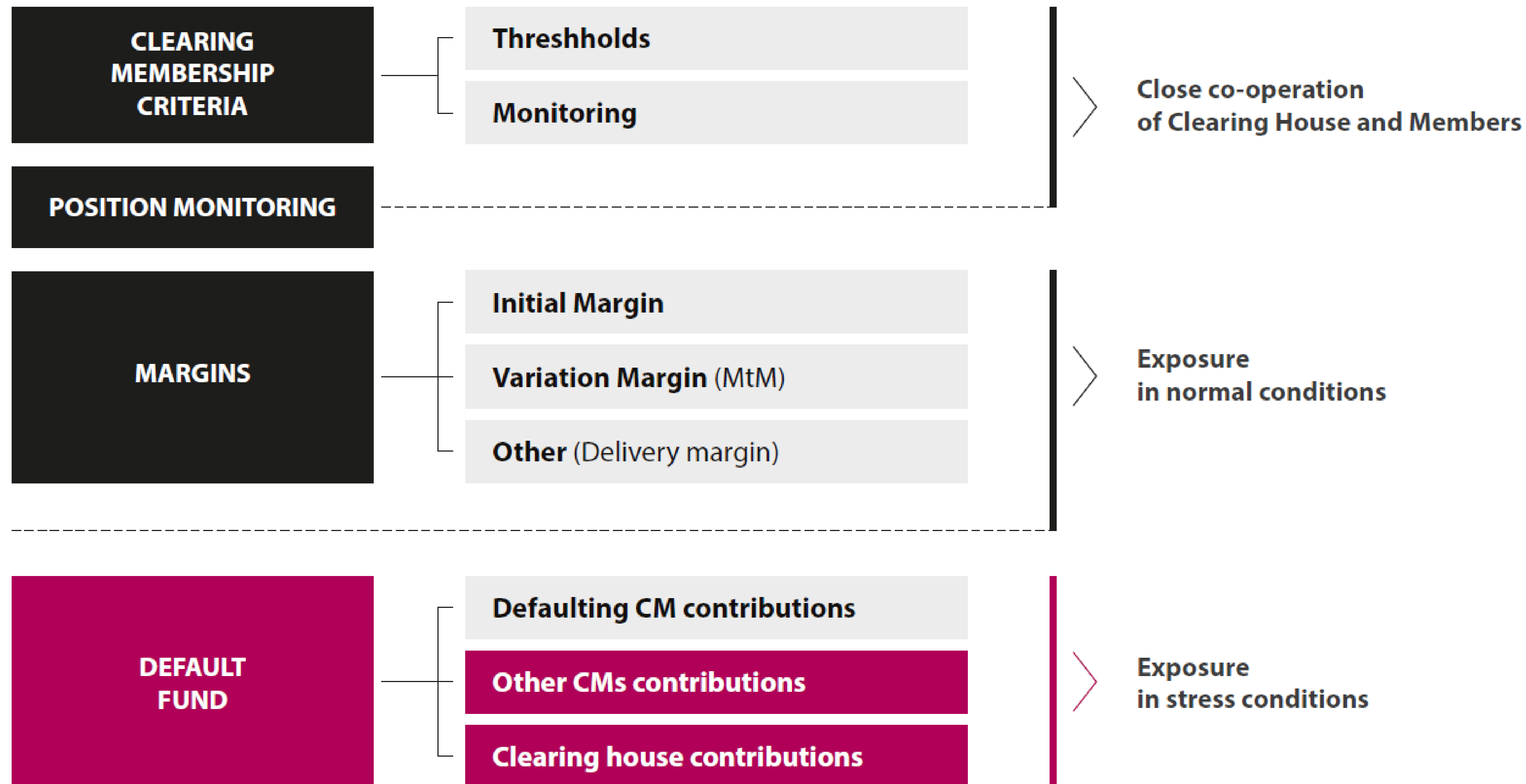




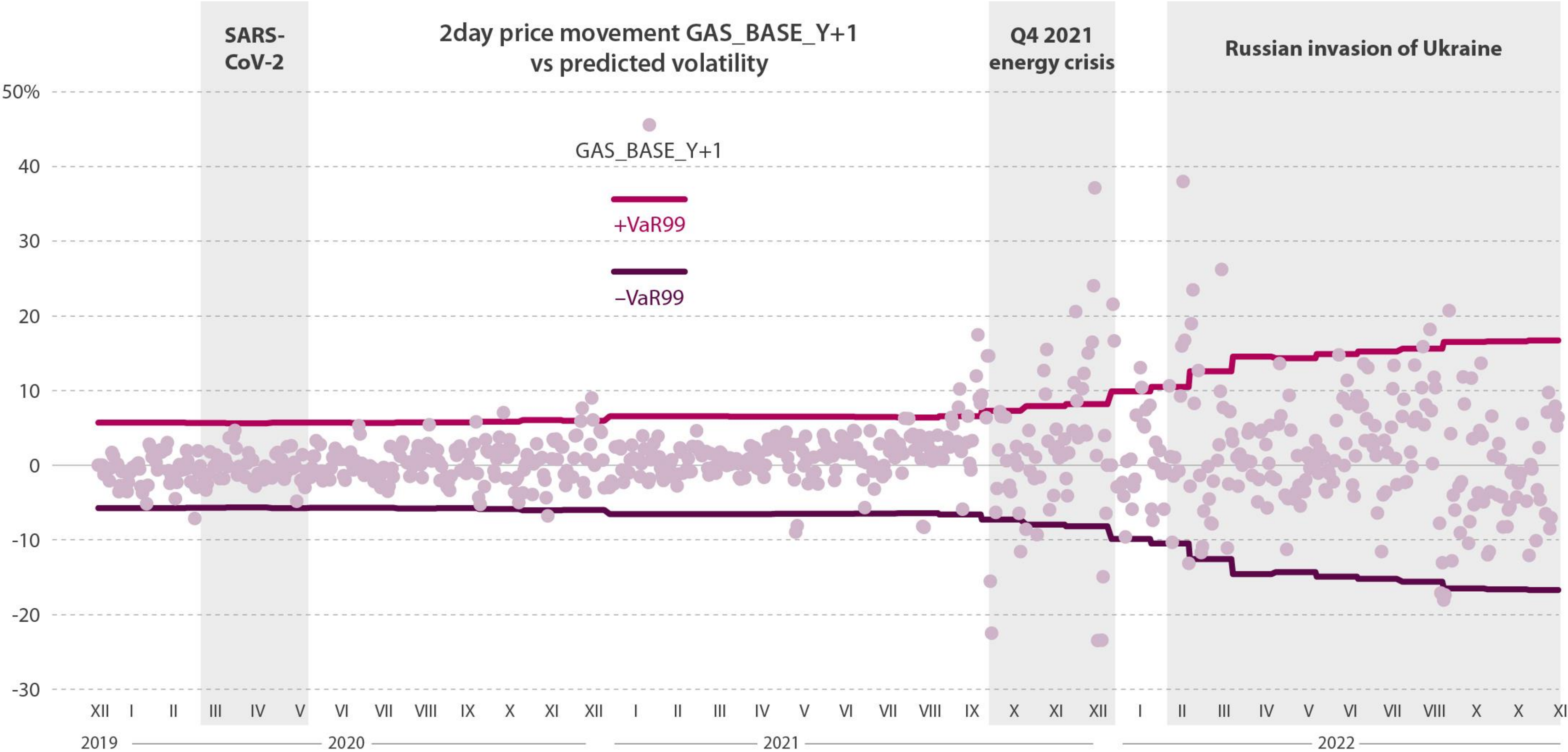
**VOLATILITY FOOTPRINT  
EXTREME MARKET CONDITIONS IMPACT ON  
MARKET AND CLEARING HOUSE OPERATIONS  
Montel Market Insights Warsaw 2022**

Poland, 8th December 2022



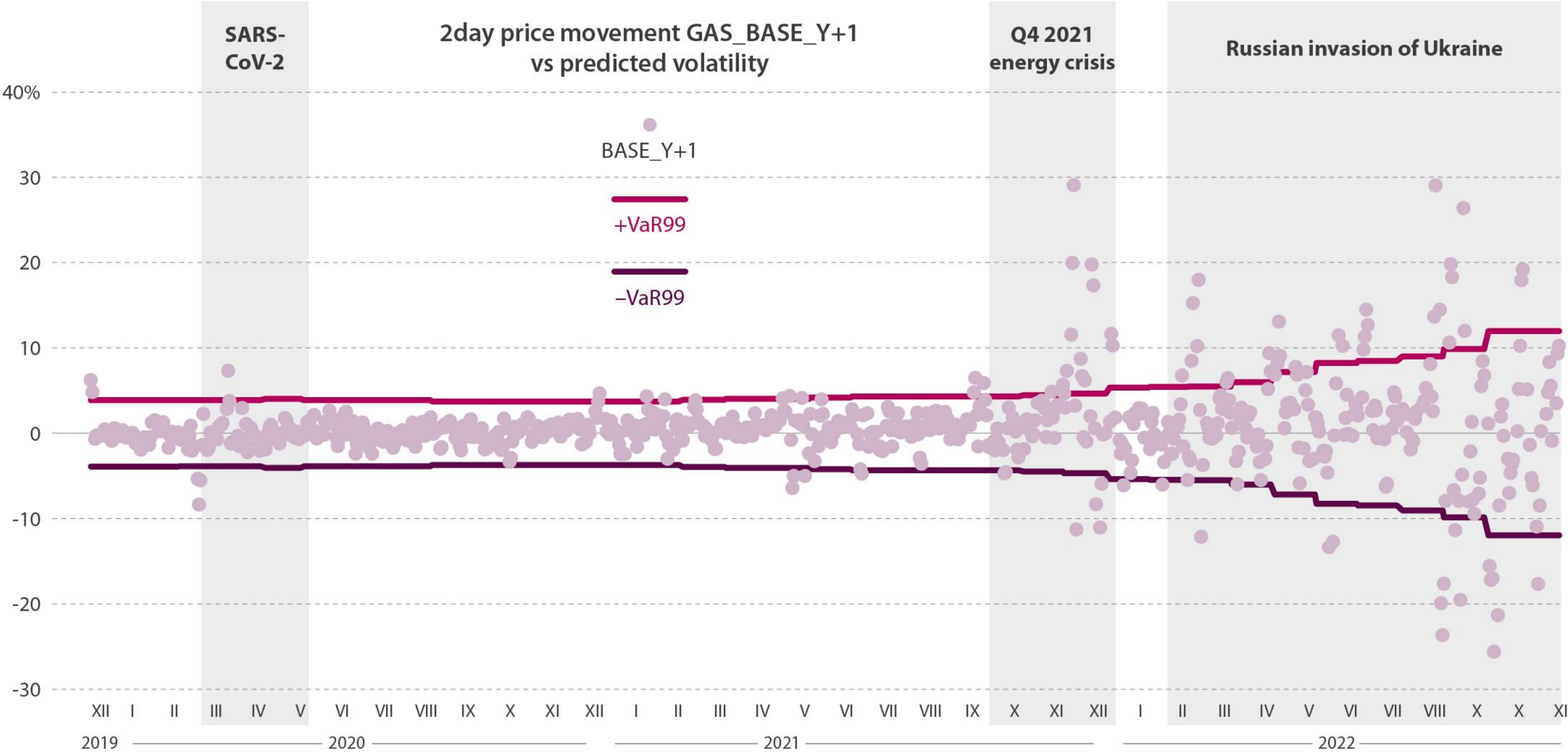


# Is it still black swan season or is it already highly volatile market?

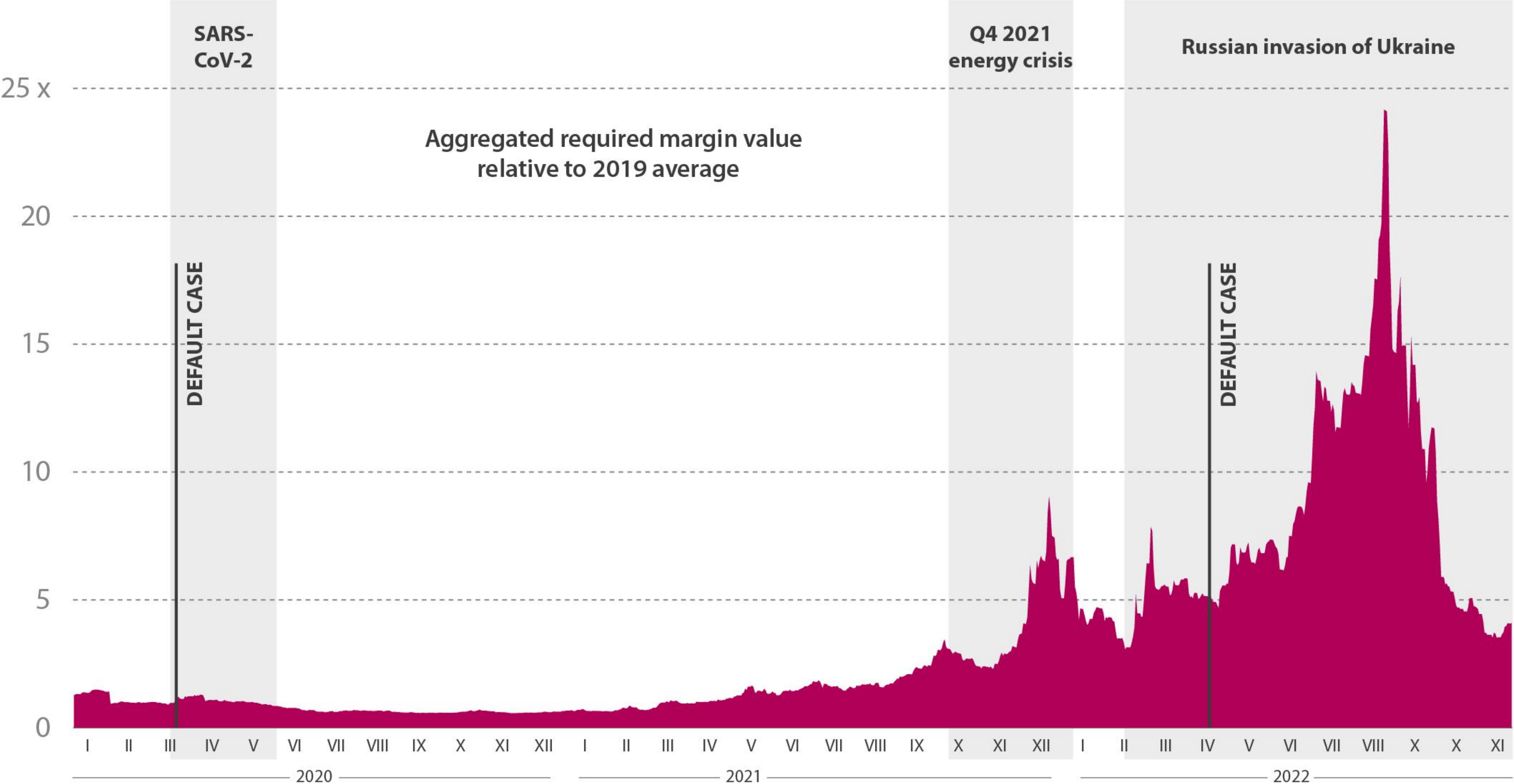




# Is it still black swan season or is it already highly volatile market?

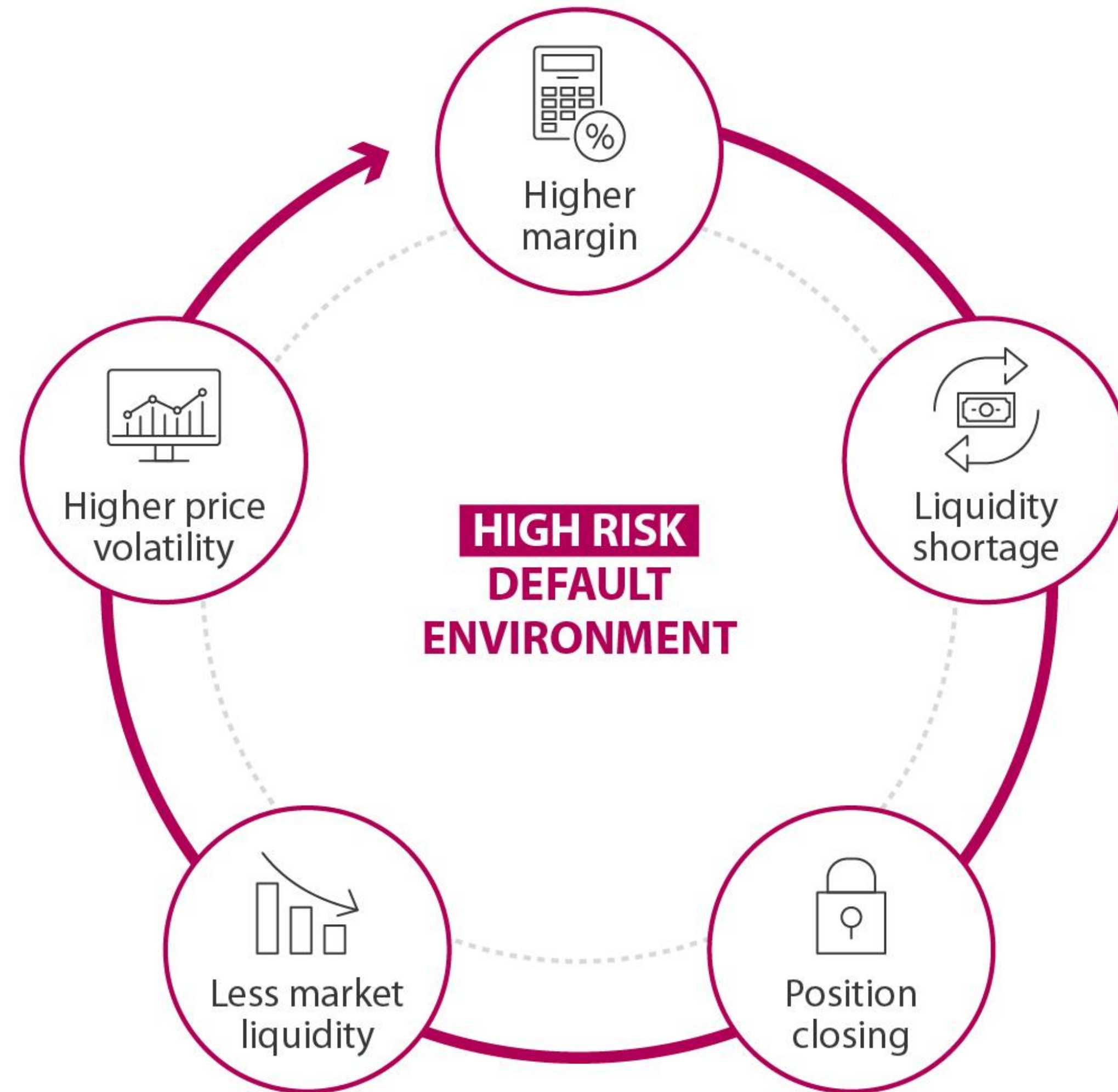


# Impact of SARS-CoV-2 vs Russian invasion of Ukraine





# Liquidity – Volatility spiral





# Steps taken by european decision-makers



## SARS-CoV-2

- globally applied financial aid packages
- minor energy companies targeted solutions



## Russian invasion of Ukraine

- Extreme market movements turned into unprecendent liquidity squeeze (estimated aggregate value of 1 to 1,5 tn Euro)
- Big names in big troubles:
  - Uniper, Centrica bank loans
  - ČEZ credit agreement with the government
  - Axpo, Fortum receiving government financial guarantees
  - German Federal Government credit lines (KfW) for energy companies
- EFET position on need of liquidity support for energy markets
- EACH papers and position letters
- Joint paper on extending eligible non-cash collateral (EFET, EACH, Europex, Eurelectic, Eurogas):
  - EUA
  - Bank guarantees

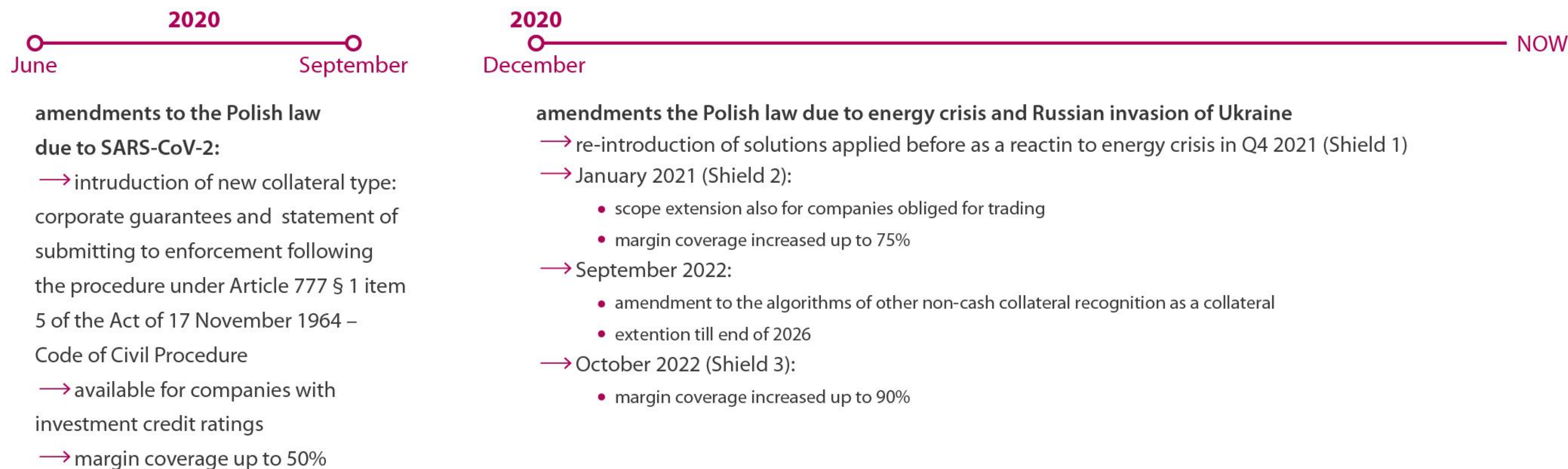




IRGiT standard solutions such as Bank guarantees as well as EUA and PMOZE\_A as a soft landing in first phase of liquidity shock

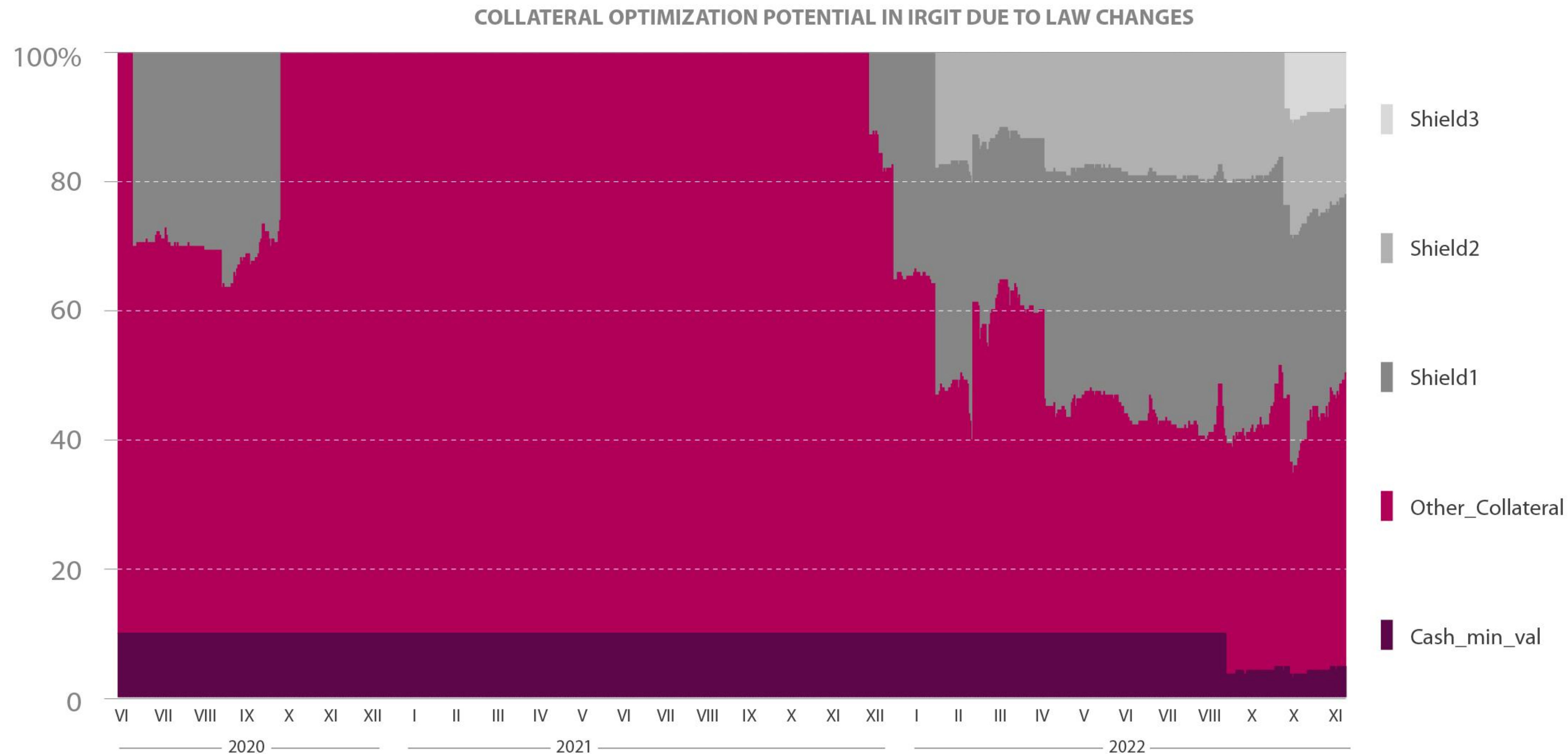


Polish legislation – government level act changes reflected in IRGiT rulebook





# Polish approach to minimise liquidity shocks

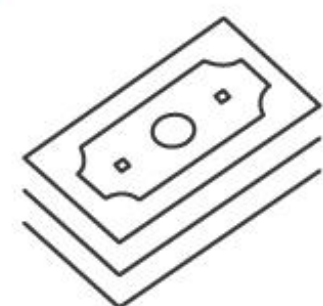




## MARGIN MODEL OPTIMIZATION

→ interperiod margin offset in addition to interproduct margin offsets (BASE/PEAK/OFFPEAK)

→ reduction of initial margin for companies having opposite positions in different delivery periods



## OPTIMIZATION OF NON-CASH COLLATERAL MARGIN LEVEL CONCENTRATION THRESHOLDS

→ based on historical VaR in-house built model

→ reduction of liquidity stress for market participants



## ANALYSIS OF NEW COLLATERAL FORMS

→ interperiod margin offset in addition to interproduct margin offsets (BASE/PEAK/OFFPEAK)

→ reduction of initial margin for companies having opposite positions in different delivery periods







**THANK YOU!**

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