

PGE becomes the first market maker at TGE under the new market-making model

Press Release

PGE Górnictwo i Energetyka Konwencjonalna signed an agreement with TGE to act as a market maker and thus became the first market maker at TGE to operate in accordance with the new market-making model. The agreement is effective as of 1 April 2019 and concerns the market-making at the Commodity Forward Instruments Market for electricity.

'We are delighted to welcome PGE GiEK, the largest electricity generator in Poland and a representative of the largest power group in Poland as a market maker on the electricity forwards market. We have great hopes that the cooperation established between TGE and the PGE Group in the field of market-making will contribute to the increase of liquidity and depth of the forwards market. At the same time, we are confident that the new model of market-making developed together with market participants at the end of 2018 will also attract other players which will soon join the animation and support the liquidity of the forwards market, not only for electricity, but also for gas' - said Piotr Listwoń, Vice President of the TGE's Management Board in charge of operations.

The new market making model adopted by the Management Board of TGE and announced in December 2018 is based on three pillars:

- I. single commercial offering of the TGE Group addressed to everyone, which is both attractive flexible – depending on the market-making activity carried out, the players may obtain a discount on transaction and clearing fees (charged by IRGiT) for products being subject to market making, in the amount ranging from 50%, through 75%, and even up to 97.5% of the official price list,
- II. high level of collateralization to limit market risks of entities acting as market makers, such as an increased number of days off available to market makers during the year, or the newly introduced "Fast Market" mechanism, which doubles the existing spreads applicable to the market maker in situations of increased volatility of prices for instruments being subject to market making,
- III. reduction of spreads between buy and sell orders placed by market makers for a given instrument, which will contribute to increased market depth, liquidity of these instruments and more stable prices of commodities listed on the Commodity Forward Instruments Market.

The activity of a market maker consists in the obligatory placement of orders on both sides of the market with a specific order spread. The spreads on individual instruments of the Commodity Forward Instruments Market have been set by the Exchange at such a level as to minimize as much as possible the costs of market participants resulting from differences between buy and sell prices. Another positive effect of such activity is improved liquidity on the Exchange, which enables the traders dealing in electricity or gas to execute their buy and sell orders at market prices at any moment during the session. By increasing volume concentration on a transparent and anonymous market, TGE Members have equal influence on the level of commodities traded on the Exchange.

¹ **Towarowa Giełda Energii S.A. (TGE)** is the Nominated Electricity Market Operator (NEMO) for the Polish pricing area and the only licensed commodity exchange in Poland, holding a licence to operate a regulated market since March 2015. On 15 November 2017, TGE started operating as a full-rights PCR coordinating exchange and operator on the European MRC market. TGE is included on the ACER's list of platforms for reporting transaction information according to REMI09T requirements. TGE guarantees the reliability and security of trading on all markets it operates. Since March 2012, TGE has been a member of the Warsaw Stock Exchange Group.