

TGE introduces new indices for the RES sector

Press Release

- **Towarowa Giełda Energii (TGE) is introducing two new monthly indices for the RES sector (TGeONSHOREm and TGePVM) based on standardised profiles of electricity production from onshore wind and photovoltaic sources in Poland.**
- **In parallel, the Exchange will publish monthly indices: TGeBASEm, corresponding to the arithmetic average of the volume-weighted average hourly prices on the DAM, and TGeBASE_WAvg, corresponding to the volume-weighted average monthly price on the DAM.**
- **With the newly defined indices, TGE not only will be able to expand the scope of published information, in line with market participants' expectations, but also to provide a formal framework for monthly price indices based on the Day-Ahead Market.**

The introduction of the new indices was one of the recommendations of last year's report of the Jagiellonian Institute "Directions of the exchange market development for the RES sector". The publication indicates a number of solutions, the implementation of which is led by the Working Group for RES Exchange Market Development, established in July 2021 and composed of the representatives of the TGE Group, financial institutions, energy sector and public administration. These experts have been tasked with the development of the new tools.

"At present, the DAM daily indices published by the TGE still have informative value but in the context of the ongoing energy transition and the growing share of renewables, in particular wind and PV, new solutions adapted to the needs of market participants should be sought. For this reason, we are introducing an instrument to compare data over time, taking into account the specifics of the RES sector. The Exchange strives to meet market expectations and green energy has been our primary focus in recent years" said Piotr Listwoń, Vice-President of the Management Board of TGE.

The most important step in the implementation of the new indices concerned the creation of solutions based on standard profiles which were pre-defined according to the expected hourly production in an average day of a given month, and used to derive a corresponding price index. This issue was addressed together with the Polish Wind Energy Association and the Polish Photovoltaics Association.

"In view of the major change taking place in the energy market, the price indices for wind and photovoltaic power will play a key role. This will be the first step, a relatively simple one, as it is implemented based on well-known exchange mechanisms. In the subsequent stages, TGE will certainly set out to standardise cPPAs so that they can be traded at the exchange in one way or another. Such measures will lead to the creation and standardisation of mechanisms supporting the RES market in Poland, which is essential for the dynamic development of renewable sources of cheap and clean energy" said Janusz Gajowiecki, President of the Polish Wind Energy Association.

¹ **Towarowa Giełda Energii S.A. (TGE)** is the only licensed commodity exchange in Poland, holding a licence to operate a regulated market since March 2015. The Exchange is the Nominated Electricity Market Operator (NEMO) for the Polish pricing area. Since 15 November 2017, TGE has been active on the European Day-Ahead Market SDAC. On 19 November 2019, the Exchange launched its cross-border SIDC Intraday Market based on the XBID model. TGE is included on the ACER's list of platforms for reporting transaction information according to REMIT requirements. Since March 2012, TGE has been a member of the Warsaw Stock Exchange Group.

The indices will be prepared for each delivery month or trading month (depending on the index), together with historical data from January 2021 onwards. Each index will be published on www.tge.pl by the third business day of the following month.

"Photovoltaics and onshore wind keep wholesale electricity prices down. With the development of incremental RES capacity, the impact on the power market will increase, which is why we support the TGE's efforts to introduce instruments dedicated to the RES sector. Price indices for electricity from wind and photovoltaic sources are the first, very important step towards developing solutions that will make it easier for RES generators and energy consumers to conclude cPPAs" said Irena Gajewska from the Polish Photovoltaic Association.

Below is a brief overview of the new indices:

- **TGeONSHOREm** – weighted average price for 24-hour electricity delivery in a given month, calculated with weights indicating the efficiency of electricity generation from onshore wind sources in the territory of Poland in particular hours of the day in relation to the entire delivery day, and taking into account only transactions for hourly DAM instruments.
- **TGePVm** – weighted average price for 24-hour electricity delivery in a given month, calculated with weights indicating the efficiency of electricity generation from photovoltaic sources in the territory of Poland in particular hours of the day in relation to the entire delivery day, and taking into account only transactions for hourly DAM instruments.
- **TGeBASEm** – a benchmark for the TGeONSHOREm and TGePVm. TGeBASEm indicates the electricity price for the delivery month, calculated as a simple arithmetic average of volume-weighted average hourly prices, taking into account only transactions for hourly DAM instruments.
- **TGeBASE_WAvg** – this index is a response to the need for a formal key price value. It corresponds to the monthly volume-weighted average price on the DAM and indicates the average price of electricity contracted on this market in a given month, and thus can be used for the calculation of the total value of such electricity. The creation of the TGeBASE_WAvg index will establish a precise definition and short name for this value, which will make it easier to use as a benchmark.

Irrespective of the transformation of the Polish power sector and the significance of RES indices, we also draw attention to the possibility of using TGeBASEm and TGeBASE_WAvg indices in the activities of the broad community of current market participants and trading companies involved with spot electricity markets.