

## LowPeak and highPeak – two new instruments at TGE

### *Press Release*

- **Towarowa Gielda Energii (TGE) is introducing two new instruments on the electricity forward market: lowPeak (10-hour pre-evening peak) and highPeak (5-hour evening peak).**
- **The new instruments will allow TGE to expand its product offering in line with the expectations of market participants and will support improved portfolio management on their side.**

Market expectations are constantly evolving and the demand profile is also changing, driven by the increased share of RES generation and auto-production (mainly by prosumers). In this context, the existing mix of forward products comprising 24-hour BASE and 15-hour PEAK profile products seems insufficient in the long term. Forward products, especially during peak hours, do not fully accommodate the needs arising from PV generation of PV sources; on the other hand, there is strong pressure to mitigate the price risk during the evening peak or when it is necessary for conventional sources to quickly respond to the system's needs. In view of the above, TGE, in consultation with market participants, has decided to implement two new forward instruments that will be offered in addition to the products currently traded on the OTF, i.e. BASE, PEAK and OFFPEAK. The instruments are:

- lowPeak (L-PEAK) – 10-hour pre-evening peak for delivery between 07:00 and 17:00 (trading hours 08:00-17:00),
- highPeak (H-PEAK) – 5-hour evening peak for delivery between 17:00 and 22:00 (trading hours 18:00-22:00).

Given that both instruments are intended for delivery only on business days in a weekly (in four series), monthly and quarterly (in two consecutive series) time-frames, which will be traded throughout the year, it is safe to say that the list of instruments available on the forward market has *de facto* expanded by six new Peak products.

*"The implementation of the new instruments is not only relevant to TGE's efforts to expand its offer for the RES sector, an example of which was the launch of SPOT indices based on wind and PV generation profiles in 2022 but also supports the optimisation of the entire electricity sector in the context of exchange trading. The new solutions are also in line with the upcoming changes to the electricity market framework in Europe, resulting from the Electricity Market Design project and go hand in hand with the dynamic transformation of the electricity sector being underway in Poland"* asserts Piotr Listwoń, Vice President of TGE.

It is expected that the introduced solutions, i.e. the lowPeak and highPeak instruments, will contribute to improved liquidity of the peak forward product category, reduced costs and risk of hedging contract positions (base risk for a rapidly changing demand profile), increased flexibility of hedging tools and reduced margin for shorter-term delivery products, better response of PV

<sup>1</sup> **Towarowa Gielda 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 bidding zone. 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.

generation through peak products (L-PEAK), and more comprehensive market information on the prices for the changing demand profile and the situation in the National Power System.

The new products have been consulted with Exchange Members and industry associations represented on the TGE's Market Council.

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